

Bank Directive

Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments

Bank Access to Information Policy Designation

Public

Catalogue Number

TRE7.02-DIR.102

Issued

July 11, 2018

Effective

July 11, 2018

Retired

March 31, 2021

Content

This Directive sets out the process for requesting, accepting and effecting Conversions of the financial terms of the Loan Agreements of IBRD and Non-concessional Financing Agreements of IDA.

Applicable to

IBRD,IDA

Issuer

Vice President and Treasurer, TREVP

Sponsor

Director/Global Head of Capital Markets, CMD

SECTION I – PURPOSE AND APPLICATION

1. This Directive sets out the process for requesting, accepting and effecting Conversions of the financial terms of the Loan Agreements of IBRD and Non-concessional Financing Agreements of IDA. This Directive constitutes the “Conversion Guidelines” as defined and referred to in the relevant General Conditions of IBRD and IDA and the Loan Agreements, as applicable.
2. This Directive applies to the Bank.

SECTION II – DEFINITIONS

As used in this Directive, the terms used herein and defined in the Loan Agreement and the General Conditions have the meanings specified therein for the purpose of this Directive, and the following additional terms have the meanings set forth below. Certain terms are defined in one set of the General Conditions, but not others. As such, the relevant definitions are repeated here for the benefit of the loans governed by the General Conditions which do not have the relevant terms defined and are applicable to such loans only after amendment of the relevant Loan Agreement (see Section III.2.1.4 below).

1. “1999 IBRD General Conditions” means General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans dated September 1, 1999 (as amended) for IBRD.
2. “2005 IBRD General Conditions” means the General Conditions for Loans dated July 1, 2005 (as amended) for IBRD.
3. “2012 IBRD General Conditions” means the General Conditions for Loans dated March 12, 2012 for IBRD.
4. “2017 IBRD General Conditions” means each set of the General Conditions for IBRD Financing dated July 18, 2017 (Investment Project Financing, Program-for-Results and Development Policy Financing).
5. “2017 IDA General Conditions” means each set of the General Conditions for IDA Financing dated July 18, 2017 (Investment Project Financing, Development Policy Financing and Program-for-Results).
6. “Amortization Amount” for purposes of a NDS Currency Conversion means the portion of the Principal Amount due on the Payment Date.
7. “Automatic Conversion to Local Currency” means an “Automatic Conversion to Local Currency” as defined in the relevant General Conditions or described in the relevant Loan Agreement and as further described in the provisions of Section III.3.2 of this Directive.
8. “Automatic Rate Fixing Conversion” means an “Automatic Rate Fixing Conversion” as defined in the relevant General Conditions or described in the relevant Loan Agreement and as further described in the provisions of Section III.3.4 of this Directive.

9. “Bank” means IBRD or IDA, or both, as applicable.
10. “Business Day” means any day on which the Bank is open for business in Washington, D.C.
11. “Client” means a Borrower in an IBRD Financing or a Recipient in an IDA Non-concessional Financing, as defined in the relevant General Conditions.
12. “Conditional Request” has the meaning set forth in Section III.4.5.6 below.
13. “Currency Hedge Notes Transaction” means one or more notes issued by the Bank and denominated in an Approved Currency, for purposes of executing a Currency Conversion.
14. “Currency Hedge Transaction” means either: (i) a Currency Hedge Swap Transaction; or (ii) a Currency Hedge Notes Transaction.
15. “Currency Hedge Swap Transaction” means one or more currency swap transactions entered into by the Bank with a Counterparty as of the Execution Date for purposes of executing a Currency Conversion.
16. “Execution Period” means a period of fifteen (15) Business Days commencing from the date of acceptance by the Bank of the Request or such other period as agreed between the Bank and the Client.
17. “Fixed Reference Rate” means the rate determined by the Bank pursuant to Sections III.3.5.2(b) or III.3.5.3 (b)(iii) below, as applicable.
18. “General Conditions” means the 1999 IBRD General Conditions, the 2005 IBRD General Conditions, the 2012 IBRD General Conditions, the 2017 IBRD General Conditions and the 2017 IDA General Conditions.
19. “Hedging Guidelines” means the Bank’s Guidelines for using Hedging Products, as amended from time to time.
20. “IBRD” means the International Bank for Reconstruction and Development.
21. “IBRD Hedge” has the meaning set forth in Section III.3.7 below.
22. “IDA” means the International Development Association.
23. “Interest Amount” means for purpose of a NDS Currency Conversion the interest amount due on the Loan in the Approved Currency on a Settlement Date following the NDS Currency Conversions and determined based on the Principal Amount, the applicable interest rate and the applicable day count fraction.
24. “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.

25. “Interest Rate Cap” means with respect to all or any amount of the Withdrawn Loan Balance, an “Interest Rate Cap” as defined in the relevant General Conditions or described in the relevant Loan Agreement.
26. “Interest Rate Collar” means with respect to all or any amount of the Withdrawn Loan Balance, an “Interest Rate Collar” as defined in the relevant General Conditions or described in the relevant Loan Agreement.
27. “Interest Rate Conversion” means a change of the interest rate basis applicable to all or any amount of the Withdrawn Loan Balance, as defined in the applicable General Conditions and/or the Loan Agreement, which may be any of the following: (a) from the Variable Rate to the Fixed Rate or vice versa; (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; (c) from a 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; or (d) Automatic Rate Fixing Conversion.
28. “Loan” means a Loan, for IBRD, or a Financing, for IDA, as defined in the relevant General Conditions. For the avoidance of doubt, any IDA Financing shall mean a Non-Concessional Financing for purposes of this Directive and any other terms used herein with the word “Loan” in them are interpreted in accordance with this definition.
29. “Local Currency” means an Approved Currency that is not a major currency, as reasonably determined by the Bank.
30. “Local Currency Conversion” means a Currency Conversion of all or any portion of the Withdrawn Loan Balance to the domestic currency that is the legal tender in the jurisdiction of the Client or to an Approved Currency other than US Dollar, Euro, Yen or Sterling.
31. “Market Transaction” means an Interest Hedge Transaction or a Currency Hedge Transaction undertaken, or an Interest Rate Cap or Interest Rate Collar the Bank purchase in the financial markets.
32. “NDS Currency Conversion” has the meaning set forth in Section III.3.3.1 below.
33. “Partial Amount Conversion” has the meaning set forth in Section III.6.2 below.
34. “Partial Maturity Conversion” has the meaning set forth in Section III.6.3.1 below.
35. “Principal Amount” means for purposes of a NDS Currency Conversion the portion of the principal amount of the Loan withdrawn and outstanding converted into the Approved Currency.
36. “Reference Rate” means: (i) LIBOR in respect of US Dollar, Yen or Sterling; (ii) EURIBOR in respect of Euro¹; (iii) in respect of other currencies, such

¹ The Bank uses EUR Libor as a Reference Rate under historic pre-2011 EUR-denominated loans.

reference rate as is specified in the Loan Agreement or as the Bank otherwise determines; and (iv) such other reference rate as the Bank otherwise determines in accordance with the applicable General Conditions or the Loan Agreement.

37. “Request” means a request for a Conversion made pursuant to the provisions of the Loan Agreement and in accordance with provisions of this Directive and includes, where the context so permits or requires, a withdrawal or a cancellation of a Request.
38. “Residual Spread” means the spread resulting in certain types of Local Currency Conversions and representing the unhedged portion of the Variable Spread.
39. “Screen Rate” means a market rate the Bank obtains from established information vendors such as Bloomberg or Reuters and applies in the manner described in Section III.3.6.2 below.
40. “Settlement Amount” has the meaning set forth in Section III.3.3.3 below.
41. “Settlement Currency” has the meaning set forth in Section III.3.3.3 below.
42. “Settlement Date” has the meaning set forth in Section III.3.3.3 below.
43. “Settlement Rate” means for purposes of a NDS Currency Conversion the currency exchange rate for the Settlement Currency and the Approved Currency determined on the Valuation Date with respect to a Settlement Date in accordance with the terms of the related Currency Hedge Transaction.
44. “Valuation Date” means for purposes of a NDS Currency Conversion the date that is specified in the related Currency Hedge Transaction, which is typically five (5) New York and applicable local business days prior to each Settlement Date.
45. “Variable Spread Fixing Charge” means for a Conversion to a Fixed Rate or a Fixed Spread of all or any portion of the Loan that accrues interest at a rate based on the Variable Spread, the Bank’s charge for such a Conversion in effect 12:01 a.m. Washington, D.C. time, one calendar day prior to the acceptance by the Bank of the Conversion Request.
46. “Withdrawn Loan Balance” means the amounts of the Loan withdrawn from the Loan Account and outstanding from time to time.
47. “Zero Cost Collar” has the meaning set forth in Section III.12.4.2(b) below.

