

## **Borrowing Agreement Between Norges Bank and the International Monetary Fund**

### 1. Purposes and Amounts.

In light of the multilateral effort to ensure the adequacy of the financial resources available to the International Monetary Fund (the "Fund"), and with a view to supporting the Fund's ability to provide timely and effective balance of payments assistance to its members, Norges Bank agrees to lend to the Fund up to the equivalent of SDR 3 billion on the terms and conditions set out below.

### 2. Term of the Agreement.

(a) Subject to subparagraph (b), the Fund may make drawings in accordance with the terms of this agreement for a period of one year commencing on the date of the first drawing or August 1, 2009, whichever is earlier. Unless otherwise agreed between Norges Bank and the Fund, the Fund shall give Norges Bank at least five business days' (Oslo) notice of its intention to draw, and shall provide payment instructions at least two business days (Oslo) prior to the value date of the transaction by SWIFT.

(b) After consultation with Norges Bank, the Fund may, if warranted in light of the Fund's overall liquidity situation and actual and prospective borrowing requirements, extend the term of this agreement for successive one-year periods for a total drawing period of up to 5 years, effective upon notice being given by the Fund at least 1 month prior to expiration of the then current term.

(c) Notwithstanding subparagraphs (a) and (b), Norges Bank may, at its option, terminate the term of this agreement if Norway or Norges Bank (i) is a participant in an enlarged and amended New Arrangements to Borrow ("NAB") that becomes effective after the date of this agreement, and (ii) has an effective credit arrangement under such enlarged and amended NAB that is at least equal to the remaining undrawn balance under this agreement at the time of such termination.

### 3. Uses, Estimates and Limits on Drawings.

(a) After consultation with Norges Bank, and taking into account both the Fund's liquidity position and the desirability of achieving, over time, broadly balanced drawings under the Fund's bilateral borrowing agreements, the Fund may make drawings under this agreement in connection with (i) any use of Fund resources in the General Resources Account, or (ii) the payment of the Fund's outstanding indebtedness under other official sector borrowing effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement, in circumstances where the terms of such other borrowing permit the Fund to

make drawings under such other borrowing in connection with the payment of the Fund's outstanding indebtedness under this agreement.

(b) Unless otherwise agreed between Norges Bank and the Fund, the Fund shall not draw more than the equivalent of SDR 0.4 billion during any calendar week.

(c) Prior to the beginning of each quarter of the Fund's financial year, the Fund shall provide Norges Bank with its best estimates of the amounts that it expects it will draw under this agreement during the forthcoming quarter, and shall provide revised estimates during each quarter where this is warranted.

4. Evidence of Indebtedness.

(a) At the request of Norges Bank, the Fund shall issue to Norges Bank non-negotiable instruments evidencing the Fund's indebtedness to Norges Bank arising under this agreement. The form of the instruments shall be agreed between the Fund and Norges Bank.

(b) Upon repayment of the amount of any instrument issued under subparagraph (a) and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of such an instrument is repaid, the instrument shall be returned to the Fund and a new instrument for the remainder of the amount shall be substituted with the same maturity date as the old instrument.

5. Maturity.

(a) Except as otherwise provided in this paragraph 5 and in subparagraph 9(b) below, each drawing under this agreement shall have a maturity date of three months from its drawing date. The Fund may in its sole discretion elect to extend the maturity date of any drawing or of any portion thereof by additional periods of three months after the initial maturity date, which extension the Fund shall automatically be deemed to have elected with respect to the maturity dates for all drawings then outstanding unless, at least five business days (Oslo) before a maturity date, the Fund notifies Norges Bank in writing that the Fund does not elect to extend the maturity date of a particular drawing or portion thereof; provided however that, in no event, shall the maturity date for any drawing be extended to a date that is later than the fifth anniversary of the date of such drawing.

(b) The Fund shall repay the principal amount of each drawing or relevant part thereof on the maturity date applicable to that drawing or part thereof pursuant to subparagraph (a).

(c) After consultation with Norges Bank, the Fund may make an early repayment in part or in full of the principal amount of any drawing prior to the maturity date applicable to the drawing pursuant to subparagraph (a).

