

**CONFORMED COPY**

**LOAN NUMBER 8107-MX**

# **Loan Agreement**

**(Savings and Credit Sector Consolidation  
and Financial Inclusion Project)**

**between**

**UNITED MEXICAN STATES**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated December 13, 2011**

## LOAN AGREEMENT

Agreement dated December 13, 2011, between UNITED MEXICAN STATES (“Borrower”) as represented by its Ministry of Finance and Public Credit and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement (“Project”), has requested the Bank to assist in financing the Project.

WHEREAS the Borrower has informed the Bank that the proceeds of the Loan (as set forth in the table of Section IV of Schedule 2 to this Agreement and for purposes of supporting the Project) shall be used in conformity with the requirements of the Borrower’s income, budgetary and public debt laws and the terms of this Agreement, the Borrower and the Bank hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million Dollars (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the Project.
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. Unless the Borrower’s representative designated in Section 6.01 of this Agreement otherwise informs the Bank, the Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the *Director General* of BANSEFI, or the *Director General Adjunto de Banca Institucional* of BANSEFI or any person or persons whom such representative shall designate in writing.

- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause BANSEFI to carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consists of the following:
  - (a) that BANSEFI shall have failed to perform any of its obligations under the *Mandato* Agreement.
  - (b) that the BANSEFI Organic Law shall have been amended, abrogated, or failed to enforce in a manner so as to affect materially and adversely, in the opinion of the Bank, the carrying out of the Project.
- 4.02. The Additional Events of Acceleration consists of the following, namely, that any of the events specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the *Mandato* Agreement has been duly executed by the parties thereto;
  - (b) the BANSEFI Guidelines have been updated in a manner acceptable to the Bank; and
  - (c) the Borrower, through a legal opinion satisfactory to the Bank, issued by Borrower counsel acceptable to the Bank, and BANSEFI, in a separate legal opinion satisfactory to the Bank, issued by BANSEFI counsel acceptable to the Bank, indicate that the *Mandato* Agreement has been duly authorized or ratified by, and executed and delivered on behalf of,

the Borrower and BANSEFI and is legally binding upon the Borrower and BANSEFI in accordance with the *Mandato* Agreement's terms.

- 5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on May 31, 2013.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is the *Titular de la Unidad de Crédito Público* of SHCP.

- 6.02. The Borrower's Address is:

Secretaría de Hacienda y Crédito Público  
Unidad de Asuntos Internacionales de Hacienda

Insurgentes Sur 1971, Torre 3, Piso 3  
Colonia Guadalupe Inn C.P. 01020  
México, D.F.

Facsímile: 011-52-55-3688-1216

- 6.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Mexico City, United Mexican States, as of the day and year first above written.

UNITED MEXICAN STATES

By /s/ Alejandro Díaz de León

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Gloria M. Grandolini

Authorized Representative

## SCHEDULE 1

### Project Description

The objectives of the Project are to support the: (a) consolidation of the savings and credit institutions (SCIs); and (b) deepening of financial inclusion in Selected Areas and Selected Locations.

The Project consists of the following parts:

#### **Part A. Consolidation and Strengthening of SCIs**

1. Provision of:
  - (i) support to carry out assessments of selected SCE's financial and managerial conditions to determine, *inter alia*, whether: (i) an SCE qualifies for authorization by the CNBV to operate as a Certified SCE; (ii) an SCE requires technical assistance and training for its strengthening or restructuring in order to qualify for such authorization; or (iii) an SCE should be merged or liquidated; and
  - (ii) technical assistance and training to selected Certified SCEs and SCEs to support their overall institutional strengthening and/or services improvement.
2. Provision of goods, technical assistance and training to strengthen the Confederation, Federations, Self-regulatory Bodies, Auxiliary Supervision Committees and Deposit Protection Funds to, *inter alia*:
  - (i) allow Federations to effectively provide technical assistance and training to their member entities and supervise them;
  - (ii) allow the Confederation, Federations, Self-regulatory Bodies, Auxiliary Supervision Committees and Deposit Protection Funds to improve strategic planning, internal controls, governance aspects, supervision arrangements and procedures; and
  - (iii) allow Federations to provide legal advice, including on regulatory and tax-related matters, to their member entities, as needed.
3. Carrying out of sector-related studies and evaluation studies to establish a consolidated database on SCEs, including, *inter alia*, information related to SCEs' financial performance and status of compliance with legal requirements under the LACP and the LRASCAP.