SECTION III – SCOPE

1. Introduction

1.1 Applicability

This Directive governs all Conversions requested by the Client and applies to Conversions requested after the date of effectiveness and does not affect any Conversions effected, or requested but not yet effected, prior to the date of effectiveness hereof. The Bank revises its transaction fees from time to time as set forth in Section III.12.2 below and such revised transaction fees apply to any Conversion requested after the effectiveness date. Clients may refer to the Bank's website at <http://treasury.worldbank.org/> for a copy of this Directive.

2. General Provisions

2.1 General

2.1.1 Subject to Sections III.2.1.4 and III.2.2 below and in accordance with other provisions hereof, the Client has a right at any time to request any of the following Conversions: (i) a Currency Conversion, including Local Currency Conversion and Automatic Conversion to Local Currency; (ii) an Interest Rate Conversion, including Automatic Rate Fixing Conversion; and (iii) an Interest Rate Cap or Interest Rate Collar. The Bank effects all Conversions in accordance with this Directive and subject to such additional terms and conditions, if agreed between the Bank and the Client.

2.1.2 Except as otherwise agreed by the Bank, the Client is not permitted to request additional Conversions of any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion effected by a Currency Hedge Notes Transaction or otherwise terminate such Currency Conversion, for so long as such Currency Conversion is in effect. The Bank effects each such Currency Conversion on the basis of such terms and conditions as separately agreed by the Bank and the Client and includes any applicable transaction costs to cover the underwriting costs of the Bank in connection with the Currency Hedge Notes Transaction.

2.1.3 Notwithstanding the provisions of the relevant General Conditions with respect to prepayment rights of the Client and unless the Bank agrees otherwise, the Client is not permitted to prepay in advance of maturity any portion of the Withdrawn Loan Balance that is subject to a Currency Conversion effected through a Currency Hedge Notes Transaction.

2.1.4 If a Loan does not have the provisions allowing for the request and execution of the Conversions (including, without limitation, historic Variable Spread Loans (VSL) or IBRD Flexible Loans (IFL) with a Variable Spread), the Client and the Bank amend the relevant Loan Agreement to allow for the request and execution of the Conversions.

2.1.5 The Bank has a right at any time to terminate a Conversion prior to its maturity if (a) the underlying Market Transaction(s) undertaken by the Bank in connection with the said Conversion is/are terminated as a result of it becoming impractical, impossible or unlawful for the Bank or its counterparty in a Market Transaction to make a payment or to receive a payment on the terms agreed upon in such Market Transaction due: (i) to the adoption of, or any change in, any applicable law after the date on which such Conversion is executed, (ii) to the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such

date or any change in any such interpretation and (b) the Bank is unable to find a replacement Market Transaction. Upon any such termination, the provision of the relevant General Conditions for Loans on “Termination of Conversion Period prior to Final Loan Maturity” applies. If, as a result of the termination of a Market Transaction as provided in this Section III.2.1.5, an Unwinding Amount is payable by either the Bank or the Client, Section III.12.3.2 of this Directive applies.

2.2 Maximum and Minimum Amounts

2.2.1 Unless the Bank otherwise agrees, the minimum principal amount of the Loan in respect of which the Client requests a Conversion in a single Request is USD 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 Conversions with respect to the last Disbursed Amount under the Loan, Requests for Currency Conversions of unwithdrawn amounts of the Loan or Requests for Automatic Rate Fixings Conversions at the end of interest periods as described in Sections III.3.4.2 and III.3.4.3 below. The Bank determines the appropriate minimum threshold for Requests for Automatic Conversion to Local Currency on a case-by-case basis.

2.2.2 Unless the Bank otherwise agrees, the maximum principal amount of the Loan in respect of which the Client requests a Conversion in a single Request is: (a) USD500,000,000 equivalent for a Currency Conversion if both the Loan Currency and the Approved Currency for the conversion are US Dollars, Euro, Yen or Sterling or for an Interest Rate Cap or Interest Rate Collar if the Loan Currency is US Dollars, Euro, Yen or Sterling; (b) USD1,000,000,000 equivalent for an Interest Rate Conversion 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.

3. **Conversions**

3.1 Types of Conversions

3.1.1 Currency Conversions. The Bank offers the following types of Currency Conversions:

- (a) Currency Conversion to an Approved Currency of an amount of the Unwithdrawn Loan Balance, provided that the Bank offers this type of a Conversion only into the following currencies: EUR, GBP, JPY and USD;
- (b) Currency Conversion to an Approved Currency of an amount of the Withdrawn Loan Balance;
- (c) Automatic Conversion to Local Currency.

3.1.2 Interest Rate Conversions. The Bank offers the following types of Interest Rate Conversions applicable to all or any amount of the Withdrawn Loan Balance:

- (a) from Variable Rate to Fixed Rate and vice versa;
- (b) from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread;
- (c) from a 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; and

(d) Automatic Rate Fixing Conversion.

3.1.3 Interest Rate Caps and Collars. The Bank offers the Interest Rate Caps and Interest Rate Collars and effects them in accordance with relevant provisions of the General Conditions.

3.2 Automatic Conversion to Local Currency²

3.2.1 The Client includes election of Automatic Conversion to Local Currency in the Loan Agreement or submits a separate Request for Automatic Conversion to Local Currency at any time with respect to all future withdrawals of the Loan. The Bank effects the Automatic Conversion to Local Currency at the time of disbursements from the Loan Account. The Bank and the Client determine the arrangements for each Automatic Conversion to Local Currency on a case by case basis and reflect them in an Annex to the Loan Agreement or to the Request for the Automatic Conversion to Local Currency (the “ACLC Annex”).

3.2.2 Adjustment to Interest Periods. Notwithstanding any provision to the contrary in the Loan Agreement, if the Client withdraws an amount subject to an Automatic Conversion to Local Currency within a period of fifteen (15) business days prior to an Interest Payment Date, the Bank, in consultation with the Client, determines whether the initial Interest Period for that withdrawn amount runs from and including the date of the withdrawal to and excluding the originally scheduled second Interest Payment Date following the date of such withdrawal.

3.2.3 Payment of Front-End Fee. In case the Client elects the Automatic Conversion to Local Currency at the Loan Agreement signing, the Client typically pays the front-end fee out of its own resources, as provided in the Loan Agreement. However, if the Bank agrees, the Client pays the front-end fee out of the proceeds of the Loan. In such case and subject to any conditions set forth by the Bank, the Bank deducts any amounts in respect of the front-end fee from the Loan Account on the date provided for in the Loan Agreement, and converts it to Local Currency when the aggregate withdrawals reach at least USD 3 million.

3.2.4 Withdrawal of Request or Termination of Automatic Conversion to Local Currency.

The Client withdraws the Request for Automatic Conversion to Local Currency (or terminate the relevant provisions of the Loan Agreement) by at least fifteen (15) Business Days’ prior written notice to the Bank. Unless the Bank otherwise agrees, the Client is not permitted to submit a request for withdrawal from the Loan Account during the above notice period. In addition, if, at any time, the Bank is unable to execute any Automatic Conversion to Local Currency pursuant to the terms of the ACLC Annex, such Automatic Conversion to Local Currency terminates (with any relevant provisions of the Loan Agreement with respect to the Automatic Conversion to Local Currency ceasing to apply to the Loan without the need for a separate amendment). The terms of the then-existing Automatic Conversion to Local Currency continue to apply to any such Conversions effected prior to such withdrawal or termination.

3.3 Local Currency Conversions on “Non-Deliverable” Terms

3.3.1 The Bank offers, on a case-by-case basis, Local Currency Conversions on non-deliverable terms with the repayments denominated in Local Currency and settled in USD, or in

²For legacy Variable Spread Loans (governed by the General Conditions that do not contain appropriate provisions), the Bank offers the Automatic Conversions to Local Currency only with an appropriate amendment to the Loan Agreement (see Section III.2.1.4).

other major currencies (an “NDS Currency Conversion”). The availability of these terms depends on the Bank’s ability to enter into a Market Transaction for such Conversion.

