From: The President January 20, 2022

Memorandum

Subject: IBRD Lending Rates and Spreads Applicable on or after January 1, 2022

Rate Update Summary

This memorandum provides the quarterly update of IBRD's lending rates and spreads pursuant to the standard loan pricing as defined in the Bank Policy and Directive "Financial Terms and Conditions of Bank Financing".[1] **The Average Funding Spreads applicable to the IBRD Flexible Loan (IFL) effective between January 1, 2022 and March 31, 2022 have been determined based on the new applicable alternative reference rates at the following levels[2]:**

- EUR denominated loans: negative 2 bps;
- loans denominated in USD and other currencies: positive 15 bps.

I. Background

IBRD promotes poverty reduction and supports sustainable economic and institutional development of member countries by providing financing and related operational assistance through its three main financing instruments – Investment Project Financing (IPF), Development Policy Financing (DPF), and Program-for-Results (PfR).

IBRD offers financing of these instruments through one loan product, the IFL, to eligible members.[3,4] In the preparation for phase-out of LIBOR globally beginning January 1, 2022, the Bank has implemented several measures in its lending policies. First, the offering of the IFL Fixed Spread and related spread-fixing conversion features was suspended effective from April 1, 2021, so IFL is currently only available in the form of the IFL Variable Spread, featuring variable spreads over the Reference Rate.[5]

Further, in accordance with the decision of the Executive Directors on modifications to IBRD and IDA new loan offerings and on the timeline for the existing loans switch-over to new Reference Rates[6,7,8], effective

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[1] Policy "Financial Terms and Conditions of Bank Financing," January 1, 2022, and Directive "Financial Terms and Conditions of Bank Financing," January 1, 2022.

[2] Please see Table 1 for detailed information.

[3] Aside from IFLs, there are a few historic currency pool-based products, which have been discontinued but require rate resetting in IBRD's portfolio. The only outstanding currency pool loans (CPL) with variable rate terms are the loans to Zimbabwe, which are currently in non-accrual status. There are also IFL and CPL loans whose rates are fixed for the life of the loan through conversion and hedging.

[4] In addition, IBRD offers other financial products, including conversions and hedging products, guarantees, and disaster risk financing.

[5] R2020-0243/2: "Proposal to Suspend the Offering of Fixed Spread Loans and Spread-Fixing Conversions in the Context of LIBOR Transition", December 21, 2020.

[6] "Proposed Modifications to IBRD and IDA New Loan Offers and Proposed Timeline for the Existing Loans Switch-over to New Market Reference Rates in the Context of LIBOR Transition", R2021-0129, June 23, 2021.

[7] "Proposed Modifications to the IBRD and IDA General Conditions to add flexibility in reference rate replacement provisions," R2018-0235, October 18, 2018.

[8] "Proposal to Manage IBOR Transition Risks in IBRD Loan and IDA Non-concessional Financing Agreements Governed by General Conditions Prior to December 2018," R2020-0029/1, March 3, 2020.

from January 1, 2022, IBRD has replaced the Reference Rates for new IFL approvals from the 6-month LIBOR to the applicable alternative reference rates:

- USD: Secured Overnight Financing Rate (SOFR);
- GBP: Sterling Overnight Index Average (SONIA);
- JPY: Tokyo Overnight Average Rate (TONA);
- EUR: Euro Interbank Offered Rate (EURIBOR).

For the existing Variable Spread Loans, replacement of LIBOR rates has been effective since January 1, 2022 and will apply on the first loan reset date falling on or after such date. For the existing Fixed Spread Loans denominated in GBP, JPY and EUR, replacement of LIBOR has been effective since January 1, 2022, and for USD denominated loans the replacement will be effective from July 1, 2023, applying on the first loan reset date falling on or after such relevant effective dates.

