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LOAN NUMBER 7461-CHA

# Loan Agreement

(Micro and Small Enterprise Finance Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated March 3, 2008

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## **LOAN AGREEMENT**

Agreement dated March 3, 2008, between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). 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 the Loan 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 described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 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. The Borrower shall pay the Front-End Fee not later than sixty (60) days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed 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 Notwithstanding the foregoing, if any amount of the withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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; and (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa.
- (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.

### **ARTICLE III – PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project Implementing Entity 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 – EFFECTIVENESS**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Project Implementing Entity has adopted the Operational Manual in accordance with Section I, B.1(a) of the Schedule to the Project Agreement and in a manner and substance satisfactory to the Bank.
- 4.02. The Additional Legal Matter consists of the following, namely, that the Project Agreement has been duly authorized or ratified by the Project Implementing Entity, and is legally binding upon the Project Implementing Entity in accordance with its terms.
- 4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE V – REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is the Minister of Finance.

5.02. The Borrower's Address is:

Ministry of Finance  
Sanlihe  
Beijing 100820  
People's Republic of China

Facsimile:  
(86-10) 68 55 11 25

5.03. 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 Beijing, People's Republic of China, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Zheng Xiaosong  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Borrower in the provision of loans to micro and small enterprises (“MSE”) on a mass-market and commercially sustainable basis and in strengthening the institutional and human resource capacity of China Development Bank (also known as “Project Implementing Entity”) and the Participating Financial Institutions (“PFIs”).

The Project consists of the following parts, subject to modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

#### **Part 1: Credit Facility**

Establishment of a MSE lending program, consisting of the provision of subsidiary loans, through the Project Implementing Entity, to PFIs for onlending to MSEs to carry out sub-projects in selected sectors.

#### **Part 2: Technical Assistance Facility**

Carrying out a comprehensive program to strengthen the institutional and human resource capacity of the Project Implementing Entity and PFIs in the provision of financial services to MSEs, including provision of staff training and consultants’ services therefor.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Financing Arrangement**

##### **A. Financing Arrangements**

1. The Borrower shall make available the proceeds of the Loan to the Project Implementing Entity under terms and conditions satisfactory to the Bank, including the following principal terms:

- (a) The principal amount shall be made available in Dollars (determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.
- (b) The following shall be recovered over a period of seventeen (17) years, inclusive of a grace period of four (4) years: (A) the principal amount so made available; and (B) an amount equal to the fee paid pursuant to Section 2.03 of this Agreement.
- (c) Interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.04 of this Agreement.

#### **Section II. Project Monitoring, Reporting, Evaluation**

##### **A. Project Reports**

1. The Borrower shall monitor and evaluate, and cause the Project Implementing Entity to monitor and evaluate, the progress of the Project and cause the Project Implementing Entity to prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Annex to the Schedule of the Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report.

2. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date.

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

1. The Borrower shall maintain, or cause to be maintained, 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 prepare and furnish to the Bank, as part of the Project Report, not later than one (1) month after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall 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 (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods.** All goods 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 Schedule.
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 Schedule.
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.

**B. Particular Methods of Procurement of Goods, Works and Services (Other Than Consultants' Services)**

1. **Procurement in Loans to Financial Intermediaries.** Goods, works and services (other than consultants' services) under Subprojects shall be procured under contracts awarded pursuant to paragraph 3.12 of the Procurement Guidelines following established private sector and commercial practices.



**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><u>Procurement Method</u></b>	
(a)	Quality-based Selection
(b)	Selection Based on Consultants' Qualifications
(c)	Single-source Selection
(d)	Established Private or Commercial Practices which have been found acceptable to the Bank
(e)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f)	Sole Source Procedures for the Selection of Individual Consultants

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

1. Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (b) each contract for consultants' services, regardless of cost, procured using Single-source Selection; and (c) each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more. 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 this Section and such additional instructions as the Bank shall specify by notice to the Borrower 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, inclusive of taxes.

<b>Category</b>	<b>Amount of the Loan Allocated (in Dollars)</b>	<b>Percentage of Expenditures To be financed</b>
(1) Subloans	95,000,000	80% of amounts disbursed
(2) Consultant Services, training and workshops	5,000,000	100%
<b>TOTAL</b>	<b><u>100,000,000</u></b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) from the Loan Account until the Bank has received payment in full of the Front-End Fee;
- (b) 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 prior to this date but on or after July 1, 2006, for Eligible Expenditures; and
- (c) under Category (2) until the Bank shall have received evidence satisfactory to the Bank that the total amount of the grant Co-financing has been used to finance expenditures under Part 2 of the Project.