3.3.2 The Bank executes each NDS Currency Conversion pursuant to the Client’s Request in accordance with this Directive and on the following terms:

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

(b) the Client pays a transaction fee for an NDS Currency Conversion as provided for in Section III.12.3.1 below;

(c) all payments of principal and interest are on non-deliverable terms and made in US Dollars, or in other major currencies, on terms substantially as provided in Section III.3.3.3 below;

(d) the Bank generates the bill for the principal and interest payable in respect of an NDS Currency Conversion two (2) Business Days after the Valuation Date. Furthermore, in accordance with the relevant Section of the General Conditions applicable to each Loan Agreement providing for the delivery of notices and requests, the Bank sends notices relating to the payment of interest and principal in respect of an NDS Currency Conversion to the Client, among others, through an electronic messaging system with effective date on the date that the Client receives the electronic message.

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

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

3.3.4 Notwithstanding any provision to the contrary in the Loan Agreement, interest on overdue Principal Amount accrues and is payable in the Settlement Currency (as part of any Settlement Amount) on an applicable Settlement Date as follows:

(i) for the first thirty (30) days such portion of the Settlement Amount remains unpaid after the Settlement Date, at the Variable Rate 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 thirty first (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 applicable to the Loan in the original Loan Currency on the Settlement Date prior to the Conversion plus any transaction fees; in either case in accordance with the terms of the Loan Agreement.

3.4 Automatic Rate Fixing³

3.4.1 The Client requests Automatic Rate Fixing in the Loan Agreement or submits a separate Request for Automatic Rate Fixing at any time, specifying that the Conversion is to be effected at each withdrawal 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 USD 3 million or 10 % of the Loan, whichever is higher, unless the Bank otherwise agrees.

3.4.2 Automatic Rate Fixing at the End of Each Interest Period. If the Client requests an Automatic Rate Fixing at the end of each Interest Period, the Bank converts all amounts of the Loan withdrawn during an Interest Period with effect from the first day of the next Interest Period.

3.4.3 Automatic Rate Fixing at the End of Multiple Interest Periods. If the Client requests an Automatic Rate Fixing at the end of multiple Interest Periods (i.e., after every 2 or 3 Interest Periods), the Bank converts all amounts of the Loan withdrawn during such multiple Interest Periods with effect from the first day of the Interest Period next following the end of such multiple Interest Periods.

3.4.4 Automatic Rate Fixing by Reference to a Cumulative Amount of Withdrawals. If the Client requests an Automatic Rate Fixing every time a specified cumulative amount of the Loan has been withdrawn, the Bank executes such Conversion promptly upon reaching the threshold amount and with effect from the Conversion Date. The converted amount is: (i) limited to the indicated threshold (or a multiple thereof); or (ii) for the full amount of the Loan withdrawn but not yet converted, provided that the final Automatic Rate Fixing is for the remaining Withdrawn Loan Balance, irrespective of the amount involved. The Automatic Rate Fixing described in this Section III.3.4.4 is not available on Loans with disbursement-linked repayment schedules.

3.4.5 Withdrawal of Request for Automatic Rate Fixing. A Client withdraws a Request for Automatic Rate Fixing at any time in accordance with Section III.5.4 below. Such withdrawal is effective upon its written acceptance by the Bank without the need for a separate amendment of the Loan Agreement. Consequently, any portions of the Loan on which the interest rate is not fixed pursuant to the withdrawn Request for Automatic Rate Fixing continue to accrue interest at the Variable Rate specified in the Loan Agreement.

3.5 Effecting Conversions

3.5.1 Fixed Rate Conversions. The Bank effects Conversions into a Fixed Rate in the following manner:

³ For legacy Variable Spread Loans (governed by the General Conditions that do not contain appropriate provisions), Automatic Rate Fixing is offered only with an appropriate amendment to the Loan Agreement (see Section III.2.1.4).

(a) for an Interest Rate Conversion from the Variable Rate, by converting the Variable Rate of a Loan to a fixed rate equal to either: (i) the interest rate that reflects the fixed rate of interest payable by the Bank under the Interest Hedge Transaction relating to the Conversion (adjusted for the difference, if any, between the Variable Rate and the variable rate of interest receivable by the Bank under the Interest Hedge Transaction); or (ii) the Screen Rate; and

(b) for a Currency Conversion of an amount of the Loan that accrues interest at a fixed rate during the Conversion Period, by converting the applicable interest rate into a fixed rate equal to either: (i) the interest rate that reflects the fixed rate of interest payable by the Bank under the Currency Hedge Transaction relating to the Currency Conversion; or (ii) the Screen Rate.

3.5.2 Variable Rate Conversions. The Bank effects Conversions into Variable Rate in the following manner:

(a) for an Interest Rate Conversion from a Variable Rate based on a Reference Rate and the Variable Spread to Variable Rate based on the Reference Rate and a Fixed Spread, by converting such Variable Rate into a variable rate equal to the sum of: (i) the Reference Rate for the Loan Currency; plus (ii) the Fixed Spread, as reasonably determined by the Bank 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 in effect on the Conversion Date, and the original contractual lending spread and maturity premium (if applicable) for the Loan Currency or Approved Currency; plus (iii) the Variable Spread Fixing Charge, provided that the Variable Spread is fixed into a Fixed Spread for the full maturity of the Loan and subsequent reversion to a Variable Spread is not possible⁴;

(b) for an Interest Rate Conversion from 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, by converting the Variable Rate applicable prior to the Conversion to a variable rate equal to the sum of: (A) the Fixed Reference Rate for the Loan Currency; plus (B) the Variable Spread; provided that the Bank determines the Fixed Reference Rate as the fixed rate equivalent of the relevant Reference Rate for the Loan Currency applicable to the amount of the Loan to which the Conversion applies, equal to (i) the interest rate that reflects the fixed rate of interest payable by the Bank under the Interest Hedge Transaction relating to the Conversion; or (ii) the Screen Rate;

(c) for an Interest Rate Conversion from Variable Rate based on a Fixed Reference Rate and the Variable Spread to a Variable Rate based on a Reference Rate and the Variable Spread, by converting the Variable Rate applicable prior to the Conversion to a variable rate equal to the sum of: (A) the Reference Rate for the Loan Currency; plus (B) a spread (if any) to the Reference Rate as reasonably determined by the Bank; plus (C) the Variable Spread; and

(d) for an Interest Rate Conversion from a Fixed Rate to a Variable Rate, by converting such Fixed Rate into a variable rate equal to either: (i) the sum of: (A) the Reference Rate for the Loan Currency; plus (B) any adjustment to reflect changes in market levels consistent with the Interest Hedge Transaction relating to the Conversion; or (ii) the Screen Rate;

3.5.3 Currency Conversions. The Bank effects Currency Conversions in the following manner:

⁴ Spread unfixing is generally not offered, so an Interest Rate Conversion from Variable Rate based on the Fixed Spread to a Variable Rate based on the Variable Spread is not possible.

(a) for a Currency Conversion to an Approved Currency of an amount of the Unwithdrawn Loan Balance, and upon withdrawal of any of such amount, by converting the Loan Currency to an Approved Currency, which is also a lending currency of the Bank and by converting the Variable Rate applicable prior to the Conversion to a variable rate equal to the sum of: (i) the Reference Rate for the Approved Currency; plus (ii) a Variable Spread if such amount accrues interest at a rate based on the Variable Spread as described in Section III.6.5.2, or a Fixed Spread if such amount accrues interest at a rate based on the Fixed Spread for the Approved Currency as described in Section III.6.5.2; and

(b) for a Currency Conversion to an Approved Currency (including the Automatic Conversion to Local Currency) of an amount of the Withdrawn Loan Balance, by converting the Loan Currency to such Approved Currency and by converting the rate of interest applicable prior to the Conversion to a variable rate, which:

- (i) for a Currency Conversion to a Variable Rate based on a Reference Rate and a fixed spread, is equal to either: (A) the sum of: (1) the Reference Rate for the Approved Currency; plus (2) a fixed spread to the Reference Rate, if any, payable by the Bank under the Currency Hedge Transaction relating to the Currency Conversion; or (B) the Screen Rate, provided that the Variable Spread (if any) applicable prior to the Conversion is first fixed in the original Loan Currency and then the Local Currency Conversion is effected; or
- (ii) for a Currency Conversion to a variable rate based on a Reference Rate and a variable spread, is equal to the sum of: (A) the Reference Rate for the Approved Currency; plus (B) a fixed spread (if any) to the Reference Rate for the Approved Currency as reasonably determined by the Bank; plus (C) the Variable Spread for any lending currency of the Bank or the Residual Spread for any Local Currency; or
- (iii) for a Currency Conversion to a variable rate based on a Fixed Reference Rate and a variable spread, is equal to the sum of: (A) the Fixed Reference Rate for the Approved Currency; plus (B) the Variable Spread for any lending currency of the Bank or the Residual Spread for any Local Currency; and
- (iv) for a Currency Conversion to a fixed rate, as determined in Section III.3.5.1(b) above;

provided that for the Loans with a Variable Spread that convert into a Local Currency while retaining the variable spread, the Bank does not offer fixing of such variable spread during the life of the Local Currency Conversion.