Given USD LIBOR cessation date of July 1, 2023, during the period from January 1, 2022 to such cessation of USD LIBOR, the Bank's debt pool will feature USD denominated debt referencing both LIBOR (forward-looking and includes credit premium component) and SOFR (backward-looking and lacks credit premium component). As noted above, the Bank's legacy USD-denominated Fixed Spread Loans will start to transition out of USD LIBOR from July 1, 2023. Such transition is expected to be completed by December 31, 2023. This period from January 1, 2022 to December 31, 2023 is referred to as the "Transition Period".

This memorandum summarizes the lending rates and spreads currently applicable to IBRD loans with rate setting between January 1, 2022 and March 31, 2022.[9,10]

II. IBRD Flexible Loan Rates and Spreads

Maturity Premium: IBRD differentiates its loan pricing based on national income and other factors of each Borrower (see Annex 2) through the maturity premium.[11] Borrowers are classified into four pricing groups, whose applicable maturity premium is differentiated by exemptions, discounts or surcharges specific to each pricing group. The classification of the member countries by pricing group is updated

[9] For financing provided under the World Bank COVID-19 Response, there is no change to regular loan terms, except for (1) certain waivers of the commitment and standby fees and reduction of the front-end fees for certain DDOs and (2) waivers of the standard IBRD commitment fees for certain Additional Financing projects, which are not within the scope of this memorandum. "Proposal for a World Bank COVID-19 Response under the Fast Track COVID-19 Facility," R2020-0068, IDA/R2020-0087, March 12, 2020; "COVID-19 Strategic Preparedness and Response Program (SPRP) Utilizing the Multiphase Programmatic Approach", R2020-0079, IDA/R2020-0098, March 27, 2020; "Proposed Additional Financing (AF) to the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA)," R2020-0193 IDA/R2020-0352, October 2, 2020.

[10] Under the Financial Sustainability Framework decisions for FY22, the Board approved the continued application of the 12-year average repayment maturity limit for "fast-disbursing operations". FY22 fast-disbursing operations for IBRD small states (either approved in FY22; or approved on or after June 16, 2021 and signed in FY22) are exempt from this limit and will be subject to regularly applicable maturity terms. See "IBRD Financial Terms for Fast-Disbursing Operations in FY22", June 28, 2021: https://worldbankgroup.sharepoint.com/sites/news/Announcement/Pages/IBRD-Financial-Terms-for-FastDisbursing-Operations-in-FY22-28062021-115324.aspx

[11] "Implementation of IBRD Pricing Measures included in 2018 Capital Package," R2018-0128, May 31, 2018.

annually and becomes effective on July 1 of each year (see Annex 2 for FY22 Country Groups for IBRD Pricing).

The maturity premium schedule offers Borrowers the flexibility to choose a desired maturity at the differentiated pricing level. Table 1 provides the details of the pricing group-specific maturity premium schedule. The details of rate structure and current pricing of the IFL Variable Spread is provided below in this section.

Single Borrower Limit: Since FY21, IBRD's Single Borrower Limit (SBL) framework applies the SBL surcharge on the basis of two surcharge thresholds, for countries above and below Graduation Discussion Income (GDI), each defined as $2.5 billion below the SBL for that income group. [12,13] The SBL surcharge of 50 bp is applicable to all countries whose exposure exceeds the surcharge threshold of their income group, on the incremental exposure in excess of the surcharge threshold, with a temporary exception of the projects whose financing is approved between May 20, 2021 and June 30, 2022[14].

FSL Suspension: As noted in Section I above, IBRD suspended the offering of the IFL Fixed Spread effective April 1, 2021. Fixed Spreads are presented in Annex 3 and are applicable only to operations that meet both of the following requirements: (i) the Invitation to Negotiate was issued on or before the date the suspension was approved by the Executive Directors (January 26, 2021); and (ii) the Executive Directors approved the loan on or before June 30, 2021.