(d) Repayments of drawings shall restore pro tanto the amount that can be drawn under this agreement. The extension of the maturity of a drawing or of any part thereof pursuant to subparagraph (a) shall not reduce the amount that can be drawn under this agreement.

(e) If the maturity date for a drawing is not a business day in the place where payment is to be made, the payment date shall be the next business day in that place.

6. Rate of Interest.

(a) Each drawing shall bear interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund's Articles of Agreement; provided however that, if the Fund pays an interest rate higher than the SDR interest rate on outstanding balances from any other borrowing on comparable terms that has been effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement, and for as long as the payment of such higher interest rate remains in effect, the interest rate payable on drawings under this agreement shall be equivalent to the interest rate paid by the Fund on such other comparable borrowing.

(b) The amount of interest payable on each drawing shall be calculated on the basis of the outstanding amount of the drawing. Interest shall accrue daily and shall be paid promptly by the Fund after each July 31, October 31, January 31 and April 30.

7. Denomination, Media and Modalities of Drawings and Payments.

(a) The amount of each drawing and corresponding repayment under this agreement shall be denominated in SDRs.

(b) Unless otherwise agreed between the Fund and Norges Bank, the amount of each drawing shall be paid by Norges Bank, on the value date specified in the Fund's notice under paragraph 2, by transfer of the SDR equivalent amount of Norwegian kroner to the account of the Fund at Norges Bank, Oslo.

(c) Repayments by the Fund of principal under this agreement shall be made in Norwegian kroner; provided that the Fund, after consultation with Norges Bank, may make repayments of principal in SDRs or freely usable currencies as determined by the Fund.

(d) Payments by the Fund of interest under this agreement shall normally be made in SDRs; provided that the Fund, by agreement with Norges Bank, may make interest payments in Norwegian kroner or any freely usable currency.

(e) All payments made by the Fund in Norwegian kroner shall be made by crediting the amount due to an account specified by Norges Bank, Oslo. Payments in SDRs

shall be made by crediting Norway's account in the Special Drawing Rights Department. Payments in any other currency shall be made to an account specified by Norges Bank.

8. Termination of Drawings at Request of Norges Bank.

Norges Bank's commitment to meet drawings under this agreement shall be terminated at the request of Norges Bank if (i) it represents that Norway's balance of payments and reserve position does not justify further drawings, and (ii) the Fund, having given this representation the overwhelming benefit of any doubt, determines that no further drawing should be made in light of Norway's balance of payments and reserve position.

9. Early Repayment at Request of Norges Bank.

(a) At the request of Norges Bank, Norges Bank shall obtain early repayment at face value of all or a portion of the drawings outstanding under this agreement, in accordance with subparagraphs (b) and (c), if (i) Norges Bank represents that Norway's balance of payments and reserve position justifies such repayment, and (ii) the Fund, having given this representation the overwhelming benefit of any doubt, determines that there is a need for early repayment as requested by Norges Bank in light of Norway's balance of payments and reserve position.

(b) Upon the Fund's determination under subparagraph (a), the maturity date of all outstanding drawings for which Norges Bank has requested early repayment shall be changed to the date that is 12 months after the date of the Fund's determination.

(c) The Fund shall begin to repay the drawings for which Norges Bank has requested repayment as soon as practicable after the Fund's determination under subparagraph (a), and shall, in any event, make full repayment of all such drawings within the 12-month maturity period specified in subparagraph (b).

10. Transferability.

(a) Except as provided in subparagraphs (b) through (h) below, Norges Bank may not transfer its obligations under this agreement, or any of its claims on the Fund resulting from outstanding drawings under this agreement, except with the prior consent of the Fund and on such terms or conditions as the Fund may approve.

(b) Norges Bank shall have the right to transfer at any time all or part of any claim on the Fund to any member of the Fund, to the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Fund's Articles of Agreement ("other fiscal agency"), or to any official entity that has been prescribed as a holder of SDRs pursuant to Article XVII, Section 3 of the Fund's Articles of Agreement.