4. Carrying out of dissemination activities related to certification and reporting requirements required under the LACP and the LRASCAP.

**Part B. Broadening Access to Financial Services and Products**

1.
  - (i) provision of technical assistance and training to selected Certified SCEs and selected SCEs in Transition to increase their membership base in Selected Areas and to support the design and implementation of an improvement program to allow them to increase their membership base in said areas;
  - (ii) provision of technical assistance and training to BANSEFI to support the qualitative control, and the verification of the increase of the membership base of selected SCEs;
  - (iii) carrying out of studies and assessments to, *inter alia*, evaluate the nature, perception and participation of the new membership in Selected Areas; and
  - (iv) carrying out of dissemination activities under Part B.1 of the Project.
2.
  - (i) expansion of BANSEFI's clients base in Selected Locations through the provision of support from Banking Agents and processing of financial transactions through the Selected Banking Agents in said Selected Locations;
  - (ii) carrying out of a study on the implementation of Part B.2(i) of the Project and development of a strategy for scaling-up the activities under Part B.2(i) of the Project based on said study; and
  - (iii) provision of support for the dissemination to clients of new financial services to be provided by Selected Banking Agents.
3. Expansion of the range of financial services to be provided to SCEs and individual clients through:
  - (i) the provision of technical assistance and training to BANSEFI to improve the operation of its lines of credit to SCEs, including, *inter alia*, the carrying out of a study related to financial sector needs and BANSEFI's strategic focus;
  - (ii) the strengthening of the *L@ Red de la Gente* Network to offer an expanded range of financial services to the members of BANSEFI and/or SCEs (including, *inter alia*, the carrying out of studies related to governance and customer relationship management), the provision of



technical assistance and training to SCEs to allow them to join the *L@ Red de la Gente* Network, and the carrying out of a market study to analyze the Borrower's financial sector need for innovative financial products;

- (iii) the carrying out of a pilot program for mobile phone banking operation targeted to BANSEFI clients, and the development of a strategy to potentially scale-up said pilot to non-BANSEFI members; and
- (iv) the provision of support for the dissemination of the expanded range of services to be provided by the *L@ Red de la Gente* Network and the mobile phone banking pilot referred to in Part B.3(ii)(iii) of the Project.

4. Provision of financial education through:

- (i) technical assistance and training, including workshops and seminars, directed to build capacity on dissemination of financial information in civil society and sector organizations;
- (ii) (a) educating the general public on financial services, including the dissemination of information on financial services provided by BANSEFI, the Selected Banking Agents, and by other sector organizations; and (b) the maintenance of BANSEFI's website ([www.finanzasparatodos.org.mx](http://www.finanzasparatodos.org.mx)) to provide guidance on financial topics;
- (iii) the development of materials focused on financial education to be distributed at training events, workshops and seminars, including, *inter alia*, materials targeting children, women and indigenous peoples; and
- (iv) the carrying out of studies to evaluate the impact of the financial education activities referred to in this Part B.4 of the Project.

**Part C. Strengthening BANSEFI's Capacity**

- 1. (i) provision of services to expand the technological capacity of BANSEFI, including its information technology platform's mainframe, to enhance its processing and storage capacity and efficiency; and
  - (ii) provision of technical assistance and training to SCEs or any other financial institution that will be adopting BANSEFI's information technology platform.
2. Provision of training for BANSEFI's staff on topics related to this Project.

- (i) Provision of support for the dissemination of the functional capabilities of BANSEFI's information technology platform and operational and financial benefits.
- (ii) Carrying out of a campaign to strengthen the BANSEFI brand as a development bank.