For the legacy FSL loans referenced to JPY LIBOR and GBP LIBOR and transitioned as of January 1, 2022 to TONA and SONIA respectively, applicable spread adjustment will be included starting at the next rate setting date. These spread adjustments will be based on the fixed spread adjustments announced by ISDA for the relevant benchmark rates (5.809 bps for JPY 6m LIBOR and 27.66 bps for GBP 6m LIBOR). For EUR LIBOR legacy loans, existing Variable Spread Loans and Fixed Spread Loans referenced to EUR LIBOR will also transition to EURIBOR as of January 1, 2022 without any adjustment in spread.

IFL Variable Spread

The pricing principle of the IFL Variable Spread is to pass through changes in IBRD's funding cost to Borrowers. The IFL Variable Spread consists of the following components:

$$Lending\ Rate_{IFL\ Variable\ Spread} = rr + \underbrace{afs + cls + mp}_{spread}$$

where

rr = Reference Rate, which varies by currency choice; effective January 1, 2022, LIBOR rates have been replaced with new reference rates as listed in Section I.

afs = average funding spread relative to the Reference Rate *(rr)*, which is calculated every January 1, April 1, July 1 and October 1, based on the actual average funding cost incurred during the preceding six-month period, with adjustment to actual LIBOR-SOFR levels, as appropriate;

cls = contractual lending spread, approved by the Executive Directors and reviewed annually; and

[12] "Review of IBRD's Single Borrower Limit (SBL)," R2020-0183, September 9, 2020.
[13] For FY22, SBL levels are $24.9b for below-GDI countries and $21.2b for above-GDI countries.
[14] "Temporary Relief from SBL Surcharge", R2021-0096/1, June 9, 2021.

mp = maturity premium charged on loans based on average maturities, Borrower's income and other factors, approved by the Executive Directors and reviewed annually.

Among these components, the contractual lending spread *(cls)* and the maturity premium *(mp)* are determined at loan signing[15] and remain constant over the life of the loan; the Reference Rate *(rr)* and the average funding spread *(afs)* are determined on each interest rate reset date and are applicable for the following six months. The *afs* component is recalculated and announced on a quarterly basis.[16] The calculation frequency of *afs* does not affect the schedule of loan interest rate resets which for most loans occur on repayment dates twice a year.

Effective from January 1, 2022, average funding spread is separately calculated for EUR denominated debt and applied only to loans denominated in EUR. For debt denominated in USD and other currencies, the *afs* is calculated jointly[17].

For the existing USD debt referencing LIBOR, average funding spread is made equivalent to SOFR funding spread by adjusting it using the relevant indicative spread. For the calculation period ending on December 31, 2021, such LIBOR-SOFR spread was set at the level of 11 bps.

In order to ensure that the cost pass-through principle is maintained during the Transition Period – in which the pool of USD denominated debt is referencing both LIBOR and SOFR, and when due to the backward-looking nature of SOFR the actual SOFR-LIBOR spread needs to be approximated, the *afs* calculation will reflect the adjustment[18] to the actual LIBOR-SOFR level for the prior period. First such adjustment of *afs* will be performed beginning from the April 1, 2022 reset period. This component is expected to be temporary and will be eliminated once IBRD's existing debt/derivatives books fully transition to SOFR (by June 30, 2023 per current announcement by the Financial Conduct Authority) and any under- or over-charge is passed through.

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[15] In case of loans with a Deferred Drawdown Option (DDO), the components of the Variable Spread are determined and applied as of the date of the withdrawal. Applicable maturity premium on a withdrawal under DDO is based on the average repayment maturity of the withdrawal calculated from the date of effectiveness of the loan.

[16] "Increasing the Frequency of Variable Spread Reset for IBRD IFLs", R2017-034/1, March 8, 2017.

[17] "Proposed Modifications to IBRD and IDA New Loan Offers and Proposed Timeline for the Existing Loans Switch-over to New Market Reference Rates in the Context of LIBOR Transition", R2021-0129, June 23, 2021.

[18] Additional information regarding calculation of the adjustment is available in "Proposed Modifications to IBRD and IDA New Loan Offers and Proposed Timeline for the Existing Loans Switch-over to New Market Reference Rates in the Context of LIBOR Transition", R2021-0129, June 23, 2021.