2. The Closing Date is June 30, 2011.

**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b><u>Principal Payment Date</u></b>	<b><u>Installment Share (Expressed as a Percentage)</u></b>
On each June 15 and December 15 Beginning June 15, 2011, through June 15, 2024	3.57%
On December 15, 2024	3.61%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one (1) Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Section I. Definitions

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement; and the term “Categories” means, collectively, all such Categories.
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
3. “Co-financier” means either of: (a) Kreditanstalt für Wiederaufbau (KfW); and (b) the Government of the Federal Republic of Germany, represented by KfW; and “Co-financiers” mean, collectively, both Co-financiers.
4. “Co-financing” means, collectively: (a) the loan in the amount of USD 50 million to be provided by KfW to the Project Implementing Entity for Part 1 of the Project; and (b) the grant in the amount of Euros 3 million to be provided by KfW to the Project Implementing Entity to assist in the financing of Part 2 of the Project.
5. “Co-financing Agreements” means, collectively: (a) the Loan Agreement dated September 20, 2006, entered into between KfW and the Project Implementing Entity for the financing of Part 1 of the Project; and (b) the Financing Agreement dated September 20, 2006, entered into between KfW and the Project Implementing Entity for the grant financing of Part 2 of the Project; and the term “Co-financing Agreement” means either of the Co-financing Agreements.
6. “Environmental Assessment Framework” means the Environmental Assessment Framework dated August 1, 2006, for evaluation of environmental impacts adopted by the Project Implementation Entity and referred to in paragraph B.1(a) of Section I of the Schedule to the Project Agreement, which sets forth policies and procedures for the preliminary screening of proposed Subprojects, and for the preparation of environmental assessment and environment management plans therefor during the implementation of the Project, as said framework may be amended from time to time with the prior concurrence of the Bank.
7. “Financial Management Guidelines” means the financial management guidelines to be adopted by the Project Implementing Entity pursuant to Section II, B.2, of the Schedule to the Project Agreement, as such guidelines may be amended with the prior approval by the Bank.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005, with modifications set forth in Section II of this Appendix.

9. “MSE” means micro and small enterprises established and operating in the People’s Republic of China, which are eligible to participate under the Project pursuant to the provisions of the Operational Manual and referred to in Section I, B.3(c) of the Schedule to the Project Agreement; and the term “MSEs” means, collectively, all such MSEs.
10. “Operational Manual” means the manual to be adopted by the Project Implementing Entity pursuant to Section I, B.1 of the Schedule to the Project Agreement (including the Financial Management Guidelines to be adopted by the Project Implementing Entity pursuant to Section II, B.2 of the Schedule to the Project Agreement) as such Manual may be amended with the prior approval by the Bank.
11. “Participating Financial Institution” and the acronym “PFI” mean any credit institution established and operating pursuant to the Borrower’s Commercial Banking Law dated May 10, 1995, amended on December 27, 2003, or other relevant laws and regulations and referred to in Section I, B.2 of the Schedule to the Project Agreement; and the term “Participating Financial Institutions” and the acronym “PFIs” mean, collectively, all such Participating Financial Institutions.
12. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
13. “Procurement Plan” means the procurement plan for the Project, dated May 9, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. “Project Implementing Entity” means the China Development Bank (“CDB”), a state-owned bank established in 1994 pursuant to the State Council Document No. 22 of 1994, responsible for supporting the Borrower’s economic development policies and programs through the provision of long-term financing for infrastructure, basic industries and regional development.
15. “Renminbi” and the acronym “RMB” mean the currency of the Borrower.
16. “Subloan” means a loan made by a PFI to an MSE out of the proceeds of a Subsidiary Loan for the financing and carrying out of a Subproject under Part 1 of the Project pursuant to the provisions of the Project Agreement and the Operational Manual, under terms and conditions satisfactory to the Bank and referred to in Section I, B.3(c) of the Schedule to the Project Agreement; and the term “Subloans” means, collectively, all such Subloans.
17. “Subsidiary Loan” means a loan made by the Project Implementing Entity to a PFI out of the proceeds of the Loan for the purpose of financing Subprojects

pursuant to the provisions of the Project Agreement and the Operational Manual, under terms and conditions satisfactory to the Bank and referred to in Section I, B.3 and B.4 of the Schedule to the Project Agreement; and the term “Subsidiary Loans” means, collectively, all such Subsidiary Loans.