**Part D. Project Management**

Provision of technical assistance, training and material support to BANSEFI's staff, consultants and providers of non-consulting services in order to assist them in the implementation of the Project.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Borrower shall cause BANSEFI to maintain at all times during the implementation of the Project, a team which shall be responsible for: (i) the implementation of the Project; and (ii) the overall procurement, financial management, audit, monitoring and evaluation, reporting, and safeguards aspects of the Project.
2. The team referred to in paragraph A.1 above shall be headed by the *Director General* of BANSEFI or any other representative designated in writing by BANSEFI, and consist of: (i) staff in adequate numbers, qualifications and experience; and (ii) consultants and providers of non-consulting services appointed in accordance with the provisions of Section III of Schedule 2 to this Agreement on the basis of terms of reference, qualifications and experience satisfactory to the Bank.
3. The functions and resources of the team referred to in paragraph A.1 above shall be sufficient and satisfactory to the Bank at all times during Project implementation.

##### B. *Mandato* Agreement

1. The Borrower shall enter into a contract (the *Mandato* Agreement) with BANSEFI, satisfactory to the Bank, whereby:
  - (a) BANSEFI agrees to act as financial agent of the Borrower with regard to the Loan, meaning that, *inter alia*, BANSEFI agrees to represent the Borrower *vis-à-vis* the Bank for purposes of submitting Loan withdrawal applications to the Bank in form and substance sufficient to justify disbursement by the Bank to the Borrower of Loan proceeds;
  - (b) the Borrower and BANSEFI agree to abide by, and carry out the Project in accordance with, the provisions of this Agreement, including the Anti-Corruption Guidelines, and the Operational Manual;
  - (c) the Borrower shall have the right to, in case of fraud or corruption (as defined in the Anti-Corruption Guidelines) provide for the early termination of the *Mandato* Agreement, or temporarily suspend its

effects, or, if applicable, require the restitution of funds transferred to BANSEFI under said *Mandato* Agreement; and

(d) the Borrower agrees to cooperate fully with BANSEFI (in its capacity as financial agent) to ensure that BANSEFI is able to comply with all of BANSEFI's obligations referred to in this Section.

2. The Borrower shall exercise its rights and carry out its obligations under the *Mandato* Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank may otherwise agree, the Borrower shall not amend, terminate, waive or fail to enforce any provision of the *Mandato* Agreement. In case of any conflict between the terms of the *Mandato* Agreement and those of this Agreement, the terms of this Agreement shall prevail.

### **C. Other Implementation Arrangements**

1. With respect to Parts A.1, A.2, B.3(ii) and C.1(ii) of the Project, and upon approval by BANSEFI (the Acceptance Letter) of any given SCI Proposal, the Borrower shall cause BANSEFI to:

(a) either:

(A) select individual consultants and/or consulting firms in accordance with the provisions of Section III of Schedule 2 to this Agreement; or

(B) ensure that said SCI: (i) (A) selects individual consultants or consulting firms in accordance with the BANSEFI Guidelines and the pertinent provisions of Section III of this Schedule; and (B) thereafter, enters into an agreement with said individual consultant or consulting firm under terms and conditions acceptable to the Bank (using the model contract set forth in the BANSEFI Guidelines); and (ii) complies with the provisions of the Anti-Corruption Guidelines and the Operational Manual; as the case may be; and

(b) exercise its rights and carry out its obligations in accordance with the provisions of this Agreement, the pertinent Acceptance Letter and the BANSEFI Guidelines, in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

