



Paloma Anos Casero
Country Director
Brazil

24-Sep-2021

His Excellency
Eduardo Figueiredo Cavalheiro Leite
Governor
State of Rio Grande do Sul
Palacio Piratini
Praca Marechal Deodoro, s/n
90010-282 - Porto Alegre, RS
Brazil

His Excellency
Paulo Guedes
Minister of Economy
Ministry of Economy
Procuradoria Geral da Fazenda Nacional - PGFN
Esplanada dos Ministerious, Bloco P - 8º Andar
70048-900, Brasilia, DF
Brazil

Excellencies,

Re: Amendment to Loan Agreements

We refer to the Loan Agreements entered into between the State of Rio Grande do Sul (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) in respect of the Loans listed in Annex 1 to this letter (the “Loan Agreements”) and the Guarantee Agreements, entered into between the Federative Republic of Brazil (the “Guarantor”) and the Bank in respect of the Loan Agreements. We also refer to the letter, dated as of the date hereof explaining the rationale for the requested amendments, and our subsequent discussion on the execution and delivery of documents under the Loan Agreements by electronic means.

In connection with the LIBOR transition planning and the Bank’s objective to preserve alignment between its funding and lending costs, we hereby confirm the Bank’s agreement to amend the relevant provisions of each of the Loan Agreements for the Loans listed in Annex 1 to this letter so as to modify the General Conditions and Loan Agreements applicable to such Loans as provided in Annex 2 to this letter.

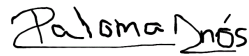
In the interests of fairness, transparency, and consistency, we are offering the same terms to all borrowers for all Bank loans. Not all of the terms will be relevant for all borrowers. However, signing this proposal will ensure that all of your loans will be amended to preserve your economic bargain with the Bank over the full lifetime of those loans.

Moreover, in order to facilitate the execution and delivery of this amendment and any future documents under the Loan Agreements by electronic means, we hereby confirm the Bank’s agreement to amend the relevant provisions of each of the General Conditions dated prior to July

14, 2017 applicable to the Loans by applying, *mutatis mutandis*, the provisions relating to execution by electronic means and electronic documents set forth in the applicable General Conditions dated December 14, 2018 (revised on August 1, 2020) to such General Conditions.

Please confirm your agreement with the foregoing by signing, dating and returning to us the enclosed copy of this letter. This amendment shall become effective upon due execution by both parties.

Sincerely,




Paloma Anos Casero
Country Director
Brazil

AGREED: 

STATE OF RIO GRANDE DO SUL

By : Eduardo Leite
Title : Governador do Estado do Rio Grande do Sul
Date : 18-out-2021

AGREED: 

FEDERATIVE REPUBLIC OF BRAZIL

By : Sônia de Almendra Freitas Portella Nunes
Title : Procuradora da Fazenda Nacional
Date : 03-jan-2022

CC:

Mr. Marcelo Pacheco dos Guaranys, Executive Secretary, Ministry of Economy, secretariaexecutiva@economia.gov.br

Mr. Roberto Fendt, Secretary, Secretariat of Foreign Trade and External Affairs, Ministry of Economy, agenda.secint@economia.gov.br

Ms. Cinara Maria Fonseca de Lima, Chief of Staff, Ministry of Economy, gabinete.ministro@fazenda.gov.br

Mr. Erivaldo Alfredo Gomes, Secretary, SAIN/ME, sain@economia.gov.br; erivaldo.gomes@economia.gov.br

Mr. Carlos Eduardo Lampert Costa, Undersecretary, SAIN/ME, sain@economia.gov.br; carlos.lampert@economia.gov.br

Mr. Marcos Guimarães, Undersecretary, SAIN/ME, sain@economia.gov.br; marcos.m.guimaraes@economia.gov.br

Mr. Bruno Funchal, Secretary, National Treasury, STN/MF, gab.df.stn@tesouro.gov.br



Mr. Ricardo Soriano de Alencar, Attorney General, PGFN/ME,
apoiocof.df.pgfn@pgfn.gov.br

Mr. Abraham Weintraub, Executive Director for Brazil, The World Bank

Mr. Luis Fernando Uribe, Alternate Executive Director for Brazil, The World Bank

ANNEX I

List of Loans by Project Name and Number

Loan Number	Project Name	Commitment Currency	Original Principal Amount	Agreement Signing Date	Index Type
7584	Rio Grande do Fiscal Sustainability for Growth Development Policy Loan	USD	1,100,000,000	1-Sep-08	LIBOR
8155	SWAp to Strengthen Public Investment Project <i>Programa de Apoio à Retomada do Desenvolvimento Econômico e Social do Rio Grande do Sul</i>	USD	480,000,000	11-Sep-12	LIBOR
8379	Rio Grande do Sul Strengthening Fiscal And Water Resources Management Development Policy Loan - <i>Programa de Consolidação do Equilíbrio Fiscal para o Desenvolvimento do Estado do Rio Grande do Sul - II</i>	USD	280,000,000	20-Aug-14	LIBOR