3.6 Basis of Effecting Conversions

3.6.1 The Bank effects all types of Conversions on the basis of Screen Rates and/or Market Transactions.

3.6.2 Screen Rates. In effecting the Conversions, the Bank uses the Screen Rates reflecting the Conversion Period, the Currency amount and the repayment provisions of the amount of the Loan to which the Conversion applies and adjusts them by the applicable spreads and market

convention. For a Currency Conversion of an amount of the Unwithdrawn Loan Balance, the Bank determines the exchange rate between the Loan Currency applicable prior to the Conversion and the Approved Currency by on the Execution Date on the basis of the Screen Rates.

3.6.3 Market Transactions. Any Market Transaction undertaken by the Bank in effecting a Conversion reflects the financial terms for the amount of the Loan to be converted, except for the applicable floor⁵ in respect of the interest rate. For the avoidance of doubt, the converted interest rate (excluding the applicable fees) is also subject to a zero floor. In effecting the Conversions, the Bank uses the Market Transactions in the following manner:

(a) For Interest Rate Conversions, the terms of the relevant Interest Hedge Transaction reflect: (i) the relevant Conversion Period; (ii) the interest rate (without the floor) prevailing in the Loan Currency on the Execution Date in respect of such portion of the Loan; and (iii) the repayment provisions relating to such portion.

(b) For Currency Conversions, the terms of the relevant Currency Hedge Transaction reflect: (i) the relevant Conversion Period; (ii) 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; (iii) the interest rates (without the floor) prevailing in the existing Loan Currency and the Approved Currency on the Execution Date; (iv) the repayment provisions relating to such portion; and (v) for Local Currency Conversion of a Loan with a Variable Spread, an adjustment based on the Bank's funding cost, the contractual lending spread (net of waivers) and maturity premium (if any) of the underlying Loan.

3.6.4 Amount of Market Transactions; Multiple Market Transactions. If the Bank is unable to find a suitable Market Transaction matching the amount of the Loan requested to be converted by the Client, the Bank effects (i) a Market Transaction in respect of amounts that are smaller or larger than the amount of the Loan requested to be converted by the Client or (ii) several Market Transactions. In such event, the Bank determines the consolidated rate or premium applicable to the total amount of the Loan subject to the Conversion, on the basis of the weighted average of the rates or the pro-rata of the total amount of premia obtained in all Market Transactions undertaken to effect such Conversion.

3.6.5 Adjustments to Market Transactions. The Bank enters into an Interest Hedge Transaction or a Currency Hedge Transaction based on the existing interest rate (without the floor) applicable to the portion of the Loan being converted. The Bank enters into such Interest Hedge Transaction or Currency Hedge Transaction based on the interest rates then prevailing in the market and adjusts the new rate of interest payable by the Client 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. On a case by case basis, the Bank takes into account any payment from the Client to the Bank of a mark-to-market amount that reflects the market value of the interest rate change.

3.7 Conversion Options and Hedging Products

Where the Bank accepts a request from a Client for a stand-alone hedging transaction, as provided in the Hedging Guidelines, in respect of a Loan from the Bank (an "IBRD Hedge") that contains Conversion options, the Bank does not subsequently accept a Request for a Conversion in

⁵ All IBRD loans and IDA credits and loans are subject to a zero floor on the applicable lending rate.

respect of any amount of the Loan comprised in such IBRD Hedge so long as the IBRD Hedge remains outstanding in the same period⁶.

4. Request for Conversion

4.1 General

4.1.1 The Client submits a Request to the Bank at any time substantially in the form of the appropriate Conversion Request Form provided in Annex A. In the form of Request, the Client makes 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 Client by separate agreement, the Bank is not acting as a fiduciary for, or an advisor to, the Client 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 not for speculative purposes; and
- (f) the representative signing the Request is authorized to do so.

4.1.2 The Client makes the Requests in writing and delivers them to the Bank by hand, courier, mail (registered or certified) or electronic mail. The Client confirms by mail any deliveries made by electronic mail. The Bank is entitled to take action on the basis of a Request received by electronic mail.

4.2 Communication of Request

The Client delivers each Request to the Bank at the physical address or email address specified in Section III.4.4 below. The date of receipt by the Bank of a Request is:

- (a) the date it is delivered to the Bank at the physical address specified in Section III.4.4 below if sent by courier, by hand, or by certified or registered mail; and
- (b) the date received in legible form by the Bank at the email address specified in Section III.4.4 below, if sent by email.

4.3 Authorized Representative and Address of Client for Purposes of Making Requests

The authorized representative of the Client for purposes of making Requests is the official designated in the Loan Agreement as being authorized to agree to any modification or

⁶ Not applicable to IDA.

amplification of the Loan Agreement on behalf of the Client. The Client's address for the purposes of this Directive is the address specified in the Loan Agreement. If the authorized representative of the Client delegates the authority to make Requests to additional persons, before or at the time the Client makes a Request, the Client delivers to the Bank evidence of such delegation and the specimen signature of such authorized person, together with his/her title and address, including telephone and fax numbers and e-mail address.

4.4 Bank Address to which Request is to be Sent:

International Bank for Reconstruction and Development or
International Development Association
1818 H Street, N.W. MSN MC5-518
Washington, D.C. 20433
United States of America

Attention: Loan Client Services

E-mail: LoanClientServices@worldbank.org

4.5 Content of Request

4.5.1 Each Request provides the following information (refer to Annex A for 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 Client;
- (g) special instructions, if any; and
- (h) authorization and specimen signature of authorized representative signing the Request, if not previously provided.

4.5.2 Each Request for an Interest Rate Conversion also provides the following additional information:

- (a) the type of the Conversion based on the elections available on the Request form;
- (b) for a Conditional Request, the information in respect of Section III.4.5.6 below.

4.5.3 Each Request for a Currency Conversion also provides the following additional information:⁷

(a) the Approved Currency into which the Client 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 applies;

And for Conversions of Withdrawn Amounts only:

(c) the applicable interest rate type;

(d) for a Conditional Request, the information in respect of Section III.4.5.6 below;

(e) for a Local Currency Conversion Request, whether such Conversion is on deliverable or non-deliverable terms (as provided in Section III.3.3 above); and

(f) for a Local Currency Conversion on non-deliverable terms, the name and source of the Settlement Rate (as defined in Section III.3.3.3 above) and any other relevant information.

4.5.4 Each Request for an Interest Rate Cap also includes the following additional information:

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

(b) in respect of the premium (determined pursuant to the provisions of Section III.12.4 below), 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 the provisions of Section III.12.5 below, the Client pays such premium out of such proceeds or out of its own resources.

4.5.5 Each Request for the establishment of an Interest Rate Collar also includes 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 retaining a Variable Spread);

(b) for 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 the provisions of Section III.12.5 below, the Client pays such premium out of such proceeds or out of its own resources.

⁷ See also Sections III.8 and III.9 for additional information which the Client 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).

4.5.6 If the Client wishes to specify certain conditions relating to the terms of the Conversion requested, it submits a “Conditional Request” as follows:

(a) if the Client requests an Interest Rate Conversion or a Currency 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 for the Bank’s lending currencies), the Request specifies the maximum for any of the following: (i) Fixed Rate, or (ii) Fixed Reference Rate, or (iii) spread over the Reference Rate⁸ to be paid by the Bank under the Interest or Currency Hedge Transaction, in each case that it is willing to pay following such Conversion and

(b) any other instructions in the “Special Instructions” field of the Conversion Request.

4.5.7 Subsequent Requests. If, after requesting a Conversion in respect of any amounts of the Loan, the Client submits a new Request for another Conversion, the Bank typically effects such Request in addition to the existing Conversion (for the avoidance of doubt, without the need to amend the prior Conversion Requests or Loan Agreements, as applicable).

4.6 Conversion Date

The Conversion Date (which is the date on which the Conversion becomes effective and the related Conversion Period starts) is any one of the following, subject at all times to the relevant Loan Agreement:

- (a) the Execution Date (as defined in the relevant General Conditions);
- (b) the Interest Payment Date, as specified in the Loan Agreement;
- (c) for 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 received by the Bank within fifteen (15) Business Days prior to an Interest Payment Date, the next following Interest Payment Date or such other date as agreed by the Client and the Bank; or
- (d) Any other date as agreed by the Client and the Bank.

