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John M. Nelson

Amendment No. 1 made in Panamá City this February 13, 1984, to the Project Loan Agreement No. 515-0176 dated September 25, 1981, between the Banco Agro-Industrial y de Exportaciones, S.A. and the United States of America, acting through the Agency for International Development.

WHEREAS, Banco Agro-Industrial y de Exportaciones, S.A. ("Banex"), a corporation organized and existing under the laws of the Republic of Costa Rica, ("Costa Rica") with offices at Edificio Cartagena, 4 Piso, Avenida Primera, Calle Central, San Jose, Costa Rica, and the United States of America, acting through the Agency for International Development ("A.I.D.") entered into a Project Loan Agreement ("Loan Agreement") on September 25, 1981 for Private Sector Productivity, providing for a Loan to be made by A.I.D. to Banex in multiple disbursements up to an aggregate amount ("Principal") not to exceed \$10,000,000 upon the terms and conditions set out therein ("Loan");

WHEREAS, Banex has requested, and A.I.D. has agreed, to permit in accordance with the conditions set forth herein, the substitution of Banex Internacional, S.A. ["Banex Internacional"], a corporation organized and existing under the laws of the Republic of Panama, with offices at Apartado 472, Zona 1, Panama, Republic of Panama, as the Borrower ("Borrower") under the Loan Agreement;

WHEREAS, A.I.D. has requested, and Corporacion Banex, S. A. ("Corporacion Banex"), a corporation organized and existing under the laws of Costa Rica, with offices at Edificio Cartagena, 4 Piso, Avenida Primera, Calle Central, San Jose, Costa Rica, guaranty the due and punctual payment of principal and of interest on the Loan, all other monetary obligations of Banex Internacional to A.I.D. under the Loan Agreement, and the due and punctual performance of all other obligations of Banex Internacional to A.I.D. under the Loan Agreement, and Corporacion Banex has agreed to make such guarantees, as hereinafter provided;

WHEREAS, Banex has agreed to assign and transfer to Banex Interuacional and Banex Internacional has agreed to assume from Banex all the rights and obligations under the Loan Agreement, including rights and obligations arising from previous disbursements by A.I.D. under the Loan Agreement to Banex;

WHEREAS, Corporacion Banex has agreed to undertake, both on its own and through its subsidiaries, certain obligations under the Loan Agreement in addition to its guaranty;

NOW, THEREFORE, Banex, A.I.D., Banex Internacional and Corporacion Banex agree to amend the Loan Agreement as set out below:

1. The following is added to the Loan Agreement (entitled "Novation and Guaranty Annex") and is designated Annex III:

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ARTICLE I

THE ASSIGNMENT

Section 1.1. Assignment of Rights and Obligations Under the Loan Agreement.

For value received and for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, Banex hereby assigns and transfers all its rights and obligations under the Loan Agreement to Banex Internacional and Banex Internacional assumes all such rights and obligations. Banex Internacional is substituted for Banex as the Borrower under the Loan Agreement (as such term is defined and used therein). Banex Internacional agrees to make all the payments and to comply with all the terms, conditions and covenants of the Loan Agreement to be performed by the Borrower thereunder. Banex Internacional acknowledges both (1) receipt of a copy of the Loan Agreement, including its annexes, and a complete set of copies of Project Implementation Letters issued pursuant to it, and (2) that its corporate officials have read and understood such documents.

Section 1.2. Consent to Assignment and Guaranty of Rights and Obligations under the Loan Agreement.

In consideration of the guaranty (set out below) given by Corporacion Banex, and of the assumption by Banex Internacional to assume all rights and obligations of Banex under the Loan Agreement, A.I.D. hereby consents to the assignment and transfer of the rights and obligations under the Loan Agreement from Banex to Banex Internacional and to the substitution of Banex Internacional for Banex as the Borrower under the Loan Agreement.

ARTICLE II

ASSUMPTION OF OBLIGATIONS AND RELEASE

Section 2.1. Assumption of Obligations for Funds Previously Disbursed.

Banex Internacional acknowledges its obligation under the Loan Agreement not only to comply with the terms and conditions of the Loan Agreement for disbursements made subsequent to February 13, 1984, but also to pay principal of and interest on increments of the Loan previously disbursed to Banex under the Loan Agreement and to comply with the terms and conditions of the Loan Agreement regarding such funds.

[Handwritten signature]
[Handwritten initials]

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Section 2.2. Acknowledgement of Prior Disbursements.

