

CCB/CBA/557/2020  
November 10, 2020

Mr. Ian Carrington  
Director of Finance and Economic Affairs  
Ministry of Finance, Economic Affairs and Investment  
Government Headquarters  
Bay Street  
St. Michael

**Loans to Barbados Subject to a LIBOR Based Interest Rate. Changes to the Interest Rate Calculation Basis and Other Provisions. Amendment Letter**

Dear Mr. Carrington:

I am writing to inform you, hereby, that the Board of Executive Directors of the Inter-American Development Bank (the "Bank") authorized on September 23, 2020 the modification of loan contracts financed through certain financial products in order to allow for a uniform transition from the LIBOR-based interest rate to an alternate base rate, which, once determined, will be promptly communicated to you.

In connection with the above, the Bank is adopting corresponding measures to implement the relevant contractual modifications.

In this sense, the purpose of this amendatory letter (the "Amendatory Letter"), which includes the attached Annexes I and II, is to agree with the Borrower and the Guarantor, if any, the necessary contractual amendments related to the modification of the interest rate calculation basis in the Loan Contracts identified in Annex I hereto, as well as the contractual provisions that allow the Borrower the option to convert the corresponding interest rate in the loan contracts identified in Annex I to a fixed interest rate.

The Bank, the Borrower and the Guarantor, if any, (collectively, the "Parties"), agree as follows:

- (a) The wording of the provisions related to changes to the interest rate calculation basis included in the General Conditions of each of the Loan Contracts identified in Annex I to this Amendatory Letter (the "Amended Loan Contracts") is hereby replaced with the wording contained in section A of Annex II.
- (b) The provisions contained in section B of Annex II are hereby incorporated to the Amended Loan Contracts, as an integral part thereof.

- (c) In case of any contradiction or inconsistency between provisions of the same part of the Amended Loan Contracts and the provisions set forth in paragraphs A and B of Annex II, the provisions of this Amendatory Letter shall prevail.
- (d) The Parties ratify the validity and enforceability of all other provisions of the Amended Loan Contracts that are not expressly amended by this Amendatory Letter.

The Borrower, with the consent of the Guarantor, if any, accepts the terms and conditions of this Amendatory Letter upon the execution of two (2) original copies in the same form and substance, by duly authorized representatives, and shall return a signed original of this Amendatory Letter to the Office of the Bank's Representative in Barbados, and send a copy thereof by electronic mail to the Bank officers indicated below, once the Amendatory Letter has entered into effect in accordance with the laws of Barbados and no later than April 30, 2021. The Borrower shall inform the Bank in writing of the date of the entry into effect of the Amendatory Letter.

If you have any questions regarding this Amendatory Letter, please contact the following people:

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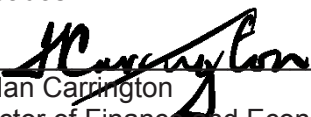
Very truly yours,



Jean-Eric Theinhardt  
Chief of Operations  
Officer-in-Charge

ACCEPTED:

Barbados



Mr. Ian Carrington  
Director of Finance and Economic Affairs

Place: **BRIDGETOWN, BARBADOS**  
Date: **27th April 2021**

## ANNEX I

### AMENDED LOAN CONTRACTS

Financial Product	Loan N°
<b>1. Conversion Offer 2009/2010</b>	1386/OC-BA 1332/OC-BA 1154/OC-BA 1684/OC-BA 1953/OC-BA
<b>2. Single Currency Facility-Libor</b>	1948/OC-BA 2003/OC-BA 2099/OC-BA 2410/OC-BA 2609/OC-BA 2255/OC-BA 2256/OC-BA 2278/OC-BA 2463/OC-BA 2485/OC-BA

## ANNEX II

### AMENDED CONTRACT CLAUSES

- A. New language governing changes to the interest rate calculation basis. For the purposes of this provision, "Calculation Agent" means the Bank.

**"Changes to the Interest Rate Calculation Basis.** The Parties agree that, notwithstanding any change in market practice that may, at any moment, affect the determination of the LIBOR Interest Rate, the Borrower's payments shall remain linked to the Bank's funding. For purposes of obtaining and maintaining such link under such circumstances, the Parties expressly agree that the Calculation Agent, seeking to reflect the Bank's corresponding funding, shall determine: (i) the occurrence of such changes; and (ii) the alternate base rate applicable to determine the appropriate amount to be paid by the Borrower. The Calculation Agent shall provide no less than sixty (60) days prior notice to the Borrower and the Guarantor, if any, of the applicable alternate base rate. The alternate base rate shall become effective on the expiration of such notice period."

- B. New provisions related to fixing interest rates:

1. **ADDITIONAL DEFINITIONS.** For the purposes of this Amendatory Letter, the following definitions are adopted:

1. "Conversion" means a modification of the terms of all or any portion of the Loan as requested by the Borrower and accepted by the Bank, under the terms of this Contract, which may be an Interest Rate Conversion.
2. "Conversion Notification Letter" means the communication by which the Bank informs the Borrower of the financial terms and conditions upon which a Conversion has been effected, in accordance with the Conversion Request Letter sent by the Borrower.
3. "Conversion Request Letter" means the irrevocable communication of the Borrower to the Bank requesting a Conversion, pursuant to Article 3 of this section B of Annex II to the Amendatory Letter.
4. "Execution Period" means the period in Business Days during which the Bank may effect a Conversion as determined by the Borrower in the Conversion Request Letter. The Execution Period starts on the day the Bank receives the Conversion Request Letter.

