

No. 4323

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
PAKISTAN**

Guarantee Agreement—*Industrial Credit and Investment Project* (with annexed Loan Regulations No. 4 and Loan Agreement—*Industrial Credit and Investment Project*—between the Bank and the Pakistan Industrial Credit and Investment Corporation Limited). Signed at Washington, on 17 December 1957

Official text: English.

Registered by the International Bank for Reconstruction and Development on 5 May 1958.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PAKISTAN**

Contrat de garantie—*Projet relatif au crédit et aux investissements industriels*—(avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif au crédit et aux investissements industriels* — entre la Banque et la Pakistan Industrial Credit and Investment Corporation Limited). Signé à Washington, le 17 décembre 1957

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 5 mai 1958.

No. 4323. GUARANTEE AGREEMENT¹ (*INDUSTRIAL CREDIT AND INVESTMENT PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 17 DECEMBER 1957

AGREEMENT, dated December 17, 1957, between the ISLAMIC REPUBLIC OF PAKISTAN, acting by its President, (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS an agreement, dated October 26, 1957, as recited in the Loan Agreement² (as hereinafter defined) has been entered into between the Guarantor and The Pakistan Industrial Credit and Investment Corporation Limited (hereinafter called the Borrower) providing for an advance by the Guarantor to the Borrower in the amount of thirty million rupees (Rs. 30,000,000);

WHEREAS by an agreement of even date herewith between the Bank and the Borrower, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to four million two hundred thousand dollars (\$4,200,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal of, and interest and other charges on such loan; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 2³ to said Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set

¹ Came into force on 7 March 1958, upon notification by the Bank to the Government of Pakistan.

² See p. 330 of this volume.

³ See p. 346 of this volume.

forth herein. The terms defined in Section 1.02 of said Loan Agreement shall have the same meaning herein as if such Section were fully set forth herein.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of, and interest on the Bonds and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (a) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (b) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (c) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the State Bank of Pakistan.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the

Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes (including duties, fees and impositions) imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or duties or fees or impositions levied upon, payments under any Bond to a holder other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes (including duties, fees and impositions) that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor shall not amend the Government Agreement or the Foreign Exchange Agreement without the approval of the Bank.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement and of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary to the Government of Pakistan, Ministry of Finance, and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

The Secretary to the Government of Pakistan
Ministry of Finance
Karachi, Pakistan

Alternative address for cablegrams and radiograms :

Finpak
Karachi

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. The Secretary to the Government of Pakistan, Ministry of Finance, is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Islamic Republic of Pakistan :

By Md. ALI
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (*INDUSTRIAL CREDIT AND INVESTMENT PROJECT*)

AGREEMENT, dated December 17, 1957, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE PAKISTAN INDUSTRIAL CREDIT AND INVESTMENT CORPORATION LIMITED (hereinafter called the Borrower), a company duly incorporated under the Companies Act, 1913, of the Guarantor.

WHEREAS the Borrower has been incorporated to assist in the creation, expansion and modernization of private industries in Pakistan, to encourage, sponsor and facilitate the participation of private capital both internal and external in Pakistan industry and to provide capital, in the form of loans or share participations, and to furnish managerial, technical and administrative advice to industry;

WHEREAS the Government of Pakistan has agreed to assist the Borrower by making available to the Borrower thirty million rupees (Rs. 30,000,000) as an advance pursuant to the Government Agreement hereinafter described;

WHEREAS twenty million rupees (Rs. 20,000,000) of the Ordinary Shares of the Borrower have been subscribed by private investors in and outside Pakistan; and

WHEREAS the Bank has been requested to grant a loan to the Borrower;

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 2² to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ See above.

² See p. 346 of this volume.