Banex and Banex Internacional acknowledge that, as of February 13, 1984, the following disbursements have been made to Banex under the Loan Agreement:

US \$575,000 disbursed January 8, 1982.
US \$460,000 disbursed March 4, 1982.
US \$190,000 disbursed August 2, 1982.
US \$640,000 disbursed September 27, 1982.
US \$323,000 disbursed November 8, 1982.
US \$844,000 disbursed January 26, 1984

In consideration of Banex Internacional's substitution for Banex as Borrower under the Loan Agreement and for Banex Internacional's assumption of all of Banex's rights and obligations under the Loan Agreement, Banex hereby assigns to Banex Internacional all rights, title, and interest in such funds or in any assets acquired with such funds. Banex Internacional accepts this assignment.

Section 2.3. Release.

In consideration of the assumption by Banex Internacional of the rights and obligations of Banex under the Loan Agreement, and of the guaranty (set out below) of Corporacion Banex of the obligations of Banex Internacional under the Loan Agreement, A.I.D. hereby agrees to release and forever discharge Banex from any obligations, liabilities or claims under the Loan Agreement. Banex hereby agrees to release and forever discharge A.I.D. from any obligations, liabilities or claims which it now has or which it may hereafter have against A.I.D. in connection with the Loan Agreement.

ARTICLE III

THE GUARANTY

Section 3.1. Guarantor's Obligations.

(A) In consideration of A.I.D.'s consent to the assumption by BANEX Internacional of Banex's rights and obligations under the Loan Agreement, and such other valuable consideration, the sufficiency and receipt of which are hereby acknowledged by Corporacion Banex, Corporacion Banex hereby irrevocably and unconditionally guarantees to A.I.D. or any assignee thereof or successor thereto (1) the due and punctual payment of (x) principal of and interest on the Loan when due, whether by demand, by notice of prepayment or otherwise, and (y) all other monetary obligations of Banex Internacional to A.I.D. under the Loan Agreement and (2) the due and punctual performance of

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all other obligations of Banex Internacional to A.I.D. under the Loan Agreement. Corporacion Banex hereby irrevocably and unconditionally agrees that upon default by Banex Internacional in the payment when due, whether by demand, by notice of prepayment, or otherwise, of any principal of, or interest on, the Loan or any other monetary obligations, Corporacion Banex will immediately pay the same in accordance with the terms and conditions of the Loan Agreement, together with any and all expenses which might reasonably be incurred by A.I.D. in collecting the same, without further notice or demand. The obligations of Corporacion Banex hereunder shall be continuing, absolute and unconditional, irrespective of any dispute, setoff, counterclaim or other defense or right Corporacion Banex may at any time have and irrespective of the genuineness, validity, regularity or enforceability of this Loan Agreement or any document delivered pursuant to the terms hereof or of any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of the Loan Agreement or the rights of A.I.D. with respect thereto or of any other circumstance which might otherwise constitute a legal or equitable defense or discharge of a surety or guarantor.

(B) Without limiting the generality of the above, Corporacion Banex hereby consents and agrees that, at any time and from time to time (1) the time, manner, place or terms of any payment under the Loan Agreement, may be extended or changed by an amendment hereto or otherwise; (2) any action may be taken under or in respect of the Loan Agreement in the exercise of any remedy, power or privilege [including, without limitation, the acceleration of the maturity of the loan] or otherwise, or such remedy, power or privilege may be waived, omitted, or not enforced and (3) the time for Banex Internacional's performance of or compliance with any term or condition of the Loan Agreement on its part to be performed or complied with may be extended, or such performance or compliance waived or failure in or departure from such performance or compliance consented to, all in the manner provided in the Loan Agreement and upon such terms as A.I.D. may deem proper, and without notice to or further assent from Corporacion Banex, and all without affecting this guarantee or the obligations of Corporacion Banex under the Loan Agreement, which shall continue in full force and effect until payment of principal of and interest on the Loan and all other fees and charges shall have been made and all other terms and conditions of the Loan Agreement shall have been fully performed.

(C) The obligations of Corporacion Banex under this Agreement are joint and several, and independent of the obligations of Banex Internacional, and a separate action or actions may be brought and prosecuted against Corporacion Banex whether action is brought against Banex Internacional or whether Banex Internacional is joined in any such action or actions; and Corporacion Banex waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Corporacion Banex is a primary obligor and not surety only.

