

**LOAN AGREEMENT FOR COMMODITY LOAN VIII BETWEEN THE
OVERSEAS ECONOMIC COOPERATION FUND, JAPAN AND THE
CENTRAL BANK OF THE PHILIPPINES DATED MAY 7, 1984**

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Loan Agreement No. PH-C8 for Commodity Loan VIII, dated May 7, 1984, between THE OVERSEAS ECONOMIC COOPERATION FUND and THE CENTRAL BANK OF THE PHILIPPINES.

In the light of the contents of the Exchange of Notes between the Government of Japan and the Government of the Republic of the Philippines, dated April 28, 1984, concerning a Japanese loan to be extended with a view to contributing to the economic stabilization and development of the Republic of the Philippines,

THE OVERSEAS ECONOMIC COOPERATION FUND (hereinafter referred to as "the Fund") and THE CENTRAL BANK OF THE PHILIPPINES (hereinafter referred to as "the Borrower") herewith conclude the following Loan Agreement (hereinafter referred to as "the Loan Agreement", which includes all agreements supplemental hereto).

ARTICLE I LOAN

1. Amount of Loan

The Fund agrees to lend the Borrower an amount not exceeding THIRTY FIVE BILLION TWO HUNDRED AND TWO MILLION Japanese YEN (¥35,202,000,000.) as principal on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan (hereinafter referred to as "the Loan"), provided, however, that when the cumulative total of disbursements under the Loan Agreement reaches the said limit, the Fund shall make no further disbursement.

2. Use of Proceeds of Loan

(1) The proceeds of the Loan shall be used to cover payments already made or to be made, on and after January 1, 1984, to suppliers of eligible source countries scope of which is set forth in section 2 of Schedule 4 attached hereto (hereinafter referred to as "the Supplier") by purchasers in the Republic of the Philippines (hereinafter referred to as "the Purchaser") under such contracts as have been or may be entered into between them for the purchase of the commodities enumerated in the List of Eligible Commodities attached hereto as Schedule 1 and the purchase of services incidental thereto (hereinafter referred to as the "Contract"), provided that such purchases are made in such eligible source countries for commodities produced in and services supplied from those countries.

(2) The amount of the Loan not exceeding SIX BILLION Japanese Yen (¥6,000,000,000.) may be used to cover payments already made between January 1, 1984, and May 6, 1984. The remaining part of the Loan shall be used to cover payments to be made on and after May 1, 1984.

(3) The Borrower shall invest the equivalent in Philippine Pesos of the amount of Japanese Yen disbursed by the Fund thereafter referred to as "Peso Counterpart Fund") in securities issued by the Government of the Republic of the Philippines.

The Borrower shall cause the Government of the Republic of the Philippines to deposit the proceeds of the sale of such securities in the Special Account in the name of the Government of the Republic of the Philippines with the Borrower and utilize it to cover local currency requirements of the development projects in the Republic of the Philippines implemented under loans in Japanese Yen by the Fund, except where the Fund and the Borrower agree that the said deposit of the proceeds may be used for other development projects of the Government of the Republic of the Philippines, in accordance with the relative provisions stipulated in Schedule 7 of the Loan Agreement.

(4) The List of Eligible Commodities may be modified when agreed upon between the Fund and the Borrower.

(5) Commodities purchased under the Loan shall not serve military purposes?

(6) The final disbursement under the Loan Agreement shall be made not later than May 7, 1986 and no further disbursement shall be made by the Fund thereafter, unless otherwise agreed upon between the Fund and the Borrower-

ARTICLE II REPAYMENT AND INTEREST

1. Repayment of Principal

The Borrower shall repay the principal of the Loan to the Fund in accordance with the Amortization Schedule set forth in Schedule 2 attached hereto.

Interest and Method of Payment thereof

(1) The Borrower shall pay the interest to the Fund semi-annually at the rate of three and a half percent (3.5%) per annum on the principal disbursed and outstanding.

(2) The Borrower shall pay to the Fund on May 20 of each year the interest that has accrued up to May 19 of that year from November 20 of the preceding year, and on November 20 of each year the interest that has accrued up to November 19 from May 20 of that year, provided that, prior to the date of the final disbursement of the proceeds of the Loan, the Borrower shall pay to the Fund on June 20 of each year the interest that has accrued up to May 19 of that year from November 20 of the preceding year, and on December 20 of each year the interest that has accrued up to November 19 from May 20 of that year.

ARTICLE III PARTICULAR COVENANTS

1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in General Terms and Conditions attached hereto as Schedule 3 with the following supplemental stipulations (hereinafter referred to as "the General Terms and Conditions"):

(a) The term "the Project" referred to in the General Terms and Conditions shall mean "purchase of commodities and services incidental thereto".

(b) Article III of the General Terms and Conditions shall be disregarded.

(c) Paragraph (1) through paragraph (5) except paragraph (3) in Section 5.06. of the General Terms and Conditions shall be disregarded.

(d) Article VI of the General Terms and Conditions shall be disregarded, and, consequently, all references to "the Guarantee"; or "the Guarantor", wherever mentioned in the General Terms and Conditions shall be likewise disregarded.