Section 1.02. The following terms as used herein shall have the following meanings unless the context otherwise requires :

- (a) The term "Guarantor" means the Islamic Republic of Pakistan, acting by its President.
- (b) The term "Government Agreement" means the agreement dated October 26, 1957, entered into between the Guarantor and the Borrower providing for an advance by the Guarantor to the Borrower of thirty million rupees (Rs. 30,000,000) and shall include such changes in said agreement as may from time to time be agreed by the parties thereto and the Bank.
- (c) The term "Foreign Exchange Agreement" means the agreement dated October 28, 1957, entered into between the Guarantor and the Borrower setting forth the terms on which foreign currencies required for payments of principal of, and interest and other charges on, the Loan will be sold to the Borrower.
- (d) The term "subsidiary" means a company which is a subsidiary of the Borrower within the meaning of the Companies Act, 1913 (or any amendment thereof), of the Guarantor.
- (e) The term "rupees" and the letters "Rs." mean currency of the Guarantor.
- (f) The term "foreign currency" means any currency other than currency of the Guarantor.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to four million two hundred thousand dollars (\$4,200,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account in instalments as follows :

- (a) There shall be so credited such amounts as shall from time to time be agreed upon by the Bank and the Borrower as required to meet the reasonable administrative expenses of the Borrower payable in foreign currency;
- (b) When any investment project shall be approved by the Bank as in Section 3.02 provided, there shall be so credited an amount equal to the estimated foreign currency cost thereof as approved by the Bank;
- (c) Additional amounts may be credited from time to time by agreement between the Bank and the Borrower;
- (d) The Loan Account may, by agreement between the Bank and the Borrower, be reduced by any amount credited thereto pursuant to the foregoing sub-paragraphs of this Section which will not be required for the purpose for which it was so credited. No such reduction shall be deemed *ipso facto* to be a cancellation of any part of the Loan.

Amounts credited to the Loan Account may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations and this Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the amount of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant to Article V of the Loan Regulations or (b) there shall be a reduction of the Loan Account pursuant to Section 2.02 (d) hereof.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}$ %) per annum on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Loan Agreement.

Article III

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is a program to contribute to the industrial development of Pakistan by providing credits for productive purposes to enterprises in Pakistan which are or will be controlled by private capital, and by making other productive investments in such enterprises, for specific development projects, all in accordance with the Memorandum and Articles of Association of the Borrower, as amended from time to time, and in furtherance of the corporate purposes of the Borrower as therein set forth. (Such enterprises are herein called "investment enterprises" and such specific development projects are herein called "investment projects".)

Section 3.02. The proceeds of the Loan shall be applied exclusively to the cost of goods which will be required for the carrying out of the Project, including the carrying out of such investment projects as shall from time to time be approved in writing by the Bank. Notwithstanding the provisions of Section 4.01 of the Loan Regulations, except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made for any such investment project more than 60 days prior to the submission of the investment project to the Bank for approval.

¹ See p. 344 of this volume.

Except as the Borrower and the Bank shall otherwise agree no credit to or investment in an investment project shall be financed out of the proceeds of the Loan in an amount in excess of the estimated foreign currency cost of such project credited to the Loan Account under the provisions of Section 2.02 of this Agreement.

Section 3.03. Whenever the Borrower shall desire to submit an investment project to the Bank for approval the Borrower shall submit to the Bank an application in such form as shall be agreed between the Bank and the Borrower. Such application shall contain a description of such investment project and such other information as the Bank shall reasonably request.

Section 3.04. Any credit granted by the Borrower to, or other investment made by the Borrower in, an investment enterprise for an investment project to be financed in whole or in part out of the proceeds of the Loan, shall be granted or made on terms whereby the Borrower shall obtain, by the written agreement of such investment enterprise or other appropriate legal means, rights adequate to protect the interests of the Borrower and the Bank, including the right to require that the goods to be purchased with the proceeds of the Loan shall be used exclusively in the carrying out of such investment project, the right of the Bank and the Borrower to inspect such goods and the sites, works and construction included in such investment project and the operation thereof, the right to require such investment enterprise to carry out and operate the investment project with due diligence and efficiency and in accordance with sound engineering and financial standards, including the maintenance of adequate records, and the right to obtain all such information as the Bank and the Borrower shall reasonably request relating to the foregoing and to the financial condition and operations of such investment enterprise. Such rights shall include appropriate provision whereby further access by such enterprise to use of the proceeds of the Loan may be suspended or terminated by the Borrower upon failure by such investment enterprise to carry out the terms of such credit or other investment.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. Any two Directors for the time being of the Borrower are hereby designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The foregoing shall be in addition to any other designation by the Borrower for such purpose.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices,

under the supervision of qualified and experienced management and in accordance with its Memorandum and Articles of Association, as amended from time to time.

Section 5.02. (a) The Borrower shall exercise its rights in relation to each investment project financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Borrower and the Bank.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the investment enterprises, the investment projects and the financial condition and operations of the Borrower.