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Section 3.2. Cumulative Remedies

A.I.D. may pursue its respective rights and remedies under the Loan Agreement and shall be entitled to payment hereunder notwithstanding any other guaranty of or security for all or any part of the indebtedness of Banex Internacional under the Loan Agreement, and notwithstanding any action taken or omitted to be taken by A.I.D., to enforce any of its rights or remedies against Banex Internacional under the Loan Agreement, or under any other guaranty, or with respect to any other security, or any payment received thereunder.

Section 3.3. Guarantor's Waivers.

Corporacion Banex hereby waives diligence, presentment, demand of payment and all notices (whether of nonpayment, dishonor or otherwise) with respect to the Loan, notice of acceptance of this Guaranty and of the incurring by BANEX Internacional or Corporacion Banex of any of the obligations mentioned above, all demands whatsoever and any benefit of order and execution and of prior judgment, levy, and execution.

Section 3.4. Survival of Guaranty.

This guaranty shall continue in effect and be binding upon Corporacion Banex, shall survive the repayment of the Loan and shall not be discharged by any intermediate repayment or prepayment by Banex Internacional, unless and until all amounts payable under the Loan Agreement have been paid in full, and until the time has expired pursuant to any applicable law related to bankruptcy, insolvency or otherwise during which A.I.D. might be required to repay any sums received pursuant to the Loan Agreement.

Section 3.5. Compensation for Guaranty.

Banex Internacional agrees to pay Corporacion Banex, as compensation for the guaranty under this Loan Agreement, the sum of ten thousand United States Dollars (\$10,000) per year, in arrears, on the last business day of December 1984, and on the last business day of each year thereafter, until all amounts payable under the Loan Agreement have been paid in full.

ARTICLE IV

SUBMISSION TO JURISDICTION
ACKNOWLEDGEMENT OF APPROPRIATE VENUE

Section 4.1. Choice of Law.

The Loan Agreement is governed by the law of the United States and of the District of Columbia of the United States.

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Section 4.2. Choice of Forum; Acknowledgment of Proper Venue.

Corporacion Banex, Banex, and Banex Internacional consent to the personal jurisdiction of the federal courts of the United States of America and the federal district court for the District of Columbia for all disputes arising out of the Loan Agreement. Corporacion Banex, Banex, and Banex Internacional agree not to claim that the District of Columbia is an inconvenient place for trial. At A.I.D.'s option, the venue (location) of any suit to enforce the Loan Agreement may be in the District of Columbia of the United States of America.

Section 4.3. Savings Clause.

Notwithstanding Section 4.2, nothing shall limit the right of A.I.D. to serve legal process in any manner permitted by law or affect the right of A.I.D. to bring any action or proceeding against Banex Internacional or Corporacion Banex or their respective property, in the courts of Costa Rica, or Panama, or in any other courts having jurisdiction.

2. Banex, Banex Internacional, and Corporacion Banex make the following representations and warranties:

Banex Internacional, Banex, and Corporacion Banex represent and warrant as follows:

(a) Legal Existence, Power and Authority. Banex Internacional is a corporation duly organized and existing under the laws of Panama and Banex and Corporacion Banex are corporations duly ongoing and existing under the laws of Costa Rica. Each has full power and authority to execute and deliver, and to perform and comply with, the provisions of the Loan Agreement on its part to be performed or observed.

(b) No Conflict. The execution, delivery and performance by Banex, Banex Internacional, and Corporacion Banex of the Loan Agreement are within each such obligor's corporate powers, have been duly authorized by all necessary corporate action, and are and will be in accordance with (1) such obligor's articles of incorporation and by-laws, and (2) law and all contractual restrictions binding such obligor.

(c) Governmental Approvals. No authorization or approval (including exchange control approval) or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Banex, Banex Internacional, and Corporacion Banex of the Loan Agreement.

(d) Legality, Validity and Enforceability. This Loan Agreement is a legal, valid and binding obligation of Banex, Banex Internacional, and Corporacion Banex and is enforceable against them in accordance with its terms.

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(e) Obligations Unconditional. This Loan Agreement is a direct, unconditional and general obligation of Banex, Banex Internacional, and Corporacion Banex.

(f) Status of Obligations. The obligations of Banex, Banex Internacional and Corporacion Banex under the Loan Agreement do rank and will rank at least pari passu in priority of payment and all other respects with all other indebtedness of the obligors.

(g) No Immunity. Banex, Banex Internacional, and Corporacion Banex have no immunity under the laws of Panama or Costa Rica from jurisdiction of any court or from any legal process. Banex, Banex Internacional and Corporacion Banex are subject to civil and commercial law with respect to their obligations under the Loan Agreement.