Table 1 summarizes the Variable Spreads currently available for new commitments as of January 1, 2022.[19] **The Variable Spread effective between January 1, 2022 and March 31, 2022 for all maturity buckets and pricing groups is presented in Table 1. These spreads will be used for the rate setting dates between January 1, 2022 and March 31, 2022.**

Table 1. IFL Variable Spread Applicable as of January 1, 2022 (in basis points)

Average Maturity	8 years and below		Greater than 8 and up to 10 years		Greater than 10 and up to 12 years		Greater than 12 and up to 15 years		Greater than 15 and up to 18 years		Greater than 18 and up to 20 years	
Currency Group	USD and Other	EUR	USD and Other	EUR	USD and Other	EUR	USD and Other	EUR	USD and Other	EUR	USD and Other	EUR
Average Funding Spread[1,2]	15	-2	15	-2	15	-2	15	-2	15	-2	15	-2
Contractual Lending Spread	50		50		50		50		50		50	
Maturity Premium (Group C)[3]	0		10		30		50		70		90	
Adjustment to Maturity Premium												
Group A (Exemption)	*0*		*0*		*-10*		*-20*		*-30*		*-40*	
Group B (Discount)	*0*		*0*		*-5*		*-10*		*-15*		*-20*	
Group D (Surcharge)	*5*		*5*		*10*		*15*		*20*		*25*	

Total Spread - Current Quarter[4,5,6]

Group A	**65**	**48**	**75**	**58**	**85**	**68**	**95**	**78**	**105**	**88**	**115**	**98**
Group B	**65**	**48**	**75**	**58**	**90**	**73**	**105**	**88**	**120**	**103**	**135**	**118**
Group C	**65**	**48**	**75**	**58**	**95**	**78**	**115**	**98**	**135**	**118**	**155**	**138**
Group D	**70**	**53**	**80**	**63**	**105**	**88**	**130**	**113**	**155**	**138**	**180**	**163**

1. Average Funding Spread represents the actual average funding cost incurred during the preceding six-month period, with adjustment to actual LIBOR-SOFR levels, as appropriate.
2. For legacy loans denominated in USD or other non-EUR based currencies with variable spreads for which the reference rates have been fixed, the applicable spread has been determined at the level of 4 bp.
3. The maturity premium and its associated adjustments are applicable to loans for which an Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018, and which have been approved on or after October 1, 2018.
4. The total spread is applicable to the loans meeting the criteria described under Note 1. The total spread does not include the SBL surcharge applicable for exposure beyond the SBL surcharge threshold of IBRD applicable to below and above-GDI country groups.
5. See Table A1-1 (Annex 1) for the complete set of spreads applicable to all active variable spread loans effective January 1, 2022.
6. The lending rate of a loan is determined based on the Reference Rate and the total spread effective on the rate setting date, subject to a floor of zero percent on the overall rate.

[19] See Table A1-1 (Annex 1) for the complete listing of the variable spreads applicable to IFLs and VSLs for rate resetting dates between January 1, 2022 and March 31, 2021.

III. Use of IBRD Spreads for IDA Non-Concessional Financing

The terms of IDA's non-concessional financing are aligned with the terms of IBRD IFLs.[20] Accordingly, the above described IBRD IFL rates and spreads for the pricing group A are applicable to all IDA non-concessional financing.[21,22]

IV. Notification to Borrowers

IBRD will notify current Borrowers, as required, of the rates and spreads (both inclusive of waivers for eligible Borrowers) applicable for the interest periods beginning on or after January 1, 2022.

