

Annex 1.1 Comparative Balance Sheets of the MDBs - 1993/94
(billions of US dollars)

	IBRD	AfDB	AsDB	IDB	EBRD
ASSETS					
Liquid Funds	22.66	2.50	5.81	9.41	4.52
Notes Receivable for Capital Subscriptions	1.51	0.43	0.29	0.42	0.31
Other Receivables	5.30	0.43	4.32	0.52	1.00
Loans					
<i>Approved</i>	<i>164.30</i>	<i>15.46</i>	<i>26.39</i>	<i>37.16</i>	<i>3.69</i>
<i>Not yet Effective</i>	<i>11.35</i>	<i>1.24</i>	<i>3.14</i>	<i>n.a.</i>	<i>0.89</i>
<i>Undisbursed</i>	<u><i>43.66</i></u>	<u><i>5.91</i></u>	<u><i>10.04</i></u>	<u><i>14.98</i></u>	<u><i>2.40</i></u>
Outstanding	109.29	8.31	13.70	22.18	0.40
Equity Investments	–	0.18	0.11	–	0.22
Other Assets	<u>1.74</u>	<u>0.07</u>	<u>0.34</u>	<u>0.45</u>	<u>0.08</u>
Total Assets	140.50	11.92	24.57	32.98	6.53
LIABILITIES					
Short-Term Borrowings/Repos	5.23	–	–	–	1.06
Long-Term Borrowings	95.62	8.18	12.54	24.07	2.43
Other Liabilities/Payables	10.51	0.41	4.62	0.27	1.05
Provisions for Loan Losses	3.32	0.21	0.01	0.71	0.02
Provisions for Equity Losses	–	..	0.01	–	0.03
Capital					
<i>Authorised</i>	<i>184.00</i>	<i>22.25</i>	<i>23.20</i>	<i>60.99</i>	<i>11.16</i>
<i>Subscribed</i>	<i>170.00</i>	<i>20.97</i>	<i>23.08</i>	<i>54.20</i>	<i>11.02</i>
<i>Callable</i>	<u><i>159.34</i></u>	<u><i>18.41</i></u>	<u><i>20.29</i></u>	<u><i>51.03</i></u>	<u><i>7.71</i></u>
Paid In	10.66	2.56	2.79	3.17	3.30
Net Advance Payments	<u>0.09</u>	<u>(0.02)</u>	<u>(0.07)</u>	<u>..</u>	<u>(1.36)</u>
Total Paid-In Capital	10.75	2.54	2.72	3.17	1.94
MOV Translation Losses/Gains	(0.80)	(0.36)	(0.24)
Retained Earnings/Reserves	14.47	1.21	4.93	4.76	..
Currency Translation Adjustment	<u>1.39</u>	<u>(0.27)</u>	<u>(0.02)</u>	<u>..</u>	<u>..</u>
Total Net Worth (NW)	25.81	3.12	7.39	7.93	1.94
TOTAL LIABILITIES + NW	140.50	11.92	24.57	32.98	6.53

Notes:

Balance Sheets have been reconfigured to be comparable and hence may not reconcile with the total asset/liability figures drawn on the MDB Annual Reports.

Figures for IBRD are as of June 30, 1994, for the other MDBs they are as of October 31, 1994.

Annex 1.2 Comparative Income Statements of MDBs - 1993/94
(millions of U.S. dollars)