(h) Taxes. There is no tax, levy, impost, deduction, charge or withholding imposed by Panama or Costa Rica or any political subdivision or taxing authority thereof or therein either (1) on or by virtue of the execution or delivery of this Loan Agreement, or (2) on any payment to be made by an obligor pursuant to this Loan Agreement.

(i) Assets Obtained through A.I.D. Financing. Banex represents and warrants that all its assets and properties obtained through or evidencing, financing made with funds obtained from A.I.D. under the Loan Agreement, including but not limited to promissory notes, acceptances, accounts receivable, contractual rights, shares, securities, and collateral, have been assigned and transferred in full to Banex Internacional.

3. Amendment No. 1 of the Loan Agreement is subject to the conditions of effectiveness set out below.

Conditions of Effectiveness.

The effectiveness of this Amendment No. 1 to the Loan Agreement is subject to the satisfaction of the following conditions precedent:

A. Documentation.

A.I.D. shall have received in form and substance satisfactory to A.I.D.:

(i) A certificate of the Secretary or other appropriate officer of Banex Internacional certifying true copies of the resolutions of the shareholders' special meeting and the Board of Directors of Banex Internacional approving the execution and delivery of this Amendment No. 1 of the Loan Agreement.

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(ii) A certificate of the Secretary or other appropriate officer of Banex certifying true copies of the resolutions of the Board of Directors of Banex approving the execution and delivery of this Amendment No. 1 of the Loan Agreement.

(iii) A certificate of the Secretary or other appropriate officer of Corporacion Banex certifying true copies of the resolutions of the Board of Directors of Corporacion Banex approving the execution and delivery of this Amendment No. 1 of the Loan Agreement.

(iv) A certificate of the Secretary or other appropriate officer of Banex, Banex Internacional, and Corporacion Banex certifying the names and true signatures of the officers authorized to sign this Amendment No. 1 of the Loan Agreement.

(v) An opinion of Messrs. Arias, Fabrega & Fabrega, counsel for Banex Internacional, certifying that Banex Internacional is a corporation duly organized, validly existing and in good standing under the laws of Panama and that this First Amendment and the Loan Agreement, as amended, have been duly executed on behalf of Banex Internacional and constitute valid and legally binding obligations of Banex Internacional, enforceable against it in accordance with its terms.

(vi) An opinion of counsel to Banex, acceptable to A.I.D., that Banex is a corporation duly organized, validly existing and in good standing under the laws of Costa Rica and that the Loan Agreement, as amended, has been duly executed on behalf of Banex and constitutes a valid and legally binding obligation of Banex, enforceable against it in accordance with its terms.

(vii) An opinion of counsel to Corporacion Banex, acceptable to A.I.D., that Corporacion Banex is a corporation duly organized, validly existing and in good standing under the laws of Costa Rica and that the Loan Agreement, as amended, has been duly executed on behalf of Corporacion Banex and constitutes a valid and binding obligation of Corporacion Banex, enforceable against it in accordance with its terms.

(viii) A notarized copy ("Protocolizacion") of the Loan Agreement, including its Annexes and Implementation Letters, and of Amendment No. 1, issued by a Notary Public of the Republic of Panama.

B. No Default. As of the date on which Amendment No. 1 of the Loan Agreement becomes effective, no event has occurred and is continuing which constitutes an event of default or would constitute an event of default under the Loan Agreement.

4. The Loan Agreement is amended as follows:


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a. The introductory paragraph is deleted and the following substituted for it:

Project Loan Agreement, dated September 25, 1981, and amended February 13, 1984 among Banex Internacional (referred to alternately as Banex Internacional or Borrower), Corporacion Banex (referred to alternately as Corporacion Banex or Guarantor), Banco Agro-Industrial y de Exportaciones, S.A. (referred to as Banex) and the United States of America, acting through the Agency for International Development (A.I.D.).

b. In Article I, the words "and the Guarantor" are added after the word "Borrower".

c. In Article II, Section 2.1, the words "and the Guarantor" are added after the word "Borrower".

d. In Article III, Section 3.2, the words "and the Guarantor" are added after the word "Borrower" wherever it appears and the verbs following those words are made plural rather than singular.

e. In Article V, Section 5.1 is deleted and the following substituted for it:

Prior to the first disbursement under the Loan after the signing of Amendment No. 1 of the Loan Agreement, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower or the Guarantor, as the case may be, will, except as the parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) A statement duly authenticated of the name of the person holding or acting in the office of Banex Internacional and Corporacion Banex specified in Section 9.2, and of any additional representatives together with a specimen signature of each person specified in such statement;

(b) Certified copies of (1) Banex Internacional's charter, by-laws and operating policies which have been approved by Banex Internacional's Board of Directors; and (2) Corporacion Banex's charter, by-laws and operating policies which have been approved by its Board of Directors.