5. “Interest Rate Calculation Convention” means the convention regarding the number of days used to calculate interest payments, as set forth in the Conversion Notification Letter.
6. “Interest Rate Conversion” means the change in interest rate with respect to all or part of the Outstanding Loan Balance according to the original Amortization Schedule of the loan.
7. “Interest Rate Conversion Date” means the effective date of the Interest Rate Conversion upon which the new interest rate applies. This date shall be set forth in the Conversion Notification Letter.
8. “Loan” means the financing granted to the Borrower by the Bank up to the amount established in each Amended Loan Contract.
9. “Outstanding Loan Balance” means the amount that the Borrower owes the Bank for the portion of the Loan that has been disbursed.

2. **Interest Rate Conversion.** The Borrower may request an Interest Rate Conversion from the Bank at any time during the term of the contract, with respect to all or part of the Outstanding Loan Balance, so that the Interest Rate based on LIBOR is converted to a fixed interest rate.

3. **Exercise of the Conversion Option.** (a) The Borrower may request an Interest Rate Conversion by delivering to the Bank an irrevocable “Conversion Request Letter”, in form and substance satisfactory to the Bank, indicating the financial terms and conditions requested by the Borrower for the respective Conversion. The Bank may provide the Borrower with a model Conversion Request Letter. Any interest rate conversion will be subject to legal, operational and risk management considerations and prevailing market conditions.

(b) The Conversion Request Letter shall be signed by a duly authorized representative of the Borrower, with consent of the Guarantor, if any.

(c) Once the Bank has received a Conversion Request Letter, it will proceed to review the same. If the Bank finds such letter acceptable, it will effect the Conversion during the Execution Period. Once the Conversion has been effected, the Bank will deliver a Conversion Notification Letter to the Borrower indicating the financial terms and conditions of the Conversion.

(d) If the Bank determines that the Conversion Request Letter does not comply with the requirements in this Contract, the Bank will notify the Borrower.

(e) If the Bank cannot effect the Conversion pursuant to the terms requested by the Borrower in the Conversion Request Letter within the Execution Period, such Conversion Request Letter shall be considered null and void, without prejudice to the Borrower’s right to deliver a new Conversion Request Letter.

**4. Conversion Requirements.** Any Conversion shall be subject to the following requirements:

(a) The Borrower may request the conversion of all balances owed at the Libor-based Interest Rate to a Fixed Interest Rate, which will be determined by the Bank and communicated in writing to the Borrower. For the purposes of applying the Fixed Interest Rate to the outstanding balance, the Bank will effect Conversions on amounts that are less than the equivalent of three million Dollars (US\$3,000,000), unless the Outstanding Loan Balance is less. The number of Interest Rate Conversions may not exceed four (4) during the term of each Loan Contract.

(b) The Borrower may request the reconversion of all the balances owed under the Fixed Interest Rate at the interest rate applicable to Bank loans at the time, by means of a written communication to the Bank. Any gain or cost incurred by the Bank for canceling or modifying the conversion associated with the reconversion, will be transferred, or charged by the Bank from the Borrower, as the case may be. In the case of a gain, it will be credited first to any amounts due and payable by the Borrower.

(c) Upon an irrevocable written request, delivered to the Bank at least 30 (thirty) days in advance, the Borrower may pay in advance, on one of the amortization payment dates, all or part of the Outstanding Loan Balance on the Loan with a Fixed Interest Rate, provided that on the date of payment, there is no owed amount for commissions or interest. In such request, the Borrower shall specify the amount that it requests to pay in advance. If the advance payment does not cover the entire Outstanding Loan Balance with the Fixed Interest Rate, the payment will be applied in proportion to the amortization installments pending payment. The Borrower may not make advance payments with a Fixed Interest Rate for amounts less than three million dollars (US\$3,000,000), unless the Outstanding Loan Balance is less.

(d) Notwithstanding paragraph (c) above, in the event of a prepayment, any gain or cost incurred by the Bank for canceling or modifying the corresponding deposit associated with the advance payment will be transferred or charged by the Bank to the Borrower, as the case may be. In case of gains, it will be credited first to any amounts due and payable by the Borrower.

(e) Similarly, the Bank will charge the Borrower for any cost incurred as a result of: (i) the revocation or changes made to the terms contained in a Conversion Request Letter to a Fixed Interest Rate or reconversion to the interest rate applicable to Bank loans; or (ii) failure to make a partial or total advance payment of the Outstanding Loan Balance with a Fixed Interest Rate previously requested by the Borrower in writing, in accordance with paragraph (c) of this Clause.

(f) For the purposes of this Clause, "Fixed Base Rate" means the market exchange base rate on the effective date of conversion; and the "Fixed Interest Rate" means the sum of (i) the Fixed Base Rate, plus (ii) the current margin for Ordinary Capital loans expressed in basis points (bps), which will be established periodically by the Bank in accordance with the indicated in the General Conditions.