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Revised Lending Rates and Funding Cost Margins for Asian Development Bank's Loan Products

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Asian Development Bank

ABBREVIATIONS

LIBOR	–	London interbank offered rate
US	–	United States

Vice-President	Ingrid Van Wees, Finance and Risk Management
Treasurer	Pierre Van Peteghem, Treasury Department (TD)
Assistant Treasurer	Tobias Hoschka, Financial Policy and Planning Division, TD
Team Leader	Olimpia Henriques da Silva, Treasury Specialist, TD
Team Members	Joseph Ochoada, Associate Treasury Officer, TD Sharon Siggaoat-Zafra, Treasury Officer, TD

I. FUNDING COST MARGIN FOR LIBOR-BASED LOANS TO SOVEREIGN AND SOVEREIGN-GUARANTEED BORROWERS

1. The rebates or surcharges for London interbank offered rate (LIBOR)-based loans to sovereign and fully sovereign-guaranteed borrowers and loans under the Countercyclical Support Facility¹ are determined semi-annually by calculating the average funding cost margin below or above the relevant benchmarks² in each currency for all borrowings funding the loan pool of the same currency during the previous semester. Table 1 shows the updated rebate or surcharge.

**Table 1: Funding Cost Margins
Applicable 1 January–30 June 2019**
(basis points)

LIBOR-Based Loans	(Rebate) or Surcharge
US dollar	(1)
Yen	(44)
Euro	4
US dollar – Countercyclical Support Facility	2
New Zealand dollar	31 ^a

() = rebate, LIBOR = London interbank offered rate, US = United States.

Note: No rebate or surcharge is announced for the LIBOR-based loans that were converted from pool-based single currency loans because these loans carry a fixed rate and are funded with fixed-rate borrowings. ADB. 2006. *Enhancements for the Asian Development Bank's Loan and Debt Management Products*. Manila.

^a This applies to the

(i) disbursed and outstanding loan balances (resulting from newly-approved loans and unwithdrawn balances of the converted loans).

(ii) outstanding loan balances (resulting from the withdrawn balances of the converted loans). The conversion adjustment on funding is (45) basis points.

Source: Asian Development Bank Treasury Department.

II. VARIABLE LENDING RATES FOR POOL-BASED LOANS

2. The variable lending rates for pool-based single currency loans are determined semi-annually based on the average borrowing cost of the borrowings funding the pool. Table 2 shows the updated variable lending rates for pool-based single currency loans.

**Table 2: Variable Lending Rates for Pool-Based Single Currency Loans
Applicable 1 January–30 June 2019**
(%)

Currencies	A. Average Borrowing Cost (1 July–31 December 2018)	B. Lending Rates (1 January–30 June 2019) (A + lending spread) ^a
US dollar	5.99	6.39
Yen	(0.45)	0.15

() = negative, US = United States.

^a The lending spread is 0.40% for US dollar and 0.60% for yen. ADB. 2013. *Enhancing ADB's Lending Capacity*. Manila.

Source: Asian Development Bank Treasury Department.

¹ ADB. 2009. *Enhancing ADB's Response to the Global Economic Crisis – Establishing the Countercyclical Support Facility*. Manila.

² The benchmark for (i) US dollar and yen is 6-month LIBOR in these currencies, (ii) New Zealand dollar is 6-month New Zealand dollar bank bill rate, and (iii) euro is 6-month euro interbank offered rate.