

CONFORMED COPY

LOAN NUMBER 7997-SV

Loan Agreement

(Disaster Risk Management Development Policy Loan)

between

REPUBLIC OF EL SALVADOR

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated March 16, 2011

LOAN AGREEMENT

Agreement dated March 16, 2011, entered into between the REPUBLIC OF EL SALVADOR (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) the Borrower’s maintenance of an appropriate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty million Dollars (\$50,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in support of the Program in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one half of one percent (0.50%) of the Loan amount.
- 2.04. If, at the Borrower’s request and on such terms and conditions as the Bank may agree, the Closing Date is extended, the fee payable by the Borrower for each extension of the Closing Date shall be at the rate of one quarter of one percent (0.25%) of the amount of the Loan available for withdrawal upon such extension. If the Borrower elects to capitalize the fee from the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such amounts required to pay such fee. If the Borrower elects to pay the fee from its own resources, the Borrower shall pay such fee not later than sixty days after the date of the notice given by the Bank to the Borrower confirming the extension of the Closing Date.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable

- by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.
- (b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such Withdrawal, provided that: (i) the average maturity of such Withdrawal does not exceed 18 years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed 30 years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank to the Borrower at the time of such agreement); and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of such Withdrawal.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- 2.09. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal or exceed five million Dollars (\$5,000,000) shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of the General Conditions and of the Conversion Guidelines.

- 2.10. At any time prior to the Closing Date, the Borrower may, by notice to the Bank, refund any amount of the Withdrawn Balance for the purpose of re-crediting such amount to the Loan Account for further withdrawals. Upon such refund, the repayment schedule shall be adjusted on a pro rata basis, on terms and conditions acceptable to the Bank.
- 2.11. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 3 of Section II of the Appendix to this Agreement and relating to *Cooperation and Consultation*), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.08 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.

- 5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on August 1, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Finance.
- 6.02. The Borrower's Address is:

Ministerio de Hacienda
Boulevard de los Héroes 1231
San Salvador, El Salvador

Facsimile: (503) 2225 – 7491; (503) 2244-6419

- 6.03. The Bank's Address is:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at San Salvador, Republic of El Salvador, as of the day and year first above written.

REPUBLIC OF EL SALVADOR

By /s/ Carlos Enrique Cáceres Chávez

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Carlos Felipe Jaramillo

Authorized Representative

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

1. updating of the Borrower's Civil Protection and Disaster Prevention and Mitigation National Plan, dated July 2009, to, *inter alia*, identify new risks and establish measures to manage said risks, and publication of the same in the Civil Protection and Disaster Prevention and Mitigation General Direction's website (www.proceccioncivil.gob.sv);
2. (a) approval by the National Commission of the creation of seven Sectoral Emergency Response Commissions, as evidenced in the National Commission Session Minutes (*Acta de Sesión Extraordinaria*), dated October, 5, 2009; and (b) submission for approval by the National Commission of seven Sectoral Emergency Response Plans, as evidenced by letter sent by the National Commission's president to the National Commission members, dated November 30, 2010;
3. approval by the National Commission, of the National Earthquake Contingency Plan (*Plan Nacional de Contingencia para Terremotos*), as evidenced in the National Commission Session Minutes (*Acta de Sesión Extraordinaria*), dated October, 5, 2009;
4. approval by the National Commission of the 2010 Rainy Season Plan (*Plan Invernal 2010*), as evidenced in the National Commission Session Minutes (*Acta de Sesión Extraordinaria*), dated May 7, 2010;
5. approval by the Borrower's National Cabinet (*Consejo de Ministros*) of the 2010-2014 Development Plan (*Plan Quinquenal de Desarrollo*), incorporating a disaster risk management component, as evidenced in the National Cabinet Session Minutes (*Acta*) of March 16, 2010; and
6. development of the National Program for Risk Reduction 2010-2012 (*Programa Nacional de Reducción de Riesgos 2010-2012*), dated February, 2010, as evidenced by letter sent by the Borrower's Minister of Environment and Natural Resources, dated December 3, 2010, attaching the National Program for Risk Reduction 2010-2012.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	49,750,000
(2) Front-end Fee	250,000
(3) Fee payable pursuant to Section 2.04 of this Agreement	0
TOTAL AMOUNT	50,000,000

C. Payment of Fee Pursuant to Section 2.04 of Agreement. If the Closing Date is extended pursuant to Section 2.04 of this Agreement and the Borrower elects to finance from its own resources the fee set forth in said Section, no withdrawal shall be made from the Loan Account until the Bank has received payment in full of such fee.

D. Withdrawal of Loan Proceeds.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied, based on evidence satisfactory to it, that a state of emergency (*estado de emergencia*) exists in the Borrower's territory, or in a portion thereof, as a result of a natural disaster, which has been declared by the Borrower's National Assembly, upon request by the Borrower's President, or directly by the Borrower's President, through a Executive Decree, if the National Assembly is not in session, in accordance with the Borrower's legislation.
2. Notwithstanding the foregoing, if, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower's progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of said Section 3.01, with the progress achieved by the Borrower in carrying out the Program.

E. Deposits of Loan Amounts. Except as the Bank may otherwise agree:

1. all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank; and
2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to the Bank.

F. Audit. Upon the Bank's request, the Borrower shall:

1. have the account designated by the Borrower pursuant to Section E.1 of this Section audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;

2. furnish to the Bank as soon as available, but in any case not later than four months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
 3. furnish to the Bank such other information concerning the account and its audit as the Bank shall reasonably request.
- G. Excluded Expenditures.** The Borrower undertakes that the proceeds of the Loan shall not be used to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.
- H. Closing Date.** The Closing Date is August 31, 2014.