(c) The transferee of a claim transferred pursuant to subparagraph (b) shall, as a condition of the transfer, assume the liability of Norges Bank pursuant to paragraph 5(a) regarding the extension of the maturity of drawings related to the transferred claim. More generally, any claim transferred pursuant to subparagraph (b), shall be held by the transferee on the same terms and conditions as the claim was held by Norges Bank, except that (i) the transferee shall acquire the right to request early repayment under paragraph 9 only if it is a member, or the central bank or other fiscal agency of a member, and at the time of transfer the member's balance of payments and reserve position is considered sufficiently strong in the opinion of the Fund that its currency is used in transfers under the Financial Transactions Plan, (ii) if the transferee is a member or the central bank or other fiscal agency of a member, the reference to Norwegian kroner in paragraph 7 shall be deemed to refer to the transferee's currency, and in other cases it shall be deemed to refer to a freely usable currency determined by the Fund, (iii) payments related to the transferred claim shall be made to an account specified by the transferee, and (iv) references to business days (Oslo) shall be deemed to refer to business days in the place where the transferee is situated.

(d) The price of a claim transferred pursuant to subparagraph (b) shall be as agreed between Norges Bank and the transferee.

(e) Norges Bank shall notify the Fund promptly of the claim that is being transferred pursuant to subparagraph (b), the name of the transferee, the amount of the claim that is being transferred, the agreed price for transfer of the claim, and the value date of the transfer.

(f) A transfer notified to the Fund under subparagraph (e) shall be reflected in the Fund's records if it is in accordance with the terms and conditions of this paragraph 10. The transfer shall be effective as of the value date agreed between Norges Bank and the transferee.

(g) If all or part of a claim is transferred during a quarterly period as described in paragraph 6(b), the Fund shall pay interest to the transferee on the amount of the claim transferred for the whole of that period.

(h) If requested, the Fund shall assist in seeking to arrange transfers.

#### 11. Effective Exchange Rate.

Unless otherwise is agreed between Norges Bank and the Fund, all drawings, exchanges, and payments of principal and interest under this agreement shall be made at the exchange rates for the relevant currencies in terms of the SDR established pursuant to Article XIX, Section 7(a) and the rules and regulations of the Fund thereunder for the second business day of the Fund before the value date of the transfer, exchange or payment. If this exchange rate determination date is not a business day in Oslo, such date shall be the last preceding business day of the Fund that is also a business day in Oslo.

12. Changes in Method of Valuation of SDR.

If the Fund changes the method of valuing the SDR, all transfers, exchanges and payments of principal and interest made two or more business days of the Fund after the effective date of the change shall be made on the basis of the new method of valuation.

13. Non-Subordination of Claims.

The Fund agrees that it will not take any action that would have the effect of making Norges Bank's claims on the Fund resulting from outstanding drawings under this agreement subordinate in any way to claims on the Fund resulting from any other borrowing effected pursuant to Article VII, Section 1(i) of the Fund's Articles of Agreement.

14. Settlement of Questions.

Any question arising under this agreement shall be settled by mutual agreement between Norges Bank and the Fund.

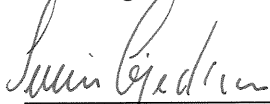
15. Concurrence under Article VII, Section 1(i).

This Agreement shall become effective only after Norway has provided the concurrence that is required under Article VII, Section 1(i) of the Fund's Articles of Agreement for Fund borrowing of Norwegian kroner from a party other than Norway.

This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute but one and the same instrument.

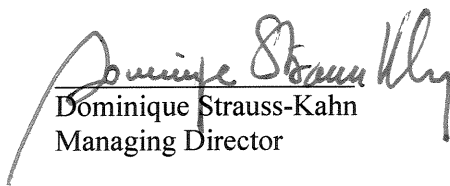
IN WITNESS WHEREOF, Norges Bank and the Fund have executed this Agreement effective as of the date last written below.

For Norges Bank:

  
 \_\_\_\_\_  
 Svein Gjedrem  
 Governor

18.06.09  
 Date

For the INTERNATIONAL MONETARY FUND:

  
 \_\_\_\_\_  
 Dominique Strauss-Kahn  
 Managing Director

26.06.09  
 Date