5. Execution Period

5.1 General

5.1.1 The Bank exercises reasonable efforts to execute within the Execution Period any Request which is in form and substance satisfactory to the Bank. However, the Bank is not liable if, in the exercise of such reasonable efforts, it fails to do so. If the Bank and the Client agree, the Execution Period is extended for any Conversion.

⁸For the avoidance of doubt, this does not represent the Variable Spread or the Residual Spread for Local Currency Conversions, as applicable.

5.1.2 Since interest and exchange rates fluctuate throughout the Execution Period, and the range of rates becomes known only after the end of the Execution Period, the Bank does not guarantee any specific results in obtaining financial terms of a Conversion. However, in effecting a Conversion, the Bank exercises the same standard of care as it uses with respect to transactions it enters into for its own account.

5.1.3 If, during the Execution Period, any national or international calamity or development, crisis of a political or economic nature or change in the relevant financial markets occurs, the effect of which, in the judgment of the Bank, materially and adversely affects its ability to execute such Conversion, the Bank notifies the Client of such circumstances, and the Bank and the Client together determine the appropriate arrangements.

5.1.4 The Client and the Bank each consents to the recording of telephone conversations concerning Conversions.

5.2 Processing of Request

5.2.1 *Acknowledgement of Receipt.* Promptly after receipt of any Request by Loan Client Services, the Bank notifies the Client of its receipt of the Request at the address or e-mail specified by the Client pursuant to Section III.4.3 above or, in the absence of such specification, the address for notices specified in the Loan Agreement. Acknowledgement of receipt does not constitute acceptance of the Request.

5.2.2 *Review of Request.* Upon receipt of a Request, the Bank reviews it to determine whether the information presented in the Request is accurate and acceptable to the Bank and whether it is duly authorized by the Client.

5.2.3 *Acceptance of Request.* If the Bank finds the Request acceptable following the review referred to in Section III.5.2.2 above, it proceeds to effect the Conversion without a separate notification to the Client of its acceptance.

5.2.4 *Non-Complying Requests; Re-submission.* If the Bank determines that a Request does not comply with the requirements specified in the Loan Agreement and this Directive, it notifies the Client of its reasons for not accepting the Request. In that case, the Bank takes no further action to effect the Conversion. If the Client re-submits its Request taking into account the Bank's comments, the Bank treats such Request as a new Request for the purposes of calculating the Execution Period.

5.3 Communications during Execution Period

If any follow-up discussions are necessary during the Execution Period for a Conversion, the Client and the Bank communicate by telephone or e-mail using the contact information provided by the parties pursuant to Sections III.4.3 and III.4.4 above or otherwise. So long as the terms of the Request do not change, the Bank relies on the identity of anyone communicating with the Bank by telephone and purporting to be an authorized representative of the Client. If the Client proposes any changes in the terms of the Request by telephone or e-mail, the Bank treats the Request as a non-complying Request and so notifies the Client. The Bank does not take any action in respect of such Request until the Client furnishes an amended Request. The

Bank treats such amended Request as a new Request for purposes of calculating the Execution Period.

5.4 Withdrawal of Request

At any time during the Execution Period, if the Client wishes to withdraw a Request, it notifies the Bank in writing, furnished by e-mail to the Bank from the Authorized Representative or his/her designated representatives to be followed by a signed withdrawal notice. If the Bank receives the notice of withdrawal after it undertakes the related Market Transaction, or applies the Screen Rate(s), the Bank does not accept such request for withdrawal.

6. **Execution**

6.1 General. The Bank effects the Conversions following the process set forth in Section III.3 above.

6.2 Partial Amount Conversions

6.2.1 If the Client wishes to request that the Conversion apply to only part of the Loan (a “Partial Amount Conversion”) and subject to the terms of the Loan Agreement and unless otherwise stated herein, the Client specifies in the Request the portion of the Loan to be converted, expressed as a percentage, an amount or a particular tranche(s). In the absence of any such specification by the Client, the Bank applies the Partial Amount Conversion pro rata across all remaining maturities of the Loan.

6.2.2 If the Client requests that a Currency Conversion apply to only part of the unwithdrawn amount of the Loan, the Bank applies the Partial Amount Conversion pro rata across all amounts remaining unwithdrawn and allocated to the withdrawal categories specified in the Loan Agreement (as applicable). If the Client wishes that the Conversion be applied to withdrawal categories in a different manner, it specifies so in the Request. Following any such Conversion, the Bank processes the reallocation following standard Bank Directives for reallocating amounts among the categories.

6.3 Partial Maturity Conversions

If the Bank is unable to execute a Market Transaction for the full maturity of the Loan or the Client requests a Conversion for a shorter period (a “Partial Maturity Conversion”) the provisions of this Section III.6.3 apply.

6.3.1 Partial Maturity Interest Rate Conversion. If the Bank effects a Partial Maturity Conversion consisting of an Interest Rate Conversion, 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 reverts to the interest rate that was applicable prior to such Conversion; provided, however, that in case of a Partial Maturity Conversion from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread or to a Fixed Rate, where the Bank effects the Conversion by first fixing the Variable Spread, the interest rate to which the Loan reverts at the end of the Conversion Period therefore has the Fixed Spread applied to execute the Partial Maturity Conversion.

6.3.2 Partial Maturity Currency Conversion. If the Bank effects a Partial Maturity Currency Conversion, the principal amount of the Loan in the original Loan Currency subject to repayment following the end of the Conversion Period is not known until the end of the Conversion Period, and depends on the difference between the exchange rates in effect at the beginning of the Conversion Period and at the end of such Conversion Period for the original Loan Currency and the Approved Currency. The Bank processes any such Partial Maturity Currency Conversion on a case by case basis. Any Client requesting such Partial Maturity Currency Conversion acknowledges that it is aware of this exchange rate risk and of the fact that a Currency Conversion for the full maturity of the Loan amount is available in most cases.

(a) *Interest Rate:* During the Conversion Period of a Partial Maturity Currency Conversion, the interest rate payable on the amount of the Loan to which such Conversion applies is the interest rate as determined in Section III.3.6.1 above.

(b) *Currency:* During the Conversion Period of a Partial Maturity Currency Conversion, amounts payable by the Client, whether in respect of principal or of interest, is denominated in the Approved Currency of such Conversion. Upon the expiry of the Conversion Period, the currency of denomination reverts to the Loan Currency applicable prior to the Conversion.

(c) *Principal Amounts:* Due to exchange rates fluctuations between the beginning and end of the Conversion Period the remaining principal amount of the Loan in the original Loan Currency is equal to, greater or lesser than the amount that was originally scheduled to be remaining in the Loan Currency. Upon termination of the Partial Maturity Currency Conversion, the Bank determines the remaining principal amount falling due after the Conversion Period by multiplying such remaining principal amount denominated in the Approved Currency by the applicable exchange rate for converting amounts from the Approved Currency into the Loan Currency prevailing prior to the last day of the Conversion Period as determined by the Bank in accordance with the Market Transaction relating to the Conversion.

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

6.3.3 Roll-overs. To limit the situation described in Section III.6.3.2(c) above, the Bank offers the “roll-over” of the 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 Market Transaction and the entry into of the roll-over Market Transaction. Such “roll-overs” remain subject to interest rate risk as the Bank executes the new Conversion at the interest rate prevailing at the time of the “roll-over”. The Bank informs the Client of the end of the Conversion Period three (3) months prior to the maturity of the Conversion. If the Client wishes to “roll-over” the Conversion, the Client submits a new Request no less than fifteen (15) business days prior to the end of a Partial Maturity Currency Conversion. In that case, the Bank re-denominates the principal amount remaining due after the applicable Conversion Period in the Loan Currency, as described in Section III.6.3.2(c), and then converts it again into the Approved Currency.

6.4 Execution of Conditional Requests

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

6.4.2 If, during the Execution Period, the Bank is unable to execute the Conversion on the conditional terms set by the Client, the Conditional Request expires and the Bank promptly notifies the Client thereof.

6.5 Currency Conversions for Unwithdrawn Amounts

6.5.1 The Bank determines the principal amount of a Currency Conversion of an unwithdrawn portion of the Loan to an Approved Currency⁹ on the basis of a Screen Rate, as described in Section 4.03(a) of the 1999 IBRD General Conditions and 2005 IBRD General Conditions, Section 4.01(a) of the 2012 IBRD General Conditions, Section 4.01(b) of the 2017 IBRD General Conditions and Section 4.02(b) of the 2017 IDA General Conditions.