	IBRD	AfDB	AsDB	IDB	EBRD
INCOME					
From Loans					
Interest	7,707	527	1,030	1,522	16
Charges	<u>115</u>	<u>75</u>	<u>45</u>	<u>342</u>	<u>22</u>
Sub Total	7,822	602	1,075	1,864	38
From Liquid Investments	721	197	410	482	350
From Equity Investments	—	n.a.	n.a.	—	1
Other Income	<u>11</u>	<u>3</u>	<u>24</u>	<u>(16)</u>	<u>1</u>
Total Gross Income	8,554	802	1,509	2,330	390
EXPENSES					
of Borrowings					
Interest	6,549	544	800	n.a.	n.a.
Other	<u>107</u>	<u>9</u>	<u>31</u>	<u>n.a.</u>	<u>n.a.</u>
Sub Total	6,656	553	831	1,657	177
Provisions for Loan Losses	—	82	13	98	17
Provisions for Equity Losses	—	3	7	—	21
Administrative Expenses	731	55	89	179	153
Other Expenses	<u>6</u>	<u>7</u>	<u>—</u>	<u>—</u>	<u>17</u>
Total Expenses	7,393	700	940	1,934	385
OPERATING INCOME	1,161	102	569	396	5
Contribution to Sp. Programmes	<u>110</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET INCOME	1,051	102	569	396	5

Notes:

Income Statements have been simplified and reconfigured to be comparable across MDBs and hence may not reconcile with the figures shown in the MDB Annual Reports.

The Income Statement for IBRD is for the period July 1, 1993 to June 30, 1994.

The Income Statement for other MDBs is for the period January 1, 1993 to December 31, 1993.

Annex 1.3 Comparative Cash Flow Statements of MDBs - 1993/94
(millions of U.S. dollars)

	IBRD	AfDB	AsDB	IDB	EBRD
CASH FLOWS FROM					
Lending Operations (LO)					
Loan/Equity Disbursements	(10,502)	(1,434)	(1,870)	(3,336)	(487)
Principal Repayments	11,320	360	1,083	1,788	15
Payments to MDF	(452)	-	(68)	-	-
Other/Equity Sales (Net)	<u>(23)</u>	<u>(7)</u>	<u>16</u>	<u>-</u>	<u>-</u>
Net Cash from LO:	343	(1,081)	(839)	(1,548)	(472)
Borrowing Operations (BO)					
Receipts from Borrowings	8,178	854	1,722	3,941	1,469
Retirement of Borrowings	(9,625)	(198)	(955)	(2,400)	(56)
Net flows from Swaps	(176)	23	(10)	n.a.	n.a.
Net Flows from Capital, and other Financial Transactions	<u>199</u>	<u>80</u>	<u>(278)</u>	<u>127</u>	<u>542</u>
Net Cash from BO	(1,424)	759	479	1,668	1,955
International Financial Adjustments					
ADJUSTMENT					
Net Income	1,051	102	569	396	5
Non-Cash Charges/Other	<u>170</u>	<u>107</u>	<u>(138)</u>	<u>109</u>	<u>50</u>
Net Cash from Operations	1,221	209	431	505	55
NET EXCHANGE RATE CHANGE EFFECTS	+ 586	(54)	(25)	82	(200)
NET INCREASES/(DECREASES) IN CASH & LIQUIDITY	726	167	(46)	707	1,738

Notes:

The Cash Flow Statements have been simplified and reconstructed to be comparable across MDBs and hence may not reconcile exactly with the figures shown in the MDB Annual Reports.

The Cash Flow Statement for IBRD is for the period July 1, 1993 to June 30, 1994. The Cash Flow Statement for other MDBs is for January 1, 1993 to December 31, 1994.

Annex 2.1 Summary Presentation of Policies and Procedures for Handling Overdue Service Payments

	IBRD	AsDB
<i>I. Billing Practices and Assistance to Borrowers</i>		
Billing practices, general	Debt service is due semi-annually at due dates on the 1st or 15th of the particular months specified in loan/credit agreements. Billing statements are generated within one or two days after each semi-monthly closing date, for due dates two months in advance. Bills are sent to borrower by mail, courier or pouch about six weeks prior to due date. One month prior to due date, a summary of payments required is telexed to the Ministry of Finance for information.	Debt service is due semi-annually. Interest and other charges are computed two months before due date; principal repayment is equivalent to the amount specified in the amortization schedule of the relevant loan agreement. Billing statements are sent by ordinary mail/courier service/diplomatic pouch to borrowers at least three weeks prior to due date.
Overdues, definition	Payments are considered overdue if not credited to designated account of the Bank by the close of business on the due-date.	Payments are considered overdue if not credited to designated account of the Bank by the close of business on the due date. However, the AsDB allows a 30-day grace period before reporting arrears and initiating action to collect overdue payments.
Overdue Charges	No interest is charged on overdue interest.	No interest is charged on overdue interest.