(c) A statement from Banex Internacional setting forth the basic policies, rules and regulations regarding terms, interest rates and eligibility criteria to be used in making investments and subloans, and such other statements concerning the status and operations of Banex Internacional as A.I.D. may deem appropriate;



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(d) A Statement from Banex Internacional setting forth the procedures it will follow in reviewing, analyzing and administering investments and subloans to be made by it;

(e) Evidence that Banex Internacional has employed management and staff satisfactory to A.I.D.;

(f) A plan for the periodic audit of subloans by Banex Internacional;

(g) Evidence that Banex Internacional has entered into a pledge agreement and opened a pledge account for the establishment and maintenance of "risk minimization fund" described in Annex I of the Loan Agreement.

f. In Article V, Section 5.2 is deleted.

g. In Article V, Section 5.3, the Section is renumbered Section 5.2 and words "or the Guarantor through its subsidiaries" are added immediately after the word "Borrower" wherever it appears.

h. Sections 5.4 and 5.5 are renumbered as Sections 5.3 and 5.4 respectively.

i. In Article V, Section 5.6 the section is renumbered Section 5.5 and in the second line of subparagraph (a) the words "The first amendment to" are inserted immediately before the words "this Agreement."

j. In Article V, in renumbered Section 5.5, in the first line of subparagraph (b) the word and number "and 5.4" are deleted and the word "and" is inserted between the numbers "5.2, 5.3". In the third line the number \$3,200,000 is deleted.

k. Section 6.1 of Article VI is deleted in its entirety and the following substituted in lieu thereof:

ARTICLE VI

SPECIAL COVENANTS

Section 6.1.

The Borrower and the Guarantor covenant, as applicable to each, that, unless A.I.D. otherwise agrees in writing, they will:

(a) establish an evaluation program as part of the project. The program will include:

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(1) an evaluation of progress toward attainment of the objectives of the Project;

(2) identification and examination of problem areas or obstacles to accomplishment of project objectives;

(3) evaluation, to the degree feasible, of the overall development impact of the Project;

(4) review of the timing of disbursements of funds provided by this Loan, private sources and the Borrower.

The program will be carried out during the implementation of the project, and the Borrower and the Guarantor will conduct each of the above activities at one or more times during the project -- including prior to disbursement of Loan funds in excess of \$5,700,000 -- and at the end of the project;

(b) not use A.I.D. Loan funds to pay administrative or operating expenses of the Borrower or the Guarantor except for start-up expenses of the Guarantor's Trading Company Subsidiary;

(c) not make subloans to, or equity investments, in businesses or other activities in which the President, Vice-President, auditors, managers, or employees (or the immediate family of any of the foregoing) of the Borrower, the Guarantor, or any of its subsidiaries has a controlling financial interest, using A.I.D. funds;

(d) not permit the use of A.I.D. funds to finance any subproject or to make subloans to any subborrower in excess of the equivalent of two hundred fifty thousand United States Dollars (\$250,000);

(e) not make subloans to or investments in, any single enterprise in excess of \$500,000;

(f) not declare or pay cash dividends on any class of stock of the Borrower, the Guarantor, or any of its subsidiaries from sources other than accrued earnings (after providing adequate reserves for bad debts);

(g) not incur any indebtedness which would enjoy a position superior to the obligation incurred under the Loan;

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(h) not appoint as the chief executive officer of the Borrower, the Guarantor or any of its subsidiaries a person whose appointment has not been approved in advance in writing by A.I.D.;

(i) not declare or pay cash dividends on any class of stock of the Borrower, the Guarantor or any of the Guarantor's subsidiaries, if such dividends in any one year would exceed eighteen percent (18%) of the net worth of the corporation paying the dividends;

(j) maintain a reserve for bad debts of at least one percent (1%) of all outstanding loans;

(k) use reflows of subloan principal and interest in accordance with Project purposes;

(l) submit a report to A.I.D. each quarter during the life of the Loan Agreement, containing: a breakdown of subprojects, showing types of industry, commitments and disbursements, terms and conditions of financing, uses of Borrower and A.I.D. funds, an aging of accounts and other comments as appropriate;