6.5.2 The Variable Rate applicable to 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 of the Loan, plus the Fixed Spread (as adjusted) or the Variable Spread in the Approved Currency. The Bank adjusts the Fixed Spread by taking the Fixed Spread in the Loan Currency applicable prior to the Conversion and applying a basis swap adjustment (if applicable) prevailing on the Execution Date for the Conversion to convert from the Loan Currency into the Approved Currency.¹⁰ The Variable Spread remains the same as the one applicable prior to the Conversion.

6.6 Currency Conversions in Bank's lending currencies with a Variable Spread for Withdrawn Amounts.

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 currency¹¹ do not affect the amount of the applicable Variable Spread in the original Loan Currency and the Bank does not execute a Market Transaction in this respect. If such Currency Conversion includes a Fixed Reference Rate in the new major currency, the Bank effects the Conversion on the basis of Screen Rates or Market Transactions for the Reference Rate fixing portion of the Conversion.

6.7 Local Currency Conversions

The Bank executes the 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 as described in Section III.3.5.3(b) above. The Bank converts the Variable Spread of the interest rate prior to the Conversion in respect of the "hedging base" of the Bank (or the "hedged" portion of the Variable Spread), which together with any remaining Residual Spread (the "unhedged" portion of the Variable Spread) constitutes the final variable spread resulting after the Conversion. The Bank adjusts the Residual Spread in the Approved Currency to reflect IBRD's funding cost and

⁹ Currently offered for the lending currencies of the Bank, which are US dollar, Euro, Yen or Sterling only.

¹⁰ A basis swap adjustment reflects the difference between IBRD fixed spread loan pricing in the Bank's lending currencies.

¹¹ Currently offered for the lending currencies of the Bank, which are US Dollar, Euro, Yen and Sterling.

movements in the foreign exchange rates during the relevant period, as reasonably determined by the Bank.

6.8 Notification following Execution Period

6.8.1 The Bank notifies the Client promptly following the end of the Execution Period of the terms of the Conversion (as described in Section III.6.8.2 below), or of the fact that the Conversion is not effected. The Bank sends all such notices to the Client at the address for notices specified in the Loan Agreement and, if different, any address specified by the Client pursuant to Section III.4.3 above. If the Bank is unable to effect the Conversion requested during the Execution Period, the Bank and the Client determine what actions, if any, to be taken.

6.8.2 Within ten (10) Business Days following the Execution Date of any Conversion, the Bank sends to the Client a Conversion notice setting out the terms obtained in the Conversion, including:

- (a) the details of the Conversion (including the Conversion Date);
- (b) if applicable, the revised amortization provisions applicable to the Loan;
- (c) if applicable, the new interest; and
- (d) if applicable, the exchange rate used in effecting a Currency Conversion.

6.8.3 For Currency Conversions in respect of the unwithdrawn amounts, following the Execution Date of a Conversion, the Bank notifies the Client, if applicable, of the revised withdrawal schedule and/or if any amount and denomination of the Loan subject to retroactive financing.

7. **Payments during Conversion Period**

7.1 Commencement of Conversion Period

The Conversion Period commences on the Conversion Date and terminates on an Interest Payment Date. As interest accrues in arrears, the Client pays any interest payable up to a Conversion Date at the rate applicable immediately prior to the Conversion. Any principal amount 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 less than fifteen (15) Business Days from the date of submission of a Conversion Request;

does not form part of the amount converted and, in the case of a Currency Conversion, the Client pays such principal amount in the currency in which it was payable immediately prior to such Conversion, unless otherwise agreed by the Client and the Bank.

7.2 Conversion Period for Currency Conversions

The Bank deems the Conversion Period of a Currency Conversion 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, the Client pays (i) principal and interest in the Approved Currency applicable during the Conversion Period, except in an NDS Currency Conversion, and (ii) interest at the interest rate basis applicable during the Conversion Period.

7.3 Billing

The Bank gives notices relating to the payment of interest and principal amount in respect of a Conversion to the Client through an electronic messaging system, effective on the date when the Client receives the electronic message.

7.4 Rounding Convention used in Conversions

The Bank rounds all currency amounts to the nearest hundredth of the currency unit on US Dollar, Euro, and Sterling and to the nearest whole currency unit on Yen (e.g. 1.01 US Dollar and 1 Yen). For other currencies, the Bank determines the rounding on a case-by-case basis.

- The Bank rounds interest rates to two decimal places.
- In each case, the Bank rounds upwards if the number ends in a figure of five or above, and downwards if the number ends in a figure below five.

8. **Special Commitments**

The Bank does not convert the unwithdrawn amounts of the Loan subject to Special Commitments, except in the following circumstances:

- (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.

If the Bank permits any amount subject to a Special Commitment to be included as part of a Currency Conversion, the Execution Period does not apply to such Conversion to allow sufficient time required to obtain any the third party agreements to redenominate the currency of the Special Commitment, as applicable. In such case, the Bank consults with the Client and seeks the Client's instructions on how to proceed.

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 Client makes the final payments at the end of a Conversion Period in the converted currency, it is necessary to extend the Conversion Period by this extra day. Without such extension, the Conversion Period terminates one day prior to the final Interest/Principal Payment Date, the Loan Currency reverts out of the converted currency into the original Loan Currency and the Client pays amounts due on this date in the original Loan Currency.

9. Designated Accounts

If, as a result of a Currency Conversion of an unwithdrawn amount of the Loan, the Client wishes to open one or more Designated Accounts in the new Approved Currency, it specifies it either in the Request or separately. The Bank processes it separately from the Conversion, following normal procedures for amending the Loan Agreement or the Disbursement Letter, as applicable. In the absence of such specification, the Client continues to operate the existing Designated Account(s) in its currency of denomination.

10. Retroactive Financing

To facilitate the administration, following a Conversion, of limits specified in the Loan Agreement on retroactive financing, the following provisions apply:

(a) If the Client requests a Currency Conversion of the full unwithdrawn amount of the Loan to an Approved Currency, the Bank converts the amount specified in the Loan Agreement as being available for retroactive financing into the Approved Currency, but only to the extent that the amount available for retroactive financing remains unwithdrawn on the Conversion Date.

(b) If the Client 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 remains 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 Bank converts such excess amount available for retroactive financing in the new Approved Currency (using a Screen Rate).

11. Development Policy Loans

If the Client requests a Currency Conversion of an unwithdrawn amount of a Development Policy Loan which has two or more tranches, the Bank converts the amount specified in the Loan Agreement as being the limit on withdrawals until the policy conditionality for the release of the next tranche is fulfilled, into the Approved Currency at the exchange rate used for the Conversion. The Bank processes it separately from the Conversion, following normal procedures for amending the Loan Agreement.

12. Transaction Fees, Unwinding Amounts, Premia and Other Costs

12.1 Transactions in respect of which a Transaction Fee is Payable

The Client pays to the Bank transaction fees in respect of:

- (i) any Conversion¹³; and

¹³ 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 transaction fee is payable for a Currency Conversion.

- (ii) the early termination of any Conversion, unless otherwise stated herein.

12.2 Amount of Transaction Fee Payable

The Bank publishes the transaction fees in respect of the Conversions and early terminations of the Conversions on the Bank's website at <http://treasury.worldbank.org/>. If the Bank revises the transaction fees, the revised transaction fees apply to the Conversions and the early terminations requested after such revision, as stated in Section III.1.1 above.

12.3 Payment of Conversion Related Fees and Costs

12.3.1 *Transaction Fees.* The Bank's transaction fees for implementation of a Conversion are as follows, unless the Bank and Client agree otherwise:

- (a) in the case of Interest Rate Conversions and Interest Rate Caps and Interest Rate Collars, transaction fees are in the Loan Currency, expressed as (x) a lump sum payable within sixty (60) days after the Execution Date or (y) basis points which accrue from the Conversion Date and added to the interest rate payable on each Interest Payment Date with effect from the Interest Payment Date following such Conversion Date and as determined by the Bank;

- (b) in the case of Currency Conversions of withdrawn amounts, transaction fees are in the Approved Currency, expressed as (x) a lump sum payable within sixty (60) days after the Execution Date or (y) basis points which accrue from the Conversion Date and added to the interest rate in the Approved Currency payable on each Interest Payment Date; and

- (c) in the case of a Currency Conversion of unwithdrawn amounts, transaction fees are in the applicable Loan Currency immediately prior to the Currency Conversion as a lump sum not later than sixty (60) days after the Execution Date.