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Debt service is due semi-annually on due dates of January 1 and July 1. (Management is currently considering the possibility of adding two more due dates on April 1 and October 1). Borrowers are sent bills via courier at least 45 days before the due date and requested to settle payment on or before the due date.</p>	<p>Debt service is due semi-annually according to a schedule set in the individual loan agreements. Billing statements are mailed to the borrower at least 60 days prior to date due, with copies to the Central Bank of the country concerned and to the IDB Field Office.</p>	<p>Same as IBRD</p>
<p>Payments are considered overdue if not credited to designated account of the Bank by the close of business on the due date.</p>	<p>Payments are considered overdue if not credited to designated account of the Bank by the close of business on the due date.</p>	<p>Same as other MDBs</p>
<p>No interest is charged on overdue interest</p>	<p>No interest is charged on overdue interest.</p>	<p>Sames as other MDBs</p>

Annex 2.1 (continued)

	IBRD	AsDB
Currency conversion	<p>The World Bank will negotiate a “purchase of currency agreement” at no charge at any time for payments on any loan or group of loans with the proviso that the agreement must be in place at least three months prior to the due date. When such an agreement is in place, the payment is requested five days in advance of the due date, and an increment of 5-8% is added to the amount billed as a contingency against exchange rate movements.</p>	<p>The AsDB will purchase any currency needed by the borrower for payment of principal, interest, and other charges due to the bank. The borrower will be required to remit the US\$/other convertible currencies for the purchase transaction with a 5% contingency margin six calendar days prior to payment due date.</p>
Other assistance	<p>Bank staff offer a range of assistance for debt management, debt accounting and reporting systems, and for specific countries on a case-by-case basis, for management of debt service to the Bank itself.</p>	<p>No technical assistance was found necessary. Bank staff on mission assist the borrower in clearing bottlenecks mostly due to transaction delays in the commercial banks’ fund transfer system.</p>

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Under the Unit of Account-based billing system, there was no need to provide any such assistance, since Borrowers were billed in a single currency which they normally paid. Under the currency-based billing system, if payment is made in a currency other than that billed, the Bank will purchase the currencies billed on behalf of the borrower, using the currency of payment; any difference resulting from such exchange operation, being for the account of the Borrower.</p>	<p>The Bank does not formally assist the borrower in acquiring the necessary currencies for payment. The billing letter specifically indicates amounts due by currency and the depository bank to which funds should be credited. On a few occasions, at the request of the borrower the Bank has accepted payment in US dollars with the appropriate authorization to convert into the currencies needed for settlement of the debt service. Consideration is being given to offering this service more broadly in the future.</p>	<p>Same as IBRD</p>
<p>The Bank has started to provide grants to assist in setting up debt management units in borrowing member countries, designed to help borrowers improve their debt management capabilities. The Bank also advises Borrowers on fund-raising arrangements undertaken by them to meet their debt obligations.</p>	<p>30 days prior to due date, the Field Office, based on discussion with the borrower, executing agency and/or government financial official will report to the Bank's Country Coordinator with a copy to the Finance Department the likelihood of receiving payment on the due date. If there is a strong probability of non-payment on the due date, the Country Coordinator, in consultation with his Division Chief and Deputy General Manager, will initiate an action plan with a view to receiving payment within 30 days of due date.</p>	<p>Same as IBRD</p>

