

**Note Purchase Agreement
Between the Government of the United Kingdom
and the International Monetary Fund as Trustee of
the Poverty Reduction and Growth Trust**

This 2023 Note Purchase Agreement (this "Agreement") is entered into between the Government of the United Kingdom ("Purchaser"), acting through His Majesty's Treasury, and the International Monetary Fund (the "Fund") as Trustee (the "Trustee") of the Poverty Reduction and Growth Trust (the "Trust").

1. For the purpose of providing resources to the Trust established pursuant to the Instrument to Establish the Poverty Reduction and Growth Trust (the "PRGT Instrument") adopted by the Executive Board of the Fund by Decision No. 8759-(87/176) ESAF, December 18, 1987, as amended, Purchaser agrees to purchase from the Trustee promissory notes, which shall be issued in accordance with the PRGT Instrument, the terms of this Agreement and the General Terms and Conditions attached as Annex I to this Agreement (the "Notes"). This Agreement is based on Section III, Paragraph 2 of the PRGT Instrument, which authorizes the Managing Director to enter into borrowing agreements for the Loan Accounts of the Trust.

2. (a) Notes in a total principal amount of up to the equivalent of SDR 1,500 million may be issued under this Agreement.

(b) The Trustee may issue and Purchaser shall purchase Notes from the date this Agreement becomes effective in accordance with paragraph 9(b) through December 31, 2029. Unless otherwise agreed between Purchaser and the Trustee, the Trustee shall give Purchaser at least five business days' (London) notice of the Trustee's intention to issue Notes for purchase under this Agreement, including the amount of the Notes to be purchased, and shall provide payment instructions at least two Fund business days prior to the value date of the transaction by SWIFT.

(c) If principal or interest under a Note is not paid fully within ten days after its due date, the Trustee shall not issue further Notes under this Agreement pending consultations with Purchaser on the matter. However, the Trustee may resume issuances of Notes under this Agreement once all arrears under the Note have been discharged.

3. The Trustee may make drawings under this agreement to finance (i) loan disbursements by the Trustee under the General Loan Account of the Trust and (ii) the early repayment pursuant to Section III, paragraph 4(b) of the PRGT Instrument of the Trustee's outstanding indebtedness under other borrowing agreements to any of the Loan Accounts of the Trust.

4. Notes shall be denominated in the special drawing right ("SDR"). The purchase price for each Note shall be 100 percent of the principal amount thereof.

5. (a) Unless otherwise agreed between the Trustee and Purchaser, the purchase price of each Note shall be paid by Purchaser on the value date specified in the Trustee's notice under paragraph 2(b) by transfer of SDRs to an account specified by the Trustee.

(b) Unless otherwise agreed between the Trustee and Purchaser, all purchases of Notes where the purchase price is paid in currency and exchanges of currency pursuant to this Agreement shall be made at the exchange rate for the relevant currency 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 purchase or exchange.

(c) If the Fund changes the method of valuing the SDR, all purchases, transfers and exchanges of currency made three 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.

6. At the request of Purchaser, the issuance of Notes under this Agreement may be suspended temporarily at any time prior to June 30, 2029, in accordance with Section III, paragraphs 4(c) and (d) of the Instrument.

7. Purchaser shall have the right to transfer all or part of the Notes held by it in accordance with Section VI of the PRGT Instrument and the applicable General Terms and Conditions for Poverty Reduction and Growth Trust Notes attached to this Agreement.

8. Any question arising under this Agreement shall be settled by mutual agreement between Purchaser and the Trustee.

9. (a) 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.

(b) This Agreement shall become effective on the last date written below.

IN WITNESS WHEREOF, Purchaser and the Trustee have executed this Agreement.

For THE GOVERNMENT OF THE UNITED KINGDOM, ACTING THROUGH HIS MAJESTY'S
TREASURY:



Jeremy Hunt MP
Chancellor of the Exchequer

11/04/23

Date

For the INTERNATIONAL MONETARY FUND as Trustee of the Poverty Reduction and Growth
Trust:

Kristalina Georgieva
Managing Director

Date

IN WITNESS WHEREOF, Purchaser and the Trustee have executed this Agreement.