2. With respect to Part B.1(i) and (iv) of the Project, the Borrower shall cause BANSEFI to:

- (a) select providers of non-consulting services or consulting firms, in accordance with the provisions of Section III of Schedule 2 to this Agreement, to provide the technical assistance referred to in said Part B.1(i) of the Project;
  - (b) enter into an agreement in writing with each said provider of non-consulting services or consulting firm (using a model contract satisfactory to the Bank) so that they enter into a written agreement with a selected SCE (selected in accordance with the eligibility criteria satisfactory to the Bank) to provide each Selected SCE with the technical assistance referred to in Part B.1(i) and B.1(iv) of the Project in exchange for said selected SCE commitment to implement the relevant improvement program;
  - (c) pay said consulting firm for the services they render under their contracts with BANSEFI referred to in -paragraph (2) (b) above, all pursuant to a payment-for-results regime agreed between BANSEFI and the Bank and reflected in the contracts referred to above;
  - (d) systematically monitor the agreements between said consulting firms and the SCEs in order to verify compliance with the performance standards and targets agreed between the provider of non-consulting services or consulting firm and the SCE as set forth in the agreement referred to in subparagraph (2) (b) above; and
  - (e) exercise its rights and carry out its obligations under each contract, referred to in paragraph (2) (b) above, with the providers of non-consulting services or consulting firms also referred to therein, in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. In case of any conflict between the terms of any of the contracts referred to in paragraph (2) (b) above and those of this Agreement, the terms of this Agreement shall prevail.
3. With respect to Part B.2(i) of the Project, the Borrower shall cause BANSEFI to:
- (a) enter into a separate agreement in writing with each Selected Banking Agent (the Selected Banking Agent Agreement) whereby the pertinent Selected Banking Agent shall agree to act, through its different stores and/or outlets, as a banking agent for BANSEFI to, *inter alia*, process the financial transactions of BANSEFI's clients referred to in Part B.2(i) of the Project;

- (b) pay each Selected Banking Agent using BANSEFI's own funds and not Loan proceeds, a fee for the services its stores and/or outlets render under the Selected Banking Agent Agreement; and
- (c) exercise its rights and carry out its obligations under the Selected Banking Agent Agreement in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. In case of any conflict between the terms of the Selected Banking Agent Agreement and those of this Agreement, the terms of this Agreement shall prevail.

**D. Operational Manual**

1. The Borrower shall cause BANSEFI to: (i) implement the Project in accordance with an operational manual satisfactory to the Bank, and (ii) cause all entities involved in the implementation of the Project to do so in accordance with relevant sections of said manual, which shall include, *inter alia*:
  - (a) the detailed description of all Project implementation activities, their sequencing and the prospective timetable and benchmark in relation thereto;
  - (b) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;
  - (c) the selection criteria for SCIs to participate in Parts A.1, A.2, B.3(ii) and C.1(ii) of the Project;
  - (d) the selection criteria for SCEs to participate in Part B.1(i) of the Project, including, in the case of an SCE in Transition, the communication by said SCE to BANSEFI, through its improvement program, of its intention to obtain authorization by the CNBV;
  - (e) the processing arrangements and the responsible departments within BANSEFI in charge of providing the technical assistance referred to in Parts A.1, A.2 and Part B.1 of the Project, including the model contracts to be used;
  - (f) the processing arrangements and the responsible departments within BANSEFI for the selection of the Selected Banking Agents to be used in the implementation of Part B.2(i) of the Project;
  - (g) the IPPF for the Project;
  - (h) the Anti-Corruption Guidelines;
  - (i) the BANSEFI Guidelines;

- (j) the plan for the monitoring, evaluation and supervision of the Project;  
and
  - (k) the performance indicators for the Project.
2. Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the Operational Manual or any provision thereof.
  3. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

**E. Anti-Corruption**

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**F. Safeguards**

The Borrower shall cause BANSEFI to carry out the Project in accordance with the provisions of the IPPF.

**Section II. Project Monitoring Reporting and Evaluation**

**A. Project Reports**

The Borrower shall cause BANSEFI to monitor and evaluate the progress of the Project and to prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause BANSEFI to maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause BANSEFI to prepare and furnish to the Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause BANSEFI to have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods and non-consulting services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
4. **Special Provisions.** The Borrower, through BANSEFI, shall: (a) supply the SEPA with the information contained in the initial Procurement Plan within forty-five (45) days after the date of this Agreement; and (b) update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

#### **B. Particular Methods of Procurement of Goods and non-consulting services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used.