	IBRD	AsDB
<p>II. Arrears Monitoring & Reporting</p> <p>Reports produced, distribution</p>	<ol style="list-style-type: none"> 1) Summary data available daily on internal electronic mail system to authorized staff. 2) Details by country, region, due date, loan and currency provided twice monthly in hard copy to management, Operations Legal and Financial staff and Executive Director for country concerned. 3) Country-by-country summary of all arrears over 30 days provided to all Executive Directors twice monthly. 4) Weekly summary by country and maturity, together with actions taken provided to senior operations management. 5) Monthly summary by country and maturity, together with review of developments in countries with longer overdues provided to senior financial management. 	<p>Reports routinely produced are:</p> <ol style="list-style-type: none"> 1) Outstanding loan service payments report to management, once a month. 2) Delay in loan service payments report to the Executive Director representing the country if payments are not received 30 days after due date. 3) Outstanding loan service payments report to the Board of Directors if no payments are received 60 days after due date. 4) Receipt of outstanding loan service payments report to the Board of Directors if payments are received after reporting to the Board of Directors. Exceptional reports are also produced on request and as required.

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>A statement on the arrears status of all borrowing Member Countries is produced fortnightly. Monthly reports (Information Notes) are also prepared for the Board of Directors. Specific briefs and reports on arrears on individual countries are prepared, from time to time, on request from Management. 30 days after arrears emerge, the Board and Management are informed through the statement of arrears referred to above. Heads of concerned Projects and Country Programs Department, the Legal Department and Heads of Regional Offices concerned, are informed within one month after the due date.</p>	<p>Each Friday, the Finance Dept. issues a report of loans in arrears as of Wednesday of the previous week and for which evidence of payment has not been received at c.o.b. on Thursday of the week of the report. The report is distributed to the Board of Executive Directors, the Coordination Committee, the Operations and Legal Departments, and the Auditor General. A summary report is also prepared showing the age of the overdue payments.</p>	<p>Same as IBRD</p>

	IBRD	AsDB
Cofinanciers	Under joint cofinancing arrangements, cofinanciers are informed at least five working days before (1) disbursements to a country are to be suspended due to arrears and (2) at least five working days before a borrower is placed in non-accrual status.	Cofinanciers are informed of arrears when the Bank is under contractual obligation to do so.
Financial statements and other public documents	Arrears of three months or more for borrowers other than those in non-accrual status are reported in the aggregate without naming the specific countries involved in the notes to all published financial documents; these data also include the aggregate amount of loans outstanding to the same borrowers.	For disclosure of information on loans in non-accrual status and on loan loss provisioning see below, Sections IV and V.
III. Measures for Dealing with Arrears		
Initial activities	Within two working days after arrears emerge, operations staff for the country concerned initiate action, normally by telex but also through IBRD representatives resident in the country, to obtain prompt payment of overdues.	Follow-up telexes would be sent if payments were not received within one to two weeks after due date.

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>At their request, cofinanciers and suppliers of goods and services under AfDB/AfDF projects and programs are duly informed when suspension of disbursements to a borrower or guarantor is imposed at described below in Section III.</p>	<p>For loans cofinanced through the Complementary Financing Program, participating commercial banks are informed as soon as arrears emerge on the loan(s) concerned. Other cofinanciers are informed if contractual obligations so require.</p>	<p>Same as IBRD</p>
<p>For disclosure of information on loans in non-accrual status and on loan loss provisioning see below, Sections IV and V.</p>	<p>For disclosure of information on loans in non-accrual status and on loan loss provisioning, see below, Sections IV and V. No disclosure of arrears is made prior to non-accrual status.</p>	<p>Same as IBRD</p>
<p>Reminders are sent 15 days before the due date and thereafter on a monthly basis. Under current policy loan signature is suspended after arrears reach 30 days. This prohibition is extended to the guarantor 15 days after the sanction is imposed on the borrower.</p>	<p>As soon as possible after the weekly Friday report on arrears is produced, the IDB sends the borrower a notice of intent to suspend disbursements, to become effective 30 days from the due date. A copy of the telex is also sent to the Guarantor. Cables are sent to Field Offices each Monday thereafter, advising them of the status of pending payments.</p>	<p>Same as IBRD</p>