SCHEDULE 2

Amortization Schedule

1. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each February 15 and August 15, the first installment to be payable on the eleventh (11th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the fifty-ninth (59th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-forty-ninth (1/49) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.
2. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
3. Notwithstanding the provisions of paragraphs 1 through 3 of this Schedule, in the event of a Currency Conversion of all or any portion of a Disbursed Amount to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
4. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency.

APPENDIX

Section I. Definitions

1. “Civil Protection and Disaster Prevention and Mitigation National Plan” means *Plan Nacional de Protección Civil, Prevención y Mitigación de Desastres*, the Borrower’s plan, defining the actions to be taken by the Borrower and civil society to, *inter alia*, manage risks and prepare for disaster cases, approved by the National Commission for Civil Protection and Disaster Prevention and Mitigation in June 2006, according to the Borrower’s Legislative Decree 777.

2. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;

 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
 - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated as environmentally hazardous by agreement between the Borrower and the Bank;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
3. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
 4. “Legislative Decree 777” means *Ley de Protección Civil, Prevención y Mitigación de Desastres*, the Borrower’s Civil Protection and Disaster Prevention and Mitigation Law, dated August 18, 2005, duly published in the Official Gazette on August 31, 2005, as amended to the date of this Agreement.
 5. “National Assembly” means *Asamblea Legislativa*, the Borrower’s legislative branch.
 6. “National Commission for Civil Protection and Disaster Prevention and Mitigation” or “National Commission” means *Comisión Nacional de Protección Civil, Prevención y Mitigación de Desastres*, the Borrower’s national commission, created by the Borrower’s Legislative Decree 777 to, *inter alia*, design and supervise the implementation of the national policy on civil protection and disaster prevention and mitigation.
 7. “National Earthquake Contingency Plan” means *Plan Nacional de Contingencia para Terremotos*, the Borrower’s national plan establishing processes and procedures to manage emergency responses in the event of an earthquake.
 8. “National Program for Risk Reduction” means *Plan Nacional de Reducción de Riesgos 2010-2012*, the Borrower’s national plan for risk reduction proposing objectives, projects, and actions to reduce risks.
 9. “Program” means the program of actions, objectives and policies designed to enhance the Borrower’s capacity to implement its disaster risk management program for natural disasters and set forth or referred to in the letter dated December 7, 2010 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution.

10. “Sectoral Emergency Response Commissions” means the following Borrower’s commissions: *Comisión Técnica Sectorial de Logística, Comisión Técnica Sectorial de Servicios de Emergencia, Comisión Técnica Sectorial de Infraestructura y Servicios Básicos, Comisión Técnica Sectorial de Salud, Comisión Técnica Sectorial de Seguridad, Comisión Técnica Sectorial de Albergues, and Comisión Técnica Sectorial Técnico Científica*, each of which has been created to strengthen the coordinating mechanisms to respond to disasters (as said term is defined in the Borrower’s Legislative Decree 777).
11. “Sectoral Emergency Response Plans” means the following Borrower’s plans: *Plan de la Comisión Técnica Sectorial de Logística, Plan de la Comisión Técnica Sectorial de Servicios de Emergencia, Plan de la Comisión Técnica Sectorial de Infraestructura y Servicios Básicos, Plan de la Comisión Técnica Sectorial de Salud, Plan de la Comisión Técnica Sectorial de Seguridad, Plan de la Comisión Técnica Sectorial de Albergues, and Plan de la Comisión Técnica Sectorial Técnico Científica*, prepared by the Sectoral Emergency Response Commissions, reflecting current knowledge on best practices in disaster risk management in different sectors, including, *inter alia*, health, infrastructure and basic services, and emergency services.
12. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
13. “2010 Rainy Season Plan” means *Plan Invernal 2010*, the Borrower’s national plan, dated May 14, 2010, establishing processes and procedures to manage emergency responses in case of a hydro-meteorological event.
14. “2010-2014 Development Plan” means *Plan Quinquenal de Desarrollo*, the Borrower’s five year development plan, incorporating environmental and disaster risk management policies.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.
4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

“Section 5.06. *Plans; Documents; Records*

... (c) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Loan until two years after the Closing Date. The Borrower shall enable the Bank’s representatives to examine such records.”

6. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

Section 5.07. *Program Monitoring and Evaluation*

... (c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement.”

- (b) The term “Financial Statements” and its definition are deleted in their entirety.

- (c) The term “Fixed Spread” is modified to read as follows:

“Fixed Spread” means, for each Withdrawal, the Bank’s fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date, and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on the Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s fixed spread for the Loan Currency in effect at 12:01 a.m. Washington, D.C. time on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be

adjusted on the Execution Date in the manner specified in the Conversion Guidelines.

- (d) The term “Project” is modified to read “Program” and its definition is modified to read as follows (and all references to “Project” throughout these General Conditions are deemed to be references to “Program”):

“‘Program’ means the program referred to in the Loan Agreement in support of which the Loan is made.”

- (e) The term “Variable Spread” is modified to read as follows:

“Variable Spread” means, for each Withdrawal and each Interest Period: (1) the Bank’s standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum. In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.

- (f) A new term “Withdrawal” is added to read as follows:

“Withdrawal” means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.

- (g) A new term “Withdrawal Date” is added to read as follows:

“Withdrawal Date” means, for each Withdrawal, the date on which the Bank pays the Withdrawal.