(m) use their best efforts to encourage establishment of financial measures in Costa Rica which would assure availability of foreign exchange to the Borrower and the Guarantor and its subsidiaries for debt service obligations;

(n) participate in good faith in the negotiation and establishment of appropriate cofinancing arrangements among A.I.D., other potential lenders and the Borrower, in order to generate additional resources for Project purposes;

(o) establish and make payments into a pledge account on terms and conditions satisfactory to A.I.D. and as described in Annex I of this Loan Agreement, to provide assets which will be available to A.I.D. as additional security against risk of loan default;

(p) increase annually by at least ten percent (10%) of the total amount of subscribed stock the amount of newly issued stock of the Guarantor which is available for public subscription;

(q) use, until December 31, 1985, at least one hundred percent (100%), and at least fifty percent (50%) thereafter, of interest income from subloans made using A.I.D. funds to establish and operate the Export Management Component of the Project as described in Annex I of this Agreement. For purposes of this covenant, interest income from subloans shall be deemed reduced by (1) interest paid to A.I.D. pursuant to this Loan Agreement; (2) funds and or assets paid into the pledge account (3) Borrower's

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operating expenses, to the extent such expenses do not exceed annually the sum of five percent (5%) of the first \$3.2 million of the average amount of the A.I.D.-financed subloan portfolio, four percent (4%) of the next \$2.5 million of the average amount of the A.I.D.-financed subloan portfolio, and two and one half percent (2.5%) of the amount of the A.I.D.-financed subloan portfolio exceeding \$5.7 million; (4) tax payments required by law attributable to income generated by A.I.D.-financed sublending.

(r) Not allow the net worth of the Guarantor's Trading Company (TRACO) to fall below \$350,000 during the effective period of the Loan Agreement.

(s) Require that TRACO will pay no cash dividends during its first five years of operation;

(t) Consult from time to time with A.I.D. concerning the steps taken by the Borrower to seek cofinancing from private banking sources;

(u) Not permit the Borrower's debt to net worth ratio to exceed 6:1 during year one, 7:1 during year two, 8:1 during year three, 9:1 during year four and 10:1 during years five through twenty of the effective period of the Loan Agreement.

(v) make subloans from the proceeds of the Loan only for the following purposes and under the following conditions:

(A) Export financing

Export financing shall be effected only against irrevocable endorsement to the Borrower of a full set of original export documents;

(B) Pre-Export Financing.

Pre-export financing shall be effected in the following manner. Borrower will finance the production of goods for export by extending credit to a foreign based importer or bank, who in turn will extend an equal credit on the same terms to the Costa Rican exporter. The credit shall be registered with the Central Bank of Costa Rica as pre-export financing. Exporter shall endorse and deliver to Borrower the export documents.

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(C) Brokerage Financing.

The Borrower shall deposit the proceeds of the Loan as security with a foreign-based bank (outside Costa Rica), which in turn will agree to make loans totaling the amount deposited to clients of the Borrower pursuant to terms and conditions set by the Borrower; the foreign-based bank may retain a commission for handling each transaction in an amount not to exceed one percent per annum, calculated on the outstanding balance of the loan made to the client of the Borrower;

(D) Import Procurement Financing.

The Borrower will finance the purchase by Costa Rican producers of imported items by extending credit to the foreign-based supplier, who in turn will extend an equal credit on the same terms to the Costa Rican purchaser for the purchase of the imported items; and

(E) Import Financing.

The Borrower will finance the importation of goods by Costa Rican importers, in accordance with Resolution No. 1614 of "Tribunal Superior Primero Civil" (Costa Rica), handed down at 7:30 a.m. October 5, 1983.

l. In Section 6.2 of Article VI, the words "and the Guarantor" are inserted immediately after the words "the Borrower" in all lines but the first.

m. Section 9.1 of Article IX, the word "either" in the second line is deleted and the word "a" is substituted for it and the word "any" is inserted before the word "other" in the second line. (Insert addresses and telex addresses for the Borrower and the Guarantor)

n. In Section 9.2 of Article IX, the words "the Guarantor will be represented by the individual holding or acting in the office of General Manager" are inserted after the words "General Manager" in the third line.

o. The Title of Section 9.3 is changed to "Annexes" and is amended to read as follows: "A Project Loan Standard Provisions Annex" (Annex II) and a "Novation and Guaranty Annex" (Annex III) are attached to and form part of this Agreement.

p. Annex I, Amplified Project Description is deleted and the attached Annex I substituted for it.