	IBRD	AsDB
Suspension of disbursements	<p>When arrears reach 45 days, the country's authorities are informed that if payment is not received on all overdues disbursements will be suspended on all loans to or guaranteed by the country on a specific date within 15 days. Suspension is thus effected when the longest overdue payment reaches 60 days. This information is sent by telex in a standardized format, with a copy to the Executive Director for the country concerned.</p>	<p>The AsDB has set no criteria that would serve as a basis to suspend disbursements. The only relevant condition of its Loan Regulations is the Borrower's continuing failure to pay its overdue payments. Whether a particular arrear would fit this requirement is decided on a case to case basis. The AsDB would inform the Borrower by telex followed by a formal letter stating the reason for the suspension.</p>
Notification and disclosure	<p>At the time of a suspension the Executive Directors and senior management are sent a formal notice to that effect. As noted above, cofinanciers are also informed.</p>	<p>The Board of Directors, management and staff, executing agencies, and cofinanciers (where the Bank is contractually obliged) would be informed.</p>

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Under current policy, disbursements are suspended on loans when arrears pass 60 days. This suspension is applied on all loans to the guarantor 15 days later if payments are not received (i.e. at 75 days). Borrowers and executing agencies are informed by telex when suspension is imposed</p>	<p>The IDB suspends disbursements after 30 days on all loans to the borrower and simultaneously sends a notice to the guarantor requesting prompt payment of the amounts in arrears. Disbursements may continue on sectoral loans cofinanced with the World Bank for up to 75 days after arrears to the IDB are incurred. If payments are not received, specific analytical and planning actions for dealing with the problem are required of staff and management at 60 and 90 days. When arrears reach 120 days, disbursements to the guarantor on all loans to the guarantor are also suspended. Further, if required by the specific loan contract, disbursements may also be suspended on loans to other borrowers not in arrears but with the same guarantor when the guarantor is in arrears for more than 120 days.</p>	<p>Same as IBRD</p>
<p>Information on sanctions is announced inside the Bank by memorandum to management, Board members, the concerned Heads of Departments in the Projects and Country Programs Department, the Legal Department and the concerned Regional Offices.</p>	<p>Copies of suspension notices and guarantor notification are sent to the Executive Vice President (EVP), and to the Operations and Legal Departments, and the Executive Director of the country concerned.</p>	<p>Same as IBRD</p>

Annex 2.1 (continued)

	IBRD	AsDB
Exceptions	<p>The Regional Vice President for the country concerned may temporarily defer issuing disbursement suspension warning notices when: (1) payments are owed in currencies not readily available in international financial markets on the due date; (2) the amount overdue does not exceed \$50,000; (3) payments are being processed; or (4) the Bank decides that queries on the billing statement need investigation.</p>	<p>The AsDB has no policy in this respect.</p>
Exemptions	<p>Items normally exempt from suspension include special commitments (including Guaranteed Letters of Credit); payments for goods shipped and services rendered before suspension; technical/consultant services or training/fellowships where interruption would cause personal hardship or disrupt critical work; interest and other charges payable to the Bank out of loan proceeds; and advances for Project Preparation Facilities.</p>	<p>The AsDB has no policy in this respect.</p>