12.3.2 *Costs of Early Termination.* Upon any early termination of an existing Conversion (except for the Automatic Rate Fixing and Automatic Conversion to Local Currency) during the life of the Loan, in the absence of refunds, prepayments or acceleration of repayment terms as provided in the General Conditions and Section III.12.3.3 below, the following provisions apply:

- (a) The Bank treats any such early termination as a new Conversion and the Unwinding Amount represents the gains or losses for the prior Conversion (see Section III.3.6.5).

- (b) The Client pays to the Bank any Unwinding Amount for the prior Conversion and any other costs of the early termination (i) as part of the new Conversion (i. e., reflected in the terms of the new Conversion) or (ii) upfront as a lump-sum no later than sixty (60) days after the effective date of the early termination. In addition to the Unwinding Amount, other costs include the transaction fees for the early termination of the prior Conversion and transaction fees for the new Conversion. If, as a result of an early termination, the Bank pays to the Client aggregate of all costs thereof, the Bank pays such amount by deducting it against any amounts payable by the Client to the Bank under the relevant Loan Agreement, as such amounts become due, except as otherwise stated herein.

(c) If the Client wishes to effect a Currency Conversion of an amount subject to an Interest Rate Cap or Interest Rate Collar, the Bank does not charge a transaction fee for the early termination of the Interest Rate Cap or Interest Rate Collar provided the Client pays the transaction fees relating to the establishment of the Interest Rate Cap or Interest Rate Collar upfront. However, a transaction fee applies in respect of the Currency Conversion.

12.3.3 *Costs of Refunds, Prepayment and Acceleration of Repayment Terms.* In the event of refunds, prepayment or acceleration of repayment terms under any Loan, the following provision apply to the payments of related costs:

(a) In case of a Conversion applicable to any amount of a Loan that is to be refunded, prepaid, or accelerated (as provided in the applicable Loan Agreement): (i) the Client pays a transaction fee for the early termination of the Conversion; (ii) the Client pays a prepayment premium, if any, pursuant to the General Conditions; and (iii) the Client or the Bank, as the case may be, pays any applicable Unwinding Amount.

(b) The Client pays the transaction fees, the prepayment premium and any Unwinding Amount not later than sixty (60) days after the date of the relevant refund, prepayment or payment.

(c) If, upon a refund, prepayment or an acceleration of repayment terms, the aggregate of all transaction fees, Unwinding Amounts and the prepayment premium, if any, represents an amount payable by the Bank to the Client, the Bank subtracts such amount from the refund, prepayment or acceleration amount due from the Client.

12.4 Premia on Interest Rate Caps and Interest Rate Collars

12.4.1 The Bank determines the premium payable by the Client in connection with an Interest Rate Cap or an Interest Rate Collar in accordance with the provisions of the General Conditions.

12.4.2 In addition, the following provisions apply:

(a) In order to reduce the premium payable by the Client in respect of an Interest Rate Cap, the Client has a choice to elect an Interest Rate Collar instead of the Interest Rate Cap. Through an Interest Rate Collar, the Client, 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 Client pays is netted against the premium it receives.

(b) The Client requests the establishment of an Interest Rate Collar by specifying a cap and a floor. The premium payable by the Bank to the Client in respect of the floor does not exceed the premium to be paid by the Client in respect of the cap (thus, the Client does not receive a net premium payment). To achieve the floor premium being equal to the cap premium, the Client specifies to in the Request, thereby establishing an Interest Rate Collar at no premium cost (the "Zero Cost Collar").

12.5 Payment of Premium for Interest Rate Caps and Collars

12.5.1 *Payment of Premium out of the Loan Proceeds.* If the Loan Agreement provides that premia payable in respect of Interest Rate Caps and Interest Rate Collars is financed out of the

proceeds of the Loan, up to a specified amount, the Bank deducts any amounts in respect of such 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 Client pays the balance of the premium out of its own resources not later than sixty (60) days after the Execution Date. Notwithstanding the foregoing, in the case of Interest Rate Caps and Interest Rate Collars on Loans denominated in whole or in part in the Client's local currency, the Client pays the premium out of its own resources in such currency as determined by the Bank, unless otherwise agreed with the Bank.

12.5.2 *Payment of Premium out of Client's Own Resources.* If the Client elects or is required to pay any premium in respect of an Interest Rate Cap or Interest Rate Collar out of its own resources, the Client pays such premium not later than sixty (60) days after the Execution Date for such Conversion. The Client pays the premia in respect of Interest Rate Caps and Interest Rate Collars in the applicable Loan Currency.

12.5.3 *Calculation of Premium.* The Bank calculates the premium payable by the Client on the portion of the Loan to be converted using the cost the Bank obtains in any purchase of a corresponding cap or collar in the financial markets or based on the Screen Rate(s).

SECTION IV – EXCEPTION

N/A

SECTION V – WAIVER

Issuer can waive a provision of this document.

SECTION VI – OTHER PROVISIONS

If any provision of this Directive is inconsistent with a provision of the relevant Loan Agreement (and with the relevant General Conditions incorporated by reference) with respect to a particular Conversion, the provision of the relevant Loan Agreement governs.

SECTION VII – TEMPORARY PROVISIONS

N/A

SECTION VIII – EFFECTIVE DATE

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

SECTION IX – ISSUER

The Issuer of this Directive is Vice President and Treasurer.

SECTION X – SPONSOR

The Sponsor of this Directive is Director, Capital Markets Department.

SECTION XI – RELATED DOCUMENTS

The Bank Guidance, “Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments.”

ANNEXES

Annex A – Conversion Request Forms:

[Annex A-1: Currency Conversion of Outstanding Loan Amounts](#)

[Annex A-2: Currency Conversion of Unwithdrawn Amounts](#)

[Annex A-3: Automatic Conversion to Local Currency](#)

[Annex A-4: Interest Rate Conversion](#)

[Annex A-5: Automatic Rate Fixing](#)

[Annex A-6: Fixing the Variable Spread](#)

[Annex A-7: Interest Rate Cap or Collar](#)

Questions regarding this Directive should be addressed to the Sponsor.

Annex A – Conversion Request Forms:

Annex A-1: Currency Conversion of Outstanding Loan Amounts

Annex A-2: Currency Conversion of Unwithdrawn Amounts

Annex A-3: Automatic Conversion to Local Currency

Annex A-4: Interest Rate Conversion

Annex A-5: Automatic Rate Fixing

Annex A-6: Fixing the Variable Spread

Annex A-7: Interest Rate Cap or Collar

**Request for Conversion of IBRD Loan/IDA Non-Concessional Financing
Currency Conversion of Outstanding Loan Amounts**

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:

Financier (Indicate IBRD or IDA)	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Conversion:

Loan amount to be converted:

Choose one:

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

- Convert these particular tranches of the loan:
(All tranches listed below must have identical financial terms and Conversion requirements. 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 III.4.6 of the Bank Conversion Directive)

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 III.6.3.2 of the Bank Conversion Directive.

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

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 / Recipient below must be on file at the Bank before processing of this request may begin. By signing this Request, the Borrower / Recipient acknowledges and agrees that the Conversion shall be effected in accordance with the provisions of the Bank Conversion Directive

Name of Borrower / Recipient:

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 / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433, USA
E-mail: LoanClientServices@worldbank.org

LOCAL CURRENCY CONVERSION
ON NON-DELIVERABLE TERMS

Approved Currency [●]

Settlement Currency [●]

Settlement Rate: For a Valuation Date, the exchange rate for conversion of [●] into [●] [as published by [●] and available on [●]]; or such other rate as may be specified in the related Currency Hedge Transaction.

Valuation Date: The date that is specified in the related Currency Hedge Transaction, which is typically five (5) New York and [●] business days prior to each Settlement Date.

We acknowledge and agree that:

1. This Annex forms part of the Conversion Request for an NDS Currency Conversion.
2. Terms not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement and the Bank's Directive "Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments" (also referred to as the "Conversion Guidelines") (hereinafter, referred to as the "Directive").
3. In the event that the Bank is unable to determine the Settlement Rate on a Valuation Date as provided in this Annex, the Bank shall determine the Settlement Rate, and adjust the relevant Settlement Date, in accordance with the terms of the underlying Currency Hedge Transaction.
4. The Settlement Rate applicable to any payments due from the Borrower to the Bank in respect of this Local Currency Conversion shall be the same rate(s) as that/those applicable to the corresponding payments under the underlying Currency Hedge Transaction undertaken by the Bank in connection with this Local Currency Conversion.
5. Notwithstanding any provision to the contrary in the Loan Agreement or the Directive, 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 had this Local Currency Conversion not been effected plus the transaction fees provided for in the Conversion Guidelines; 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

¹To be included in the Conversion Request for Conversion of Outstanding Loan Amounts only if a NDS Currency Conversion is being requested.