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THE UNITED STATES OF AMERICA

By Bastiaan B. Schouten
Bastiaan B. Schouten
Title: Deputy Director
United States of A.I.D. Mission to Costa Rica

BANEX INTERNACIONAL, S.A.

By Richard Beck Hemicke
Richard Beck Hemicke
Title: Vice President

CORPORACION BANEX, S.A.

By Oscar Rodríguez Ulloa
Oscar Rodríguez Ulloa
Title: Attorney in Fact

ANNEX I

AMPLIFIED PROJECT DESCRIPTION

I. INTRODUCTION

The project has as its overall objective the expansion of the production and export of nontraditional^{1/} Costa Rican products to world (non-CACM) markets. The Project purpose is to establish an integrated program of credit, export management assistance and export oriented banking services for the producers, manufacturers, brokers and other expeditors of non-traditional Costa Rican exports to world markets.

Additionally, the Project intends to establish the Borrower, Banex Internacional, S.A. (Banex Internacional), as a viable, private sector alternative to assist with the resolution of the banking problems of the country. The Guarantor on its own and through its subsidiaries in the implementation of the Project.

II. PROJECT COMPONENTS

The Project consists of the following components:

A. Credit Component

The Borrower will make subloans at or near market interest rates to or for the benefit of eligible producers, manufacturers, brokers and other expeditors of nontraditional exports to world markets. Subloans will be both long-term and short-term^{2/}, with the length of the repayment period

1/ By nontraditional exports are meant all those exports other than raw coffee, bananas, and unrefined sugar. Included in nontraditional exports are, therefore, such commodities as roasted coffee, cocoa, refined sugar, beef, and processed beef and primary exports such as fish and crustaceans, black beans, plantains, and unprocessed vegetables.

2/ If Banex Internacional secures cofinancing, it is expected that the cofinanced funds would be available only on a short-term basis. Under such circumstances, the cofinanced funds would be used to finance short term sublendings and at least 50% of the longer term AID funds would be used for long-term sublending.

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determined by the uses for which funds are borrowed. Uses will include capital investments for plant and equipment, raw materials purchase and working capital.

All the Borrowers' subloans and investments to be made with AID provided resources will have the following characteristics:

- o Maximum Size: 15% of the Guarantor's net worth, initially \$150,000, or up to \$250,000 with AID approval and with approval of the Central Bank of Costa Rica, if required.
- o Terms: up to five years for plant, equipment and permanent working capital, not including the grace period described below; up to one year, renewable, for shortterm working capital.
- o Interest Rates: Long-term (over one year) loans at 1 to 3% over LIBOR for similar maturities; short-term loans (one year or less) at 1 to 4% (including commission) over LIBOR for similar maturities.
- o Grace Period: Maximum of two years unless A.I.D. otherwise agrees in writing.
- o Use of Funds: Plant and equipment, raw materials (local and imported), and working capital.
- o Borrowers: Enterprises in the industrial, agricultural, commercial and service sectors, or under the conditions specified in Section 6.1(v), for the benefit of such borrowers.

Eligible subloans are those which finance subborrower projects which:

- o contribute to the development or improvement of nontraditional export production and marketing systems (i.e., bring efficiency and lower costs to the production--transportation-warehousing-- distribution chain through which goods and services are marketed for export); and/or,
- o contribute to export sales, profits and foreign market penetration of sub-borrowers. (No subprojects will be financed which are not nontraditional export oriented, and whose sales are less than 50% destined to world markets.)

B. Export Management Component

Corporacion Banex will develop and manage an Export Management Component which will consist initially of a whollyowned Costa Rican based Trading Company subsidiary (TRACO).

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The principal objectives of the Export Management Component are:

- o to provide producers and manufacturers with commonly needed, basic export management services;
- o to assist producers and manufacturers of nontraditional export products to establish and maintain a productive capability which meets the demands of the marketplace;
- o to develop broadly based export management expertise among Costa Rican producers, manufacturers and merchants by including them in the export process;
- o to establish a strong, systematic Costa Rican nontraditional product presence in the world market place; and
- o to provide producers and manufacturers of export products with lower cost imported raw materials and capital goods, supplier financing, and better knowledge of technical purchasing options.

TRACO will provide services which will: (1) assist in marketing Costa Rican products in foreign countries and, (2) assist Costa Rican producers in purchasing raw and intermediate materials and capital goods from foreign sources at lower cost and under more favorable conditions than at present.