(c) The Borrower shall maintain records adequate to record the progress of the Project and of each investment project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

Section 5.03. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition of substantial importance which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.04. (a) If the Borrower or any subsidiary of the Borrower shall propose to incur any indebtedness, the Borrower shall inform the Bank of such proposal and, before the proposed action is taken, shall afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto; provided, however, that the foregoing provisions shall not apply to the incurring of indebtedness maturing not more than twelve months after the date on which it is originally incurred.

(b) The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any of its subsidiaries as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.05. The Borrower shall pay or cause to be paid all taxes (including duties, fees and impositions), if any, imposed under the laws of the Guarantor or laws in

effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of (including duties levied in respect of, or fees or impositions upon) payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all taxes (including duties, fees and impositions), if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.07. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall take out or cause to be taken out and maintain or cause to be maintained such insurance, against such risks and in such amounts, as shall be consistent with sound business practices. Insurance covering marine and transit hazards on the goods financed out of the proceeds of the Loan shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 5.08. Neither the Memorandum nor the Articles of Association of the Borrower nor the Government Agreement nor the Foreign Exchange Agreement shall be amended without the approval of the Bank.

Section 5.09. Without the approval of the Bank no payment shall be made to the Guarantor in respect of the advance under the Government Agreement except at the times and in the amounts therein provided.

Section 5.10. The Borrower shall cause each of its subsidiaries (if any) to observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Section 5.11. The Borrower shall duly perform all obligations to be performed by it under the Government Agreement.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and

payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations :

- (a) Twenty million rupees (Rs. 20,000,000) of the Ordinary Shares of the Borrower shall have been subscribed, allotted and fully paid in cash at par; and
- (b) The Borrower shall have received from the Guarantor thirty million rupees (Rs. 30,000,000) being the full amount of the advance provided for in the Government Agreement.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely that the Government Agreement and the Foreign Exchange Agreement have been duly and validly executed and constitute valid and binding obligations of the parties thereto in accordance with their terms.

Section 7.03. A date 90 days after the date of this Loan Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be September 1, 1961.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

For the Borrower :

The Pakistan Industrial Credit and Investment Corporation Limited
Insurance House No. 2
Habib Square, Bunder Road
Karachi, Pakistan

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By W. A. B. LIFF
Vice President

The Pakistan Industrial Credit and Investment Corporation Limited :

By N. M. UQUAILI
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
March 1, 1962	\$ 139,000	September 1, 1967	\$ 191,000
September 1, 1962	144,000	March 1, 1968	196,000
March 1, 1963	148,000	September 1, 1968	202,000
September 1, 1963	152,000	March 1, 1969	207,000
March 1, 1964	156,000	September 1, 1969	213,000
September 1, 1964	161,000	March 1, 1970	220,000
March 1, 1965	165,000	September 1, 1970	226,000
September 1, 1965	170,000	March 1, 1971	232,000
March 1, 1966	175,000	September 1, 1971	239,000
September 1, 1966	180,000	March 1, 1972	246,000
March 1, 1967	185,000	September 1, 1972	253,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02) the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations.

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 3 years before maturity	½%
More than 3 years but not more than 6 years before maturity	2%
More than 6 years but not more than 11 years before maturity	3½%
More than 11 years but not more than 13 years before maturity	4¾%
More than 13 years before maturity	5¾%

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, are modified as follows :

(a) Section 2.02 is deleted.

(b) Sub-section (j) of Section 5.02 is amended to read as follows :

“(j) The advance provided for in the Government Agreement shall have become repayable pursuant to the provisions of Clause 8 of the Government Agreement or if an order is made or a resolution passed for the winding up of the Borrower.”

(c) The following words in the fourth and fifth lines of subsection (c) of Section 7.04 are deleted :

“or, if they shall not agree, by the Guarantor”.

(d) Paragraph 6 of Section 10.01 is amended to read as follows :

“The term ‘Borrower’ means The Pakistan Industrial Credit and Investment Corporation Limited.”

(e) The first sentence of paragraph 13 of Section 10.01 is amended to read as follows :

“The term ‘goods’ means equipment, supplies and services which are required for the Project, including investment projects, and shall also include the reasonable administrative expenses of the Borrower payable in foreign currency.”