Currency plus the transaction fees provided for in the Conversion Guidelines; or (b) at the Variable Rate that would have been applicable to the Loan in the original Loan Currency on the Settlement Date plus the transaction fees provided for in the Conversion Guidelines; in either case in accordance with the terms of the Loan Agreement and as if this Local Currency Conversion had not been effected.

Request for Conversion of IBRD Loan/IDA Non-Concessional Financing Currency Conversion of Unwithdrawn Amount

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:

Financier (Indicate IBRD or IDA)	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest 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 III.6.2 of the Bank Conversion Directive.

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 III.4.6 of the Bank Conversion Directive

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

Please see Section III.8 of the Bank Conversion Directive.

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

Please see Section III.9 of the Bank Conversion Directive

Special Instructions:

Request for Conversion of IBRD Loan/IDA Non-Concessional Financing Automatic Conversion to Local Currency

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:

Financier (Indicate IBRD or IDA)

Loan Number

Loan/Project Name

Loan Signing Date

Loan Closing Date

Loan Final Maturity Date

Next Interest Payment Date

Loan Currency

Information on the Requested Conversion:

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

(sub-loans)

Currency and Interest Rate to Be Paid Following Conversion:

Automatically 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

* For loans with a variable spread, the variable spread over the reference rate is changed to a fixed spread prior to the automatic Conversion to local currency.

(Refer to Section III.3.2 of the Bank Conversion Directive)

(Refer to the Annex to this Conversion Request for additional terms)

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower / Recipient below must be on file at the Bank before processing of this request may begin. By signing this Request, the Borrower / Recipient acknowledges and agrees that the Conversion shall be effected in accordance with the provisions of the Bank Conversion Directive

Name of Borrower / Recipient:

By Authorized Representative

Name:

Telephone:

Title:

Facsimile:

Date:

Email:

Signature:

Contact Information for Transaction Confirmation:

Name:

Title:

Telephone:

Address1:

Facsimile:

Address2:

Email:

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 / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433, USA
E-mail: LoanClientServices@worldbank.org

AUTOMATIC CONVERSION TO LOCAL CURRENCY

This Annex forms part of the Conversion Request for Automatic Conversion to Local Currency and represents the terms and conditions thereof.² By executing the Conversion Request to which this Annex is attached, the [Borrower/Recipient] acknowledges and agrees that (i) the Conversion will be executed in accordance with the provisions of the [Bank's Conversion Directive]/[Conversion Guidelines]³ and (ii) the Bank may amend this Annex from time to time, with a notice to the [Borrower/Recipient]. The terms capitalized but not defined herein shall have the meaning given to them in the relevant Loan Agreement or the [Bank's Conversion Directive]/[Conversion Guidelines], as applicable.

- 1) Currency Conversion: from [*Loan Currency*] into [*Local Currency*].
- 2) Interest Rate: from a Variable Rate comprising 6-month [USD] LIBOR plus a spread comprising: (i) the [Fixed/Variable] Spread and (ii) the applicable Transaction Fees, into a [fixed rate] / [variable rate equal to *description of the rate/index*] to be determined and applied in accordance with the terms set forth in paragraph [6] below plus a spread].
- 3) Conversion Period: from the Conversion Date for the longest maturity available in the market for each withdrawal amount.
- 4) Amount: each withdrawal from the Loan Account, provided that each request by the [Borrower/Recipient] for withdrawal from the Loan Account shall be not less than the equivalent of USD 3,000,000.00 (except for the last request for withdrawal, if the remaining balance in the Loan Account is less than the equivalent of USD 3,000,000.00).
- 5) Execution Period: a period of fifteen (15) Business Days, commencing from the date of acceptance by the Bank of any request by the [Borrower/Recipient] for a withdrawal from the Loan Account of any amount as specified in paragraph 4) above.
- 6) [*description of the local currency interest rate/index, as applicable, and methodology of its application.*]

¹ To be used in the Loan Agreement only when the Client elects ACLC at the signing of the Loan Agreement (i.e., from inception). For all other cases, the Client will submit a Conversion Request with an Annex detailing the ACLC terms in line with this template.

² Delete if Annex is to the Loan Agreement.

³ Reference is to the same document but the difference is in the old v. new naming convention. If Annex is part of the Loan Agreement, "Conversion Guidelines" may be kept. If Annex is attached to an ACLC Request, "Bank's Conversion Directive" may be kept.

Request for Conversion of IBRD Loan/IDA Non-Concessional Financing Interest Rate Conversion

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:

Financier (Indicate IBRD or IDA)	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Conversion:

Loan amount to be converted:

Choose one:

- Convert the full outstanding loan balance
- Convert percent of the outstanding loan balance
- Convert these particular tranches of the loan:

(All tranches listed below must have identical financial terms and Conversion requirements.)

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 III.4.6 of the Bank Conversion Directive)

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

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 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 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 / Recipient below must be on file at the Bank before processing of this request may begin. By signing this Request, the Borrower / Recipient acknowledges and agrees that the Conversion shall be effected in accordance with the provisions of the Bank Conversion Directive

Name of Borrower / Recipient:

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 / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433, USA
E-mail: LoanClientServices@worldbank.org

Request for Conversion of IBRD Loan/IDA Non-Concessional Financing Automatic Rate Fixing

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:

Financier (Indicate IBRD or IDA)	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Conversion:

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

Automatically fix the rates on the following sub-loans:

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 III.3.5.2 of the Bank Conversion Directive)

(Refer to section III.3.4 of the Bank Conversion Directive)

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower / Recipient below must be on file at the Bank before processing of this request may begin. By signing this Request, the Borrower / Recipient acknowledges and agrees that the Conversion shall be effected in accordance with the provisions of the Bank Conversion Directive

Name of Borrower / Recipient:

By Authorized Representative

Name:
Title:
Date:
Signature:

Telephone:
Facsimile:
Email:

Contact Information for Transaction Confirmation:

Name:
Title:
Address1:
Address2:

Telephone:
Facsimile:
Email:

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 / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433, USA E-mail: LoanClientServices@worldbank.org

**Request for Conversion of IBRD Loan/IDA Non-Concessional Financing
Fixing of Variable Spread Over the Reference Rate**

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

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 III.3.5.2 of the Bank Conversion Directive)

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

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

Financier (Indicate IBRD or IDA)	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Fixing:

Effective Date of Fixing: Proposed date that the fixing will take effect
(For assistance in completing this date, please refer to Section III.4.6 of the Bank Conversion Directive)

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower / Recipient below must be on file at the Bank before processing of this request may begin. By signing this Request, the Borrower / Recipient acknowledges and agrees that the Conversion shall be effected in accordance with the provisions of the Bank Conversion Directive

Name of Borrower / Recipient:

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 / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433, USA
E-mail: LoanClientServices@worldbank.org

Request for Conversion of IBRD Loan/IDA Non-Concessional Financing Interest Rate Cap or Collar

Request is based on the General Conditions applicable to the loan agreement and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loan and Financing Instruments" (the "Bank Conversion Directive"). Capitalized terms have the meaning given to them in the loan agreement, General Conditions or the Bank Conversion Directive, as applicable.

Borrower / Recipient's Explanatory Statement for the Conversion Request:

The Borrower / Recipient'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 the Bank as a recommendation to request such Conversion;
- (c) unless expressly agreed with the Bank by separate agreement, the Bank 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 the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:

Financier (Indicate IBRD or IDA)	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Conversion:

Loan amount to be converted:

Choose one:

- Convert the full outstanding loan balance
- Convert percent of the outstanding loan balance
- Convert these particular tranches of the loan:
**(All tranches listed below must have identical financial terms and Conversion requirements.
 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 III.4.6
of the Bank Conversion Directive)

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 III.12.4 of the Bank Conversion Directive

Optional: Conditional Request

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 / Recipient below must be on file at the Bank before processing of this request may begin. By signing this Request, the Borrower / Recipient acknowledges and agrees that the Conversion shall be effected in accordance with the provisions of the Bank Conversion Directive

Name of Borrower / Recipient:

By Authorized Representative

Name:

Telephone:

Title:

Facsimile:

Date:

Email:

Signature:

Contact Information for Transaction Confirmation:

Name:

Telephone:

Title:

Facsimile:

Address 1

Email:

Address 2

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

Attn: Loan Client Services Section
Loan Client and Financial Services Division
International Bank for Reconstruction and Development / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433, USA
E-mail: LoanClientServices@worldbank.org

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