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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

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## 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 Facility<sup>1</sup> are determined semi-annually by calculating the average funding cost margin below or above the relevant benchmarks<sup>2</sup> 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 July–31 December 2019**  
(basis points)

LIBOR-Based Loans	(Rebate) or Surcharge
US dollar	(1)
Yen	(37)
Euro	4
US dollar – Countercyclical Support Facility	4
New Zealand dollar <sup>a</sup>	38

( ) = 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.

<sup>a</sup> For outstanding loan balances (resulting from the withdrawn balances of the converted loans), the rebate is 1 basis point.

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 during the previous semester. 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 July–31 December 2019**  
(%)

Currencies	A. Average Borrowing Cost (1 January–30 June 2019)	B. Lending Rates (1 July–31 December 2019) (A + lending spread) <sup>a</sup>
US dollar	6.00	6.40
Yen	(0.35)	0.25

( ) = negative, US = United States.

<sup>a</sup> 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.

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

<sup>2</sup> 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.