

LOAN A G R E E M E N T

dated 12 MAY 1982 between KREDITANSTALT FUR WIEDERAUFBAU and the REPUBLIC OF THE PHILIPPINES for DM 24,200,000.--

- Imelda Settlement Program Leyte -

LOAN A G R E E M E N T

between
KREDITANSTALT FUR WIEDERAUFBAU, Frankfurt am Main,
("Kreditanstalt")

and

the REPUBLIC OF THE PHILIPPINES
("Borrower")

On the basis of the agreements dated May 19, 1979 and February 18, 1982 between the Government of the Federal Republic of Germany and the Government of the Republic of the Philippines on financial co-operation ("Government Agreements"), the Borrower and Kreditanstalt hereby conclude the following Loan Agreement.

ARTICLE 1

Amount and Purpose of the Loan

1.1 Kreditanstalt undertakes to extend to the Borrower
a Loan not exceeding

DM 24,200,000.--
(in words: twentyfour million two hundred
thousand Deutsche Mark).

1.2 The Borrower shall use the Loan exclusively to finance the Imelda Settlement Program Leyte {"Project"}, and primarily to pay the foreign exchange costs. By separate agreement, the Borrower and Kreditanstalt shall determine the details of the Project as well as the goods and services to be financed from the Loan.

1.3 Taxes and other public charges to be borne by the Borrower and import duties shall not be financed from the Loan.

ARTICLE 2

Channeling of partial loan amounts

2.1 The Borrower shall stipulate in a subsidiary loan agreement with the Development Bank of the Philippines (DBP) to channel the loan amounts for the financing of the credit programme of the Project to the DBP at a rate of 2 % p.a.. The DBP shall extend these loan amounts to the settlers of the Project at a rate of 6 % p.a. and a term of up to 28 years (including up to 8 years of grace).

2.2 Prior to the first disbursement from the Loan, the Borrower shall furnish Kreditanstalt with a copy of the
subsidiary loan agreement specified in Art. 2.1.

ARTICLE 3

Disbursement

3.1 Kreditanstalt shall disburse the Loan upon request of the Borrower in accordance with the progress of the Project. By separate agreement, the Borrower and Kreditanstalt shall agree on the disbursement procedure, in particular on the evidence to be furnished by the Borrower for the disbursement of the Loan, proving the use of the loan amounts for the purpose stipulated in this Agreement.

3.2 Kreditanstalt shall have the right to refuse to make disbursements after December 31, 1992.

3.3 The Borrower shall be entitled to cancel any loan amounts which have not yet been requested, if Kreditanstalt and the Ministry of Agrarian Reform have consented thereto.

ARTICLE 4

Commitment Charge, Interest, and Repayments

4.1 The Borrower shall pay a commitment charge of 1/4 % p.a, (one quarter of one per cent per annum) on undisbursed loan amounts. The commitment charge shall be computed for a period beginning three months after the signing of this Agreement and ending at the respective dates at which disbursements are debited.

4.2 The Borrower shall pay interest on the Loan at a rate of 2 % p.a. (two per cent per annum). Interest shall be charged from the dates at which disbursements are debited to the dates at which repayments are credited to Kreditanstalt's account specified in Article 4.9.

4.3 The Borrower shall pay the commitment charge, the interest, and the interest on arrears pursuant to Article 4.5, if any, semi-annually on June 30 and on December 31 for the half-year then ending. The first commitment charge shall be due together with the first interest payment.

4.4 The Borrower shall repay the Loan as follows:

December 31, 1992	DM	590,000.--
June 30, 1993	DM	590,000.--
December 31, 1993	DM	590,000.--
June 30, 1994	DM	590,000.--
December 31, 1994	DM	590,000.--
June 30, 1995	DM	590,000.--
December 31, 1995	DM	590,000.--
June 30, 1996	DM	590,000.--
December 31, 1996	DM	590,000.--
June 30, 1997	DM	590,000.--
December 31, 1997	DM	590,000.--
June 30, 1998	DM	590,000.--
December 31, 1998	DM	590,000.--
June 30, 1999	DM	590,000.--
December 31, 1999	DM	590,000.--
June 30, 2000	DM	590,000.--
December 31, 2000	DM	590,000.--
June 30, 2001	DM	590,000.--
December 31, 2001	DM	590,000.--
June 30, 2002	DM	590,000.--
December 31, 2002	DM	590,000.--

June 30, 2003	DM	590,000.--
December 31, 2003	DM	590,000.--
June 30, 2004	DM	590,000.--
December 31, 2004	DM	590,000.--
June 30, 2005	DM	590,000.--
December 31, 2005	DM	590,000.--
June 30, 2006	DM	590,000.--
December 31, 2006	DM	590,000.--
June 30, 2007	DM	590,000.--
December 31, 2007	DM	590,000.--
June 30, 2008	DM	590,000.--
December 31, 2008	DM	590,000.--
June 30, 2009	DM	590,000.--
December 31, 2009	DM	590,000.--
June 30, 2010	DM	590,000.--
December 31, 2010	DM	590,000.--
June 30, 2011	DM	590,000.--
December 31, 2011	DM	590,000.--
June 30, 2012	DM	590,000.--
December 31, 2012	DM	600,000.--

	DM	24,200,000.--
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4.5 If repayments are not at Kreditanstalt's disposal when due, Kreditanstalt shall be entitled to increase the rate of interest on arrears to the discount rate of Deutsche Bundesbank prevailing at the respective due date plus 3 % for the period beginning with the due date and ending at the date at which such repayments are credited. In the case of arrears of interest, Kreditanstalt shall be entitled to claim damages. Such damages shall not exceed the amount arrived at if interest on arrears were charged at the discount rate of Deutsche Bundesbank prevailing at the respective due date plus 3 %.

4.6 Commitment charge, interest, and additions for default pursuant to Article 4.5, if any, shall be computed on the basis of a 360-day year and of 30-day months.

4.7 Undisbursed or prematurely repaid loan amounts shall be set off against such redemption instalments as shall fall due last under the repayment schedule except as otherwise agreed upon in a particular case.

4.8 Kreditanstalt shall be entitled to set off, at its discretion, payments received against payments due under this Agreement or under other loan agreements concluded between Kreditanstalt and the Borrower.

4.9 The Borrower shall remit all payments in no other currency than Deutsche Mark to Kreditanstalt's account No. 504 091 00 with Deutsche Bundesbank, Frankfurt am Main, no set-off against such payments being permitted.

ARTICLE 5

Suspension of Disbursements and Premature Repayment

5.1 The Borrower shall be entitled at any time

(a) subject to his obligations under Article 8, to cancel any loan amounts not yet withdrawn, and

(b) to repay the Loan in whole or in part in advance of maturity.