David Malpass
World Bank Group President

by Anshula Kant
Managing Director and WBG Chief Financial Officer

[20] For financing provided under the World Bank COVID-19 Response, there are no changes to regular loan terms, except for (1) certain waivers of the commitment and standby fees and reduction of the front-end fees for certain DDOs and (2) waivers of the standard IBRD commitment fees for certain Additional Financing projects, which are not within the scope of this memorandum. "Proposal for a World Bank COVID-19 Response under the Fast Track COVID-19 Facility," R2020-0068, IDA/R2020-0087, March 12, 2020; "COVID-19 Strategic Preparedness and Response Program (SPRP) Utilizing the Multiphase Programmatic Approach", R2020-0079, IDA/R2020-0098, March 27, 2020; "Proposed Additional Financing (AF) to the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA)," R2020-0193 IDA/R2020-0352, October 2, 2020.

[21] "Implementation of IDA's Hybrid Financial Model," IDA/R2017-0077, March 23, 2017.

[22] Annex 2 of Bank Directive, "Financial Terms and Conditions of Bank Financing," effective July 1, 2021.

Annex 1

Table A1-1. Variable spreads applicable to IFLs and VSLs for rate resetting between January 1, 2022 and March 31, 2022. (All spreads are in basis points.)

Table A-1

(All spreads are in basis points.)

Loan Product	Eligibility Criteria	Pricing Group	Average Funding Spread[1]		Contractual Lending Spread	Maturity Premium	Total Spread/Rate[2]	
			USD and Other	EUR			USD and Other	EUR
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018 and which were approved after September 30, 2018 with average maturity of 8 years or less	A	15	-2	50	0	65	48
		B				0	65	48
		C				0	65	48
		D				5	70	53
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018 and which were approved after September 30, 2018 with average maturity greater than 8 years and up to 10 years	A	15	-2	50	10	75	58
		B				10	75	58
		C				10	75	58
		D				15	80	63
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018 and which were approved after September 30, 2018 with average maturity greater than 10 years and up to 12 years	A	15	-2	50	20	85	68
		B				25	90	73
		C				30	95	78
		D				40	105	88
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018 and which were approved after September 30, 2018 with average maturity greater than 12 years and up to 15 years	A	15	-2	50	30	95	78
		B				40	105	88
		C				50	115	98
		D				65	130	113
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018 and which were approved after September 30, 2018 with average maturity greater than 15 years and up to 18 years	A	15	-2	50	40	105	88
		B				55	120	103
		C				70	135	118
		D				90	155	138
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018 and which were approved after September 30, 2018 with average maturity greater than 18 years and up to 20 years	A	15	-2	50	50	115	98
		B				70	135	118
		C				90	155	138
		D				115	180	163

IFL VS	Loans for which Invitation to Negotiate was issued prior to July 1, 2018; and which were approved between July 1, 2014 and September 30, 2018 with average maturity of 8 years or less	ALL	15	-2	50	0	65	48
IFL VS	Loans for which Invitation to Negotiate was issued prior to July 1, 2018; and which were approved between July 1, 2014 and September 30, 2018 with average maturity greater than 8 years and up to 10 years	ALL	15	-2	50	10	75	58
IFL VS	Loans for which Invitation to Negotiate was issued prior to July 1, 2018; and which were approved between July 1, 2014 and September 30, 2018 with average maturity greater than 10 years and up to 12 years	ALL	15	-2	50	20	85	68
IFL VS	Loans for which Invitation to Negotiate was issued prior to July 1, 2018; and which were approved between July 1, 2014 and September 30, 2018 with average maturity greater than 12 years and up to 15 years	ALL	15	-2	50	30	95	78
IFL VS	Loans for which Invitation to Negotiate was issued prior to July 1, 2018; and which were approved between July 1, 2014 and September 30, 2018 with average maturity greater than 15 years and up to 18 years	ALL	15	-2	50	40	105	88
IFL VS	Loans for which Invitation to Negotiate was issued prior to July 1, 2018; and which were approved between July 1, 2014 and September 30, 2018 with average maturity greater than 18 years and up to 20 years	ALL	15	-2	50	50	115	98
IFL VS[3]	Loans approved between June 30, 2010 and June 30, 2014 with average maturity of 12 years or less	ALL	15	-2	50	0	65	48
IFL VS[3]	Loans approved between June 30, 2010 and June 30, 2014 with average maturity greater than 12 years and up to 15 years	ALL	15	-2	50	10	75	58
IFL VS[3]	Loans approved between June 30, 2010 and June 30, 2014 with average maturity greater than 15 years and up to 18 years	ALL	15	-2	50	20	85	68
IFL VS	Loans for which Invitation to Negotiate was issued (i) on or after July 23, 2009; or (ii) prior to July 23, 2009, and which were not approved by November 30, 2009	ALL	15	-2	50	N/A	65	48
IFL VS	Loans for which Invitation to Negotiate was issued Prior to July 23, 2009, and which were approved by November 30, 2009	ALL	15	-2	30	N/A	45	28
IFL VS[4]	Loans signed on or after September 28, 2007	ALL	15	-2	30	N/A	45	28