<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(a) Direct Contracting

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on Consultants’ Qualifications
(e) Single-source Selection
(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the

amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b><u>Category</u></b>	<b><u>Amount of the Loan Allocated (expressed in USD)</u></b>	<b><u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u></b>
(1) Goods, Operating Costs, Training, Consultants' Services and non-consulting services (except for non-consulting services and Consultants' Services under Parts B.1 (i) and B.1(iv) of the Project)	65,350,623	53%
(2) Consultants' services and non-consulting services under Parts B.1(i) and B.1(iv) of the Project	34,400,000	40%
(3) Front-end Fee	249,377	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium		Amount due pursuant to Section 2.07(c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>100,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$20,000,000 equivalent may be made for payments made for Eligible Expenditures prior to this date but on or after January 1, 2011 (but in no case more than one year prior to the date of this Agreement).
2. The Closing Date is July 31, 2015.

### **SCHEDULE 3**

#### **Amortization Schedule**

The Borrower shall repay the principal amount of the Loan in full on March 15, 2023.

## APPENDIX

### Section I. Definitions

1. “Acceptance Letter” means BANSEFI’s written notification to any given SCI communicating BANSEFI’s approval of the pertinent SCI Proposal in accordance with the BANSEFI Guidelines.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Auxiliary Supervision Committee” means any of the committees charged by LACP and the LRASCAP with the responsibility of exercising regulatory supervision of SCEs, which responsibility is auxiliary to that exercised by the CNBV.
4. “BANSEFI” means *Banco del Ahorro Nacional y Servicios Financieros, Sociedad Nacional de Crédito Institución de Banca de Desarrollo*, a Mexican development bank created pursuant to the BANSEFI Organic Law (or any successor thereto acceptable to the Bank) acting as the Borrower’s financial agent for purposes of the Loan and as the entity responsible for implementation of the Project.
5. “BANSEFI Guidelines” means BANSEFI’s “*Lineamientos de Operación*”, acceptable to the Bank, which set forth the guidelines for the implementation of Parts A.1, A.2, B.3(ii) and C.1(ii) of the Project, as well as the guidelines for providing training to BANSEFI’s staff under Part C.2 of the Project, as the same may be amended from time to time with the agreement of the Bank.
6. “BANSEFI Organic Law” means *Ley Orgánica del Banco del Ahorro Nacional y Servicios Financieros*, the Borrower’s law that created BANSEFI, as said law was published on June 1, 2001 in the Borrower’s Official Gazette (*Diario Oficial de la Federación*); and said term includes the regulations to said law, as said law and regulations have been amended to the date of this Agreement.
7. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
8. “Certified SCE” means any SCE which, having met relevant regulatory requirements, has been authorized by the CNBV to operate as a certified entity pursuant to the LACP and the LRASCAP.

9. “CNBV” means *Comisión Nacional Bancaria y de Valores*, the Borrower’s National Banking and Securities Commission.
10. “Confederation” means *Confederación*, an entity with separate legal personality, consisting of a voluntary association of Federations.
11. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
12. “Deposit Protection Fund” means *Fondos de Protección*, any of the trusts established on December 11, 2009 pursuant to Chapter VI of the LACP and Title IV of the LRASCAP.
13. “DICONSA” means “DICONSA, S.A. de C.V.” a company in which the Borrower controls the majority of its shares, originally incorporated on April 28, 1986 with the modifications approved by the DICONSA’s shareholders through the date of this Agreement (or any successor thereto acceptable to the Bank).
14. “Federation” means *Federación*, an entity, with separate legal personality, consisting of a voluntary association of SCEs or SCEs in Transition.
15. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
16. “IPPF” means the Borrower’s indigenous peoples planning framework dated July 22, 2011 and published in BANSEFI’s website on July 25, 2011, referred to in Section I.F. of Schedule 2 to this Agreement, which sets forth, *inter alia*: (i) measures to be taken during the implementation of the Project to eliminate or offset adverse social impacts, or to reduce them to acceptable levels, (ii) guidelines and procedures for the preparation and implementation of indigenous peoples plans to ensure their participation in the Project; and (iii) the actions needed to implement the measures and procedures referred in (i) and (ii) above, including monitoring and institution strengthening activities, and as it may be further amended from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such framework.
17. “LACP” means *Ley de Ahorro y Crédito Popular*, the Borrower’s popular savings and credit law, published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on June 4, 2001 as amended through August 21, 2009, as said law may be amended from time to time.
18. “L@ Red de la Gente Network” means the network alliance between BANSEFI and SCEs and SCEs in Transition offering, *inter alia*, the following services: national and international remittances, third party payments and micro-insurance,

all pursuant the provisions of a trust agreement (*Contrato de Fideicomiso* No. 10055) dated October 20, 2003.