For THE GOVERNMENT OF THE UNITED KINGDOM, ACTING THROUGH HIS MAJESTY'S
TREASURY:

Jeremy Hunt MP
Chancellor of the Exchequer

Date

For the INTERNATIONAL MONETARY FUND as Trustee of the Poverty Reduction and Growth
Trust:



Kristalina Georgieva
Managing Director

April 11, 2023

Date

**ANNEX I. General Terms and Conditions for
Notes Issued Under the 2023 Note Purchase Agreement
Between the International Monetary Fund as Trustee of the
Poverty Reduction and Growth Trust and the Government of the
United Kingdom**

These General Terms and Conditions are issued in accordance with the Instrument to Establish the Poverty Reduction and Growth Trust (the "Trust"), adopted by Executive Board Decision No. 8759-(87/176) ESAF, December 18, 1987, as amended, and the 2023 Note Purchase Agreement between the International Monetary Fund (the "Fund") as Trustee (the "Trustee") of the Trust and the Government of the United Kingdom ("Purchaser"), acting through His Majesty's Treasury, to which they are attached.

1. Definitions. The following definitions apply for purposes of these General Terms and Conditions:

(a) "Permitted Holder" means (i) Purchaser, (ii) a member of the Fund, (iii) the central bank or other fiscal agency designated by a member of the Fund for purposes of Article V, Section 1 of the Fund's Articles of Agreement ("fiscal agency of a member"), and (iv) an official entity that has been prescribed as a holder of special drawing rights (SDRs) pursuant to Article XVII, Section 3 of the Fund's Articles of Agreement ("prescribed SDR holder"). Permitted Holders shall be the only authorized holders of Notes.

(b) "Notes" mean the promissory notes that are subject to these General Terms and Conditions.

(c) "Relevant Member" means, in the case of a Permitted Holder that is the central bank, fiscal agency or other official institution of a member of the Fund, that member of the Fund.

2. Form, Delivery and Custody of Notes.

(a) Notes will only be issued in book entry form. The Trustee will establish and maintain in its records a book entry account in the name of each Permitted Holder recording pertinent details of all Notes issued, including the number, issue date, principal amount, and maturity date. As of the value date of each purchase or transfer of a Note, the Trustee will make an appropriate entry in its records regarding details of the Note purchased or transferred. The making of such an entry in the records of the Trustee shall constitute a taking of delivery of the Note by the purchaser or transferee.

(b) Upon the request of a Permitted Holder, the Trust will issue to the Permitted Holder a registered Note substantially in the form set out in Annex II, including without limitation the legend regarding restrictions on transfer of Notes. Each such registered Note will bear as its issue date the value date of the purchase of the Note and shall be issued in the name of the relevant Permitted Holder. Unless otherwise agreed between a Permitted Holder and the Trustee, the Trustee will keep registered Notes in custody for the Permitted Holder, and acceptance of custody by the Trustee shall constitute delivery of Notes to the Permitted Holder.

3. Maturity.

(a) Except as otherwise provided in this paragraph 3 and in subparagraph 6(b) below, each Note shall be repaid in accordance with the repayment schedule for the loan disbursement under the facility of the Trust for which it was issued. For purposes of the preceding sentence, Notes issued in connection with the early repayment of other Trust borrowing pursuant to Section III, paragraph 4(b) of the PRGT Instrument, shall have the repayment schedule associated with such other borrowing.

At the time of issuance of a Note, the Trustee shall provide information on the specific repayment schedule for the Note issued.

(b) The Trustee shall pay the principal amount of each Note on the maturity date that is applicable to that Note in accordance with subparagraph (a). If a maturity date for a Note is not a business day of the Fund, then the payment date for such principal amount will be the next business day.

(c) With the agreement of the Permitted Holder, the Trustee may make an early repayment in part or in full of the principal amount of any Note prior to its maturity date.

(d) The Trustee will cancel a Note upon repayment of the principal amount of the Note and all accrued interest. If the Trustee makes early repayment of less than the principal amount of a Note, the Trustee will cancel the Note and issue a new Note for the remainder of the amount, with the same maturity date as the cancelled Note. If the maturity date of a Note is extended with respect to less than the principal amount of the Note, the Trustee will cancel the Note and issue a new Note for the remainder of the amount, with the extended maturity date.

(e) Any Note to be cancelled by the Trustee that is not already in the custody of the Trustee shall be surrendered by the Permitted Holder to the Trustee for cancellation.

4. Rate of Interest.

(a) Interest on each Note shall be computed at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund's Articles of Agreement, or 0.05 percent, whichever is lower.

(b) The amount of interest payable on each Note shall be calculated on an actual day basis and shall be paid on a quarterly basis promptly after each July 31, October 31, January 31, and April 30 of each year.