IFL VS[4]	Loans for which Invitation to Negotiate was issued: On or after July 31, 1998 and signed before September 28, 2007	ALL	15	-2	74†	N/A	89	72
IFL VS[4]	Loans for which Invitation to Negotiate was issued: Prior to July 31, 1998	ALL	15	-2	49†	N/A	64	47

Notes:
[1] Represents the actual average funding cost incurred during the preceding six-month period with adjustment to actual LIBOR-SOFR levels, as appropriate.

[2] Total spread does not include the SBL surcharge.

[3] Includes loans for which the invitation to negotiate was issued before June 30, 2014 *and* which have been approved by the Executive Directors on or before September 30, 2014.

[4] Rates do not take interest waivers into account for loans signed before September 28, 2007. Interest waivers do not apply on loans signed on or after September 28, 2007.

† The contractual lending spread is adjusted to account for the different day count conventions between borrowing transactions and IBRD's loans. Since July 1, 2008, as part of the migration into a unified loan product (IFL), all loans under the IFL, and VSLs signed on or after September 28, 2007, have a contractual lending spread that is <u>not</u> adjusted for day count (see "Proposal to Extend Maturity Limits for New IBRD Loans and Guarantees and to Simplify and Consolidate IBRD Loans into a Unified Single Product Line," R2008-0007, January 18, 2008).

Annex 2

FY22 Country Groups for IBRD Pricing

Group A: Blends, Small State Economies, Fragile and Conflict-Affected Situations, recent/new IDA graduates

Angola (Recent IDA Graduate)
Antigua and Barbuda (Small State)
Armenia (Recent IDA Graduate, FCS)
Azerbaijan (FCS)
Belize (Small State)
Bolivia (Recent IDA Graduate)
Bosnia and Herzegovina (Recent IDA Graduate)
Cabo Verde (Blend, Small State)
Cameroon (FCS, Blend)
Congo, Republic (FCS, Blend)
Dominica (Small State, Blend)
Equatorial Guinea (Small State)
Eswatini (Small State)
Fiji (Blend, Small State)
Georgia (Recent IDA Graduate)
Grenada (Small State, Blend)
India (Recent IDA Graduate)
Iraq (FCS)
Kenya (Blend)
Lebanon (FCS)
Libya (FCS)
Mauritius (Small State)
Moldova (Recent IDA Graduate)
Mongolia (Recent IDA Graduate)
Montenegro (Small State)
Nauru (Small State)
Nigeria (FCS Blend)
Pakistan (Blend)
Palau (Small State)
Papua New Guinea (FCS, Blend)
Seychelles (Small State)
Sri Lanka (Recent IDA Graduate)
St. Kitts and Nevis (Small State)
St. Lucia (Small State, Blend)
St. Vincent and the Grenadines (Small State, Blend)
Suriname (Small State)
Timor-Leste (Small State, Blend, FCS)
Trinidad and Tobago (Small State)
Uzbekistan (Blend)
Vietnam (Recent IDA Graduate)
Venezuela, RB De (FCS)
Zimbabwe (FCS, Blend)