19. “LRASCAP” means *Ley para Regular las Actividades de las Sociedades Cooperativas de Ahorro y Préstamo*, the Borrower’s law that regulates the activities of savings and loan cooperatives, published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on August 13, 2009, as said law may be amended from time to time.
20. “Mandato Agreement” means the contract referred to in Section I.B.1 of Schedule 2 to this Agreement which terms and conditions, include, *inter alia*, the obligation of BANSEFI to implement the Project.
21. “Operating Costs” means the reasonable incremental operating expenses incurred by BANSEFI, on account of Project implementation, supervision, monitoring and evaluation, including costs of office operation and maintenance, travel and supervision costs, *per diem*, but excluding salaries of BANSEFI officials and public servants of the Borrower’s civil service.
22. “Operational Manual” means the Borrower’s manual referred to in Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any annexes and schedules to such manual.
23. “PEMEX” means *Petróleos Mexicanos*, a Borrower’s decentralized entity (with separate legal personality), established by a Borrower’s decree, dated June 7, 1938, and regulated by, *inter alia*, the Borrower’s *Petróleos Mexicanos* Law (*Ley de Petróleos Mexicanos*) published in the Borrower’s Official Gazette (*Diario Oficial de la Federación*) on November 28, 2008.
24. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
25. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated October 26, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. “SCE” means any of the following savings and credit entities: *a Sociedad Financiera Popular, a Sociedad Financiera Comunitaria, a Organismo de Integración Financiera Rural* or *a Sociedad Cooperativa de Ahorro y Préstamo*, referred to in Article 3 of the LACP and Article 2 of the LRASCAP and which is subject to the provisions of the LACP and LRASCAP.

27. “SCE in Transition” means a SCE which has started the process to obtain authorization by CNBV to operate as a certified entity pursuant to the LACP and the LRASCAP.
28. “SCI” means any of the following savings and credit institutions: an SCE (including an SCE in Transition), a Confederation, a Federation, a Self-regulatory Body, an Auxiliary Supervision Committee or a Deposit Protection Fund, which is subject to the provisions of the LACP and LRASCAP.
29. “SCI Proposal” means any proposal presented by an SCI to BANSEFI, for approval thereof in accordance with the provisions of the BANSEFI Guidelines, to benefit from the provision of technical assistance and/or training under Parts A.1, A.2, B.3(ii) and C.1(ii) of the Project, which proposal shall include, *inter alia*, a written representation by said SCI to comply with provisions of the BANSEFI Guidelines.
30. “Selected Area” means any marginal area with population of less than 100,000 inhabitants within the Borrower’s territory.
31. “Selected Banking Agents” means a financial agent (*e.g.* DICONSA, and PEMEX’ gas station outlets) agreed upon with the Bank, to be hired by BANSEFI to process BANSEFI client’s financial transactions (including, *inter alia*, the payment of certain Borrower’s transfer programs and other services such as remittances and third party electronic payments) as referred to in Part B.2 of the Project.
32. “Selected Banking Agent Agreement” means the agreement referred to in Section C.3(a) of Schedule 2 to this Agreement.
33. “Selected Location” means locations to be determined based on the eligibility criteria defined in the Operational Manual.
34. “Self-regulatory Body” means an *Organismo Autoregulatorio* referred to in Article 113 of the LACP which is responsible for the implementation of conduct and operation standards among its members.
35. “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
36. “SHCP” means *Secretaría de Hacienda y Crédito Público*, the Borrower’s Finance and Public Credit Secretariat.
37. “Training” means the reasonable expenditures incurred by BANSEFI with respect to: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training; (ii) fees charged by consultants

serving as trainers; (iii) reasonable course fees charged by academic institutions; (iv) training facility and equipment rental expenses; and (v) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph.