

July 20, 1990

The President
National Bank of Hungary
H-1850 Budapest
Szabadsag ter 8-9
Republic of Hungary

Re: Loan No. 3228 HU
(Structural Adjustment Loan)
Amendment to the Loan Agreement

Dear Sir:

1. Reference is made to the loan agreement for the above-captioned loan (Loan Agreement) between the National Bank of Hungary (the Borrower) and International Bank for Reconstruction and Development (the Bank), dated June 21, 1990, and to the Borrower's request to amend the Loan Agreement to facilitate the contracting by the Borrower of a loan from the Export-Import Bank of Japan for the financing of imports required during the execution of a program to achieve structural adjustment of Hungary's economy supported by the Bank pursuant to the Loan Agreement.

2. We hereby agree to amend the Loan Agreement as follows:

(1) The following paragraph (c) is added to Section 1.02 of the Loan Agreement:

"(c) 'EXIMBANK Loan' means the loan proposed to be made by the Export-Import Bank of Japan to the Borrower to assist in the co-financing of the Program."

(2) Article IV of the Loan Agreement is amended to read as set forth in the attachment to this letter.

3. This amendment shall become effective upon the execution of the agreement providing for the loan, referred to in paragraph 1 of this letter, between the Borrower and the Export-Import Bank of Japan.

Please confirm your agreement to the foregoing by signing, dating and returning to us the enclosed copy of this letter.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

/s/ Eugenio F. Lari
Director
Country Department IV
Europe, Middle East and North Africa
Regional Office

CONFIRMED: by NATIONAL BANK OF HUNGARY on 7/25/90

Attachment

ARTICLE IV
Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

- (b) (i) Subject to subparagraph (ii) of this paragraph:
 - (A) the right of the Borrower to withdraw the proceeds of the EXIMBANK Loan shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
 - (B) the EXIMBANK Loan shall have become due and payable prior to the agreed maturity thereof.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (b) (i) (B) of Section 4.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