18. “Subsidiary Loan Agreement” means the agreement entered into between the Project Implementing Entity and a PFI, satisfactory to the Bank, providing for the Subsidiary Loan under terms and conditions set forth in the Operational Manual and referred to in Section I, B.3 of the Schedule to the Project Agreement; and the term “Subsidiary Loan Agreements” means, collectively, all such Subsidiary Loan Agreements.
19. “Subproject” means an investment project (including working capital and fixed asset investments) to be carried out by an MSE, using financing from the proceeds of a Subloan in accordance with the provisions of the Operational Manual and referred to in Section I, B.3(c) of the Schedule to the Project Agreement; and the term “Subprojects” means, collectively, all such Subprojects.
20. “Technical Cooperation Agreement” and the acronym “TCA” mean the agreement to be entered into between the Project Implementing Entity and each PFI pursuant to the provisions of the Operational Manual and under terms and conditions satisfactory to the Bank for the carrying out of Part 2 of the Project and referred to in Section I, B.3(b) and B.6 of the Schedule to the Project Agreement.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Loans of the Bank, dated July 1, 2005 are as follows:

1. Section 2.07 (b) is modified to read as follows:

“(b) Except as otherwise provided in the Loan Agreement, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01.”
2. Section 3.01 is modified to read as follows:

“Section 3.01. *Front-end Fee*

The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).”
3. A new paragraph (d) is added to Section 3.02 to read as follows:

“Section 3.02. *Interest*

(d) Notwithstanding the provisions of paragraph (a) of this Section, 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 Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.”

4. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Commitment Charge” and its definition as set forth in the Appendix are deleted in their entirety.

(b) A new term “Default Interest Period” is added to the Appendix and defined to read as follows:

“Default Interest Period” means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31<sup>st</sup> day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.

(c) A new term “Default Interest Rate” is added to the Appendix and defined to read as follows:

“Default Interest Rate” means for any Default Interest Period:

- (a) in the case of a Variable Spread Loan: Default LIBOR plus the Variable Spread plus one half of one percent (0.5%);
- (b) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and



(c) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default LIBOR plus the Fixed Spread plus one half of one percent (0.5%).

(d) A new term “Default LIBOR” is added to the Appendix and defined to read as follows:

“Default LIBOR” means LIBOR for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default LIBOR shall be equal to LIBOR for the Interest Period in which the amount referred to in paragraph (d) of Section 3.02 first becomes overdue.

(e) A new term “Default Variable Rate” is added to the Appendix and defined to read as follows:

“Default Variable Rate” means the Variable Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in paragraph (d) of Section 3.02 first becomes overdue.

(f) The definition of the term “Fixed Spread” is modified to read as follows:

“Fixed Spread” means the Bank’s fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; provided, that upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, such fixed spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines; and provided further that notwithstanding the foregoing, for purposes of determining the Default Interest Rate applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount.

(g) The definition of the term “Front-end Fee” is modified to read as follows:

“Front-end Fee” means the fee specified in the Loan Agreement for the purpose of Section 3.01.

(h) The definition of the term “LIBOR Reset Date” is modified to read as follows:

“LIBOR Reset Date” means:

- (a) for any Loan Currency other than Euro, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period of a Variable Spread Loan, the day two London Banking Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two London Banking Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period of a Fixed Spread Loan, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any Approved Currency other than Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date);
- (b) for Euro, the day two Target Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period for a Variable Spread Loan, the day two Target Settlement Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two Target Settlement Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period for a Fixed Spread Loan, the day two

Target Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two Target Settlement Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the Conversion Date); and

(c) notwithstanding sub-paragraphs (a) and (b) of this paragraph, if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the LIBOR Reset Date is on a date other than as set forth in said sub-paragraphs, the LIBOR Reset Date shall be such other date, as further specified in the Conversion Guidelines.

(i) The definition of the term “Loan Payment” is modified to read as follows:

“Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.

(j) The definition of the term “Payment Date” is modified to read as follows:

“Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest is payable.