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Sanctions are not applied if arrears total less than 25,000 Bank or Fund Units of Account as the case may be. Further, as long as a specific borrower remains current in its debt service sanctions are not imposed, the extension of general sanctions to the guarantor notwithstanding.</p>	<p>Exceptions to a decision to suspend disbursements may be granted when: (1) payments are owed in currencies not readily available in international finance markets on the due date; (2) the overdue amount does not exceed \$50,000; (3) payments are being processed; or (4) the Bank decides that queries on the billing statement need investigation</p>	<p>No Policy</p>
<p>Exceptions to these sanctions include multinational projects, training fees and fellowships; payments for goods shipped and services rendered before suspension; payments for technical assistance services financed from resources of the AfDF which are allocated to the Technical Assistance Fund, especially if they relate to pre-investment studies and institutional strengthening; and expenditure which is reimbursable to AfDB or AfDF from bilateral resources.</p>	<p>Outstanding reimbursement guarantees under letters of credit are exempted from suspension. However, there could be no additional letters of credit, no increase in amounts of outstanding LCs, no extension in dates of outstanding reimbursement of LCs, and no approval of new obligations to pay fixed amounts to suppliers. Other exemptions include specific obligations to pay fixed amounts to suppliers pursuant to written Bank undertakings; payment for services rendered and goods shipped before suspension; consultant services or training/fellowships where interruption would disrupt critical work; and non-reimbursable and contingent recovery technical cooperation along with small projects and direct credits to the Bank from loan proceeds.</p>	<p>Same as IBRD</p>

Annex 2.1 (continued)

	IBRD	AsDB
Other sanctions	<p>The IBRD does not present new operations for approval by the Executive Board if arrears on any loan are expected to reach 60 days or more overdue on the date scheduled for Board consideration. The dialogue with country authorities continues, however, as do other operational activities including project preparations. The Bank's procedures provide that if disbursements have been suspended for a continuous period of 30 days or more, the Bank may cancel either the entire loan balance or (in the case of project-related defaults) that part of the balance which was subject to suspension.</p>	<p>The AsDB has no policy in this respect.</p>

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Under current policy loan approval (as opposed to signature) is suspended after arrears pass 30 days. No new loans to the guarantor may be approved starting 15 days after suspension of disbursements to a borrower (i.e.) after arrears to a borrower reach 45 days). Generally, AfDB/AfDF will not participate in financing cost overruns under projects or programs which would result from the application of sanctions due to arrears. However, in exceptional cases the Boards of Directors may authorize such financing on the recommendation of management in the interest of efficiency in specific operations.</p>	<p>The IDB does not sign contracts or present new operations for approval by the Executive Board if arrears on any loan have reached 30 days or more overdue on the date scheduled for Board consideration. When arrears pass 120 days loan proposals are no longer submitted to the Loan Committee or the Committee of Whole of the Board of Executive Directors. After arrears pass 180 days and all loans to the country concerned are placed in non-accrual status, all missions related to loan programming and processing are suspended and may be resumed only when it has been determined that arrears will be cleared in the near future. The Bank's loan contracts provide that if payments have been in arrears for more than 60 days, the Bank may terminate the contract with respect to amounts not yet disbursed and/or declare the loan due and payable.</p>	<p>Same as IBRD</p>

Annex 2.1 (continued)

	IBRD	AsDB
Resumption of disbursements	All arrears of principal, interest and other charges must be cleared before disbursements are resumed.	All arrears of principal, interest and other charges must be cleared before disbursements are resumed.
<i>IV. Accounting Practices</i>		
Timing of non-accrual status	Non-accrual status is invoked on the first working day after a second consecutive due date is missed for any payment of principal, interest or other charges on any loan (or IDA credit). As noted above, this is about six months after the first payment is missed.	It is the Bank's policy that an ordinary capital loan past due on interest and principal by six months would be placed under non-accrual status. (The Bank has not yet encountered the need to place any loan on non-accrual status).
Coverage	Non-accrual status applies to all loans to or guaranteed by the country concerned.	Non-accrual status would apply to all loans to or guaranteed by the country concerned.
Reversal out of income	Income which has been accrued but not received is reversed out of current income when non-accrual status is invoked and thereafter income is not recognized unless actually received.	The Bank would reverse out of current income interest accrued but not yet received when non-accrual status is invoked and thereafter would not recognize income unless actually received.