ANNEX II

Amendments to General Conditions applicable to Loans

1. Article III, Section 3.02¹, paragraph (c) is amended as follows:

“(c) If interest on any amount of the Loan is based on LIBOR or EURIBOR, and the Bank determines that (i) such Reference Rate has permanently ceased to be quoted for the relevant Currency, or (ii) the Bank is no longer able, or it is no longer commercially acceptable for the Bank, to continue to use such Reference Rate, for purposes of its asset and liability management, the Bank shall apply such other Reference Rate for the relevant Currency, including any applicable spread, as it may reasonably determine. The Bank shall promptly notify the Loan Parties of such other rate and related amendments to the provisions of the Loan Agreements, which shall become effective as of the date of such notice. In exercising this authority, the Bank shall act solely to maintain and preserve the pre-existing relationship between its borrowing costs and its lending rates, and will not seek any commercial advantage for itself.”

- 2.² Article III, Sections 3.02 or 3.03, as applicable, are amended by adding a new paragraph in accordance with the applicable numbering sequence, as follows:

“(--) If the Bank determines that (i) LIBOR has permanently ceased to be quoted for the relevant Currency, or (ii) the Bank is no longer able, or it is no longer commercially acceptable for the Bank, to continue to use LIBOR, for purposes of its asset and liability management, the Bank shall apply such other reference rate for the relevant Currency, including any applicable spread, as it may reasonably determine. The Bank shall promptly notify the Borrower or the Guarantor of such other rate and related amendments to the provisions of the Loan Agreements, which shall become effective as of the date of such notice. In exercising this authority, the Bank shall act solely to maintain and preserve the pre-existing relationship between its borrowing costs and its lending rates, and will not seek any commercial advantage for itself.”

- 3.³ Sub-paragraph (c) in the defined term “Reference Rate” in Appendix, as applicable, is amended as follows:

¹ Applicable to loans governed by the General Conditions of post-2010 vintages (General Conditions for Loans, dated July 31, 2010; General Conditions for Loans, dated March 12, 2012; General Conditions for IBRD Financing: Investment Project Financing (2017); General Conditions for IBRD Financing: Development Policy Financing (2017); General Conditions for IBRD Financing: Program for Results (2017)).

² Applicable to loans governed by the General Conditions that contained the defined term “LIBOR” (General Conditions Applicable to Loans and Guarantee Agreements for Fixed Spread Loans, dated September 1, 1999 (also, the version as amended through May 1, 2004); General Conditions for Loans, dated July 1, 2005 (also, the version as amended through October 17, 2007 and February 12, 2008)).

³ Applicable to loans governed by the General Conditions that contained the defined term “Reference Rate” (General Conditions for Loans, dated July 31, 2010; General Conditions for Loans, dated March 12, 2012; General Conditions for IBRD Financing: Investment Project Financing (2017); General Conditions for IBRD

“(c) if the Bank determines that (i) LIBOR (in respect of USD, JPY and GBP) or EURIBOR (in respect of Euro) has permanently ceased to be quoted for such currency, or (ii) the Bank is no longer able, or it is no longer commercially acceptable for the Bank, to continue to use such Reference Rate, for purposes of its asset and liability management, such other comparable reference rate for the relevant currency, including any applicable spread, as the Bank shall reasonably determine, and notify to the Borrower pursuant to Section 3.02(c), provided that, in exercising this authority, the Bank shall act solely to maintain and preserve the pre-existing relationship between its borrowing costs and its lending rates, and will not seek any commercial advantage for itself; and”

Amendments to Loan Agreements⁴

1. The relevant provisions of certain Loan Agreements specifying the applicable interest rate of the Loan based on LIBOR are amended by adding a new sub-paragraph in accordance with the applicable numbering sequence, as follows:

“(--) If the Bank determines that (i) LIBOR has permanently ceased to be quoted for the relevant Currency, or (ii) the Bank is no longer able, or it is no longer commercially acceptable for the Bank, to continue to use LIBOR, for purposes of its asset and liability management, the Bank shall apply such other reference rate for the relevant Currency, including any applicable spread, as it may reasonably determine. The Bank shall promptly notify the Borrower or the Guarantor of such other rate and related amendments to the provisions of the Loan Agreements, which shall become effective as of the date of such notice. In exercising this authority, the Bank shall act solely to maintain and preserve the pre-existing relationship between its borrowing costs and its lending rates, and will not seek any commercial advantage for itself.”

Financing: Development Policy Financing (2017); General Conditions for IBRD Financing: Program for Results (2017)).

⁴ Applicable to legacy Single Currency Loans governed by the General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans of May 30, 1995 (also the versions as amended through October 6, 1999, December 2, 1997 and May 1, 2004), which refer to interest related provisions in the Loan Agreements.