5. Transferability of Notes.

(a) A Permitted Holder has the right to transfer at any time all or part of any Note to any member of the Fund, to the central bank or other fiscal agency of a member, or to a prescribed SDR holder.

(b) The transferee shall, as a condition of the transfer, notify the Trustee prior to the transfer that it accepts all the obligations of the transferor with respect to extensions of the maturity of the Note pursuant to paragraph 3(a), and shall acquire all the rights of the transferor with respect to the transferred Note.

(c) The price of a Note transferred pursuant to this paragraph 5 will be as agreed between the transferor and the transferee.

(d) The transferor of a Note shall inform the Trustee promptly of the Note that is being transferred, the name of the transferee, the agreed price for transfer of the Note, and the value date of the transfer. The transfer shall be recorded by the Trustee and the transferee shall become the holder of the Note only if such transfer is in accordance with this paragraph 5. Subject to the foregoing, upon recording, the transfer shall be effective as of the value date agreed between the transferee and the transferor.

(e) For all transfers under this paragraph 5, the Trustee will cancel the Note that has been transferred in whole or in part and, if the Note is a registered Note, the transferor shall, as a condition for the transfer, surrender for cancellation any such registered Note that is not already in the custody of the Trustee. Upon cancellation of the relevant Note, the Trustee will issue a new Note in the name of the transferee for the principal amount transferred and, where appropriate, a new Note in the name of the transferor for any part of the principal amount retained by it. The issue date of each new Note will be the issue date of the cancelled Note, and the new Notes will have the same maturity date (including any maturity date resulting from extensions of a previous maturity date) that is applicable to the cancelled Note pursuant to paragraph 3. The form and delivery of each new Note will be as specified in paragraph 2 of these General Terms and Conditions.

(f) If all or part of a Note is transferred during a quarterly period as described in paragraph 4(b), the Trustee will pay interest to the transferee on the principal amount of the Note for the whole of that period.

6. Early Payment by the Trust at Request of Certain Permitted Holders.

(a) The rights provided in subparagraph (b) shall apply only to a Permitted Holder that is: (A) the

Purchaser or (B) a member of the Fund or the central bank or other fiscal agency of a member of the Fund that has acquired the Notes by transfer if, at the time of such transfer, the balance of payments and reserve position of the member or Relevant Member, as the case may be, was considered sufficiently strong in the opinion of the Fund for its currency to be usable in transfers under the Financial Transactions Plan.

(b) If a Permitted Holder described in subparagraph (a) represents that its balance of payments and reserve position (the balance of payments and reserve position of the Relevant Member if the Permitted Holder is the central bank or other fiscal agency of a member or other official institution of a member) justifies early payment of all or part of the principal amount of the Permitted Holder's Notes covered by subparagraph (a), and if the Trustee, having given this representation the overwhelming benefit of any doubt, agrees, then the Trust shall pursuant to Section III, paragraph 4(b) of the PRGT Instrument pay the principal amount of the Permitted Holder's Notes covered by subparagraph (a) that is then outstanding, up to the amount for which early payment has been requested, and subject to the availability or resources under borrowing agreements to the Loan Accounts of the PRGT that authorize drawings for such early repayments.

7. Media and Modalities of Payments on the Notes.

(a) Payments by the Trustee of the principal amount of Notes and of interest on the Notes shall be made in SDRs or such currency as may be agreed upon between the Permitted Holder and the Trustee; provided however that payments by the Trustee of principal pursuant to paragraph 6(b) shall be made in SDRs or a freely usable currency as determined by the Trustee after consultation with the Permitted Holder.

(b) All payments made by the Trustee to a Permitted Holder in currency will be made by crediting the amount due to an account specified in advance by the Permitted Holder for purposes of receiving such payments. Payments in SDRs will be made by crediting the SDR Department account of the Permitted Holder or of the Relevant Member as the case may be.

8. Effective Exchange Rate for Payments.

Unless otherwise agreed between a Permitted Holder and the Trustee, all payments in currency of principal and interest under these General Terms and Conditions will be made at the exchange rates for the relevant currencies in terms of the SDR established pursuant to Article XIX, Section 7(a) of the Fund's Articles of Agreement and the rules and regulations of the Fund thereunder for the second business day of the Fund before the value date of the payment.

9. 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 three or more business days of the Fund after the effective date of the change will be made on the basis of the new method of valuation.

10. Settlement of Questions.

Any question arising under any Note shall be settled by mutual agreement between the relevant Permitted Holder and the Trustee.