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>All arrears of principal, interest and other charges must be cleared before disbursements are resumed.</p>	<p>All arrears of principal, interest and other charges must be cleared before disbursements are resumed.</p>	<p>Same as other MDBs</p>
<p>Loans to borrower are placed in non-accrual status on the first working day after reaching 6 months overdue.</p>	<p>Non-accrual policy goes into effect when arrears from any borrower pass 180 days.</p>	<p>Same as IBRD</p>
<p>Non-accrual status applies to all loans to or guaranteed by the country concerned.</p>	<p>Non-accrual status applies to all loans to or guaranteed by the country concerned.</p>	<p>Same as other MDBs</p>
<p>Income which has been accrued but not received is reversed out of current income when non-accrual status is invoked and thereafter income is not recognized unless actually received.</p>	<p>Income which has been accrued but not received is reversed out of current income when non-accrual status is invoked and thereafter income is not recognized unless actually received.</p>	<p>Same as other MDBs</p>

	IBRD	AsDB
Disclosure	The notes to Financial Statements contain summary information for each country in non-accrual status including the name of the country, the date of non-accrual, principal outstanding, total arrears, and the effect of non-accrual policy on income during the reporting period.	Should the need arise, the Bank intends to disclose in the Notes to Financial Statements: (1) a summary of its non-accrual policy; (2) the details of the loans in non-accrual status (borrower's name, date loan placed in non-accrual, total loans outstanding, and the amount by which net income is reduced).
Restoration of accrual status	Accrual status is restored when all arrears of principal, interest and other charges are cleared.	Accrual status would be restored when all arrears of principal, interest and other charges are cleared.
<i>V. Loan Loss Provisioning</i>		
Timing of provisioning	Provisioning starts on the same day that a country is placed in non-accrual status.	The AsDB has no policy in this respect.
Coverage	Provisioning applies to IBRD only. Provisions for losses are not established under IDA policies.	The AsDB has no policy in this respect.

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Information on the aggregate amount of non-accrued income is disclosed in the notes to the Financial Statements, both quarterly (unaudited) for Internal use and the annual (audited) published accounts. Names of individual countries involved are not disclosed.</p>	<p>Notes to Financial Statements include the same information as that published by IBRD for countries in non-accrual status. The accumulated provisions are shown in the Balance Sheet as a deduction from loans receivable and each year's provision is shown as a deduction from income.</p>	<p>Same as IBRD</p>
<p>Accrual status is restored when all arrears of principal, interest and other charges are cleared.</p>	<p>Accrual status is restored when all arrears of principal, interest and other charges are cleared.</p>	<p>Same as other MDBs</p>
<p>When loans are 6 months overdue, Management makes an initial determination, on a quarterly basis, on the provisions that should be made.</p>	<p>Provisions are charged to income beginning the month following that in which the country is placed in non-accrual status.</p>	<p>Same as IBRD</p>
<p>Provisioning applies to ordinary capital, the AfDF and the NTF.</p>	<p>Provisioning currently applies to ordinary capital, the Social Progress Trust Fund, and the Venezuelan Trust Fund.</p>	<p>Provisioning applies only to EBRD loans/investments</p>

Annex 2.1 (continued)

	IBRD	AsDB
Disclosure	<p>Provisions are charged against current income and are shown in the balance sheet of published Financial Statements. Notes to the Financial Statement disclose the level of provisions for the current and previous reporting periods.</p>	<p>The ADB has no policy in this respect.</p>
Cross-effectiveness	<p>When either the Bank or IDA suspends disbursements, disbursements are automatically suspended by the other institution. Consideration of new operations of IFC and MIGA in the country concerned is decided on a case-by-case basis.</p>	<p>The AsDB has no policy in this respect.</p>

Annex 2.1 (continued)