Group B: Countries below Graduation Discussion Income (GDI)

Albania
Algeria
Belarus
Botswana
Colombia
Ecuador
Egypt, Arab Republic of
El Salvador
Gabon
Guatemala
Indonesia
Iran, Islamic Republic of
Jamaica
Jordan
Morocco
Namibia
North Macedonia
Paraguay
Peru
Philippines
Serbia
South Africa
Thailand
Tunisia
Turkmenistan
Ukraine

Group C: Countries above GDI and below High-Income Category

Argentina
Brazil
Bulgaria
China
Costa Rica
Dominican Republic
Kazakhstan
Malaysia
Mexico
Panama
Romania
Russian Federation
Turkey

Group D: Countries in the High-Income Category

Chile
Croatia
Poland
Uruguay

Source: "Bank Directive, Financial Terms and Conditions of Bank Financing," effective July 1, 2021.

Annex 3

Spreads available for new commitments[1] of **IFL Fixed Spread** applicable as of January 1, 2022.

Table 2. IFL Fixed Spread Applicable as of January 1, 2022 (for USD-denominated Loans)
(in basis points relative to LIBOR)

Average Maturity	8 years and below	Greater than 8 and up to 10 years	Greater than 10 and up to 12 years	Greater than 12 and up to 15 years	Greater than 15 and up to 18 years	Greater than 18 and up to 20 years
Projected Funding Spread (Prior)	20	25	25	30	35	35
Market Risk Premium	10	10	10	10	15	15
Contractual Lending Spread	50	50	50	50	50	50
Maturity Premium (Group C)[2]	0	10	30	50	70	90
Adjustment to Standard Maturity Premium						
Group A Exemption	*0*	*0*	*-10*	*-20*	*-30*	*-40*
Group B Discount	*0*	*0*	*-5*	*-10*	*-15*	*-20*
Group D Surcharge	*5*	*5*	*10*	*15*	*20*	*25*

Total Spread - Current Quarter[3,4,5]

Group A	**80**	**95**	**105**	**120**	**140**	**150**
Group B	**80**	**95**	**110**	**130**	**155**	**170**
Group C	**80**	**95**	**115**	**140**	**170**	**190**
Group D	**85**	**100**	**125**	**155**	**190**	**215**

Total Spread - Prior Quarter[3,5,6]

Group A	80	95	105	120	140	150
Group B	80	95	110	130	155	170
Group C	80	95	115	140	170	190
Group D	85	100	125	155	190	215

Notes:

1. Loans for which Invitation to Negotiate was issued on or before January 26, 2021 *and* which were approved on or before June 30, 2021.

2. The maturity premium and its associated adjustments are applicable to loans for which an Invitation to Negotiate was issued (i) on or after July 1, 2018; or (ii) prior to July 1, 2018, and which have been approved on or after October 1, 2018.

3. The total spread is applicable to USD-denominated loans signed on or after December 5, 2018. A basis swap adjustment of -0.15% is applicable to EUR-fixed spread, -0.35% is applicable to the JPY fixed spread, and -0.05% is applicable to GBP-fixed spread. The total spread does not include the SBL surcharge.

4. For the legacy FSL loans referenced to JPY LIBOR and GBP LIBOR and transitioned as of January 1, 2022 to TONA and SONIA respectively, a spread adjustment of 5.09 bps for JPY and 27.66 bps for GBP is applicable (based on the fixed spread adjustments announced by ISDA for the relevant benchmark rates). The existing Variable Spread Loans and Fixed Spread Loans referenced to EUR LIBOR will also transition to EURIBOR as of January 1, 2022 without any adjustment in spread.

5. The lending rate of a loan is determined based on the Reference Rate and the total spread effective on the rate setting date, subject to an implicit floor of zero on the overall rate.

6. The total prior spread applicable as of July 1, 2021 to USD-denominated loans meeting the criteria described under Note 1.