Annex XX: Loan contribution terms

1. It is recommended that the terms of loan contributions be standardized for all contributors. Two options for loan terms may be chosen:

(a) A more concessional option (Option 1); and

(b) A less concessional option (Option 2).

2. Standardized loan terms applicable during the initial phase of the Fund's operation would facilitate risk and cash flow management by the Fund.

3. These terms will only apply for the IRM phase, and may be reviewed in the future, during subsequent replenishment processes. They may also need to be reviewed based on the terms chosen by the Board for concessional lending by the Fund, to ensure that such terms are no more concessional than loan contribution terms.

(a) **Loan contribution size**: The maximum size of the loan contribution acceptable to the Fund would depend on the prudential debt limit to be established for the Fund;

(b) **Maturity:** The maturity of loan contributions will be 40 years (Option 1) and 25 years (Option 2);

(c) **Grace period**: The grace period of loan contributions will be 10 years (Option 1) and 5 years (Option 2) and will apply to interest and principal repayments;

(d) **Principal repayments**: Straight-line amortizing repayment schedule after the grace period; payments every six months;

(e) **Interest rate:** Loan contributions will attract a fixed coupon rate of up to 1 per cent per annum; payments every six months (applicable to Option 1 and Option 2) after the grace period;

(f) **Currency:** During the IRM phase, loan contributions may be made in major freely convertible currencies; and

(g) **Drawdown of loan proceeds**: The Fund will draw down loan funds from contributors as agreed between the Fund and contributor.