AfDB	IDB	EBRD
<p>Provisions are charged against current income and are recorded in the balance sheet of published Financial Statements. Notes to the Financial Statements disclose the level of provisions for the current and previous reporting periods.</p>	<p>Provisions are charged against current income and are shown in the balance sheet of published Financial Statements. Notes to the Financial Statements disclose the level of provisions for the current and previous reporting periods.</p>	<p>Same as other MDBs</p>
<p>Sanctions imposed under these policies become cross-effective for AfDB/AfDF and the Nigeria Trust Fund (NTF) with respect to an individual borrower at the same time under current policy. As with other elements of these sanctions, cross-effectiveness applies only to loans to specific borrowers in arrears and to the guarantor, but not to other borrowers domiciled in the territory of the guarantor which remain current in debt service to AfDB/AfDF/NTF.</p>	<p>When disbursements are suspended on loans to a borrower, sanctions are imposed on all loans regardless of the source of financing. The suspension does not, however, extend to the operations of the Inter-American Investment Corporation.</p>	<p>Not Applicable.</p>

Annex 2.2 IBRD Procedures for Dealing with Arrears – Timetable

Days After Payment(s) Due but not Received	Action
2	Country Department concerned initiates action to obtain payment. Key Bank officers and member's ED notified.
30	Executive Board notified through semi-monthly report on Overdue Service Payments, subject to thresholds of \$1 million overdue to IBRD, \$20,000 to IDA.
60/30 for borrower 45 for guarantor	Formal notice sent to borrower indicating that disbursements will be suspended in 15 days if payment not received. CFSVP and cofinanciers also informed at least one week prior to pending suspension.
75/45 days warning 60 days suspension	Disbursements suspended; Executive Board notified.
90	Amounts of principal and interest overdue for 90 days or more included in all published statements.
180	Specifically, second missed semi-annual payment date for any loan or credit: country placed in non-accrual status; loan loss provisioning initiated. If a member fails to fulfill its obligations to the Bank, the Bank may suspend its membership and upon cessation of membership (one year from the date of suspension) procedures for settlement of account apply.

Annex 2.3 EBRD Operational Exposure Limits

CATEGORY	SOVEREIGN RISK OPERATIONAL LIMITS	PRIVATE AND NON-SOVEREIGN RISK ENTERPRISE OPERATIONAL LIMITS
Country Risk	Individually set with a maximum 90% of paid-in capital (currently ECU 2,700 million)	
Country Economic Risk Indicators	<p>A) Annual preferred creditor debt service must be less than 20% of annual foreign currency earnings</p> <p>B) Annual EBRD debt service must be less than 5% of annual foreign currency earnings</p>	
Industry Sector	N/A	Maximum 20% of portfolio (from 1 January 1995)
Single Obligor	Country limit applies	<p>Maximum 5% of paid-in-capital to any one private or non-sovereign risk enterprise obligor (currently ECU 150 million)</p> <p>Maximum 3% of paid-in-capital in any one equity investment (currently ECU 90 million)</p>
Single Project	Maximum 10% of paid-in-capital (currently ECU 300 million)	Maximum 35% of long-term capital required by the project or of project cost; this guideline may be exceeded on an exception basis for smaller projects (e.g. up to about ECU 15 million) and infrastructure projects not guaranteed by a member country (e.g. BOT projects)

Note:

These limits must take into account the project being proposed and any other projects or changes to limits which are being considered at the same time. These limits apply to the amounts at risk by the Bank after syndication, participations or other forms of external financing.

Annex 2.4 Loan Portfolio Risk Profiles of MDBs as of End FY 1991
(Per cent)

	AsDB	IBRD	IADB	AfDB	EBRD
1. Share in the Portfolio of Countries whose Securities are Rated Below Investment Grade	42	72	88	100	100
2. Share in the Portfolio of Rescheduling Countries	18	45	70	65	62
3. Share in the Portfolio of Loans in Non-Accrual Status	0	3	2	12	0