TRACO services in Costa Rica may include warehousing, financing (in coordination with the Project's Credit component), and marketing linkages with other export marketing mechanisms. Additionally, TRACO may provide producers and manufacturers with the production and post production processing related technical assistance necessary to meet quality and production standards and other requirements of export markets.

TRACO may also encourage and assist producer groups to form companies for exporting specific products. These companies (EXCOs) will be joint ventures of TRACO and the associated producers. EXCOs are expected to eventually become centers of specialized exporting knowledge for their own and related products lines. To ensure management coordination and growth of expertise during EXCO development, TRACO will maintain strong equity positions in the EXCOs.

C. Banking Services Component

Under the Project, Banex will develop an in-house capacity to deliver a full range of export facilitating banking services which it will of-

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fer to project subborrowers, clients of the Project's Export Management Component and other exporters. Through Banex and its international correspondent banking network, these services will be offered in direct coordination with the credit and export management project activities.

The export-oriented banking services will include at least:

- o export collection services and bonds to exporters;
- o currency management: purchasing and selling, settling of accounts, and futures (as permitted by the Central Bank of Costa Rica);
- o all "documentary services" required to expedite payment from buyer to seller, i.e. the various types of letters of credit, cash payments, including advances, and receipts, open and rotating account management, and consignments;
- o assistance with and verification of required documentation --e.g. invoices, bills of lading, certificates of insurance, and visas; and
- o new market development as a function of Banex relationships with its correspondent foreign banks and their customers.

III. PROJECT MANAGEMENT

Project implementation and management will be under the overall responsibility of Corporacion Banex. The Credit and Banking Services Components will be managed through BANEX banking professionals and support staff in Costa Rica, and through BANEX Internacional (Panama). The Export Management Component will be managed by TRACO, which will employ all necessary management support staff.

IV. PROJECT FINANCING

A. Credit

The Project's subloan portfolio will be financed by the ten million dollar AID loan, by loans made using Corporacion Banex's two million dollar capital base, by subloan principal reflows, and by "cofinanced" resources. As a condition precedent to disbursement of AID funds beyond \$5.7 million and \$8.2 million, Banex Internacional must sublend the equivalent of 5.0 million and \$7.5 million, respectively which it has secured from private "cofinancing" sources. In addition to reflows, therefore, the Project's

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total subloan and equity investment portfolio is expected to reach the equivalent of at least \$22.0 million by the Project Activity Completion Date.

B. Export Management

TRACO will be financed through an initial Banex Internacional investment of \$700,000 which Banex Internacional will draw from AID loan funds. In addition, Banex Internacional will invest 100% of its net income from the spread between the AID loan and its subloans in TRACO during the first three years of Banex Internacional operation. This investment level will be reduced to 50% of yearly earnings from the AID portfolio beginning in January of 1986, and will continue until the A.I.D. loan to Banex Internacional is repaid. During the fourth year of its operation, TRACO is expected to begin realizing profits. Using these profits, TRACO may pay dividends to the Guarantor up to a limit of \$700,000 over the effective period of the Loan Agreement.

C. The Banking Services Component

There will be no cost to the A.I.D. project for the delivery of export-oriented banking services. Banex Internacional and Banex will assume responsibility for these services as part of normal operations. Project clients (sub-borrowers and trading company clients) will purchase necessary banking services as will other Banex and Banex Internacional customers.

D. Pledge Account

In order to provide AID with additional security against default, and to provide additional longevity to the credit program, the Project will include the establishment and capitalization of a special pledge account.

To establish the account Banex Internacional will make semi-annual payments into a U.S. pledge account, acceptable to A.I.D., at the following annual rates: three percent of the average outstanding balance of the A.I.D. loan during the ten-year grace period and two percent thereafter until the balance in the account equals the outstanding balance of the A.I.D. loan. These funds will be used to acquire financial instruments acceptable to A.I.D. Payments into the account and earnings thereon, less fees, if any, will pass to A.I.D., should A.I.D. communicate to the pledge agent that the loan is in default. No other creditors of Banex Internacional or Corporacion Banex or its subsidiaries, including depositors, will have any claim on these funds. A.I.D.'s exclusive claim on these funds in the event of default will not prejudice any other claims which A.I.D. may share with other creditors. Moreover, the assets in the account may not be considered as equity in Banex Internacional or Corporacion Banex or its subsidiaries. Payments into the account may not be made with A.I.D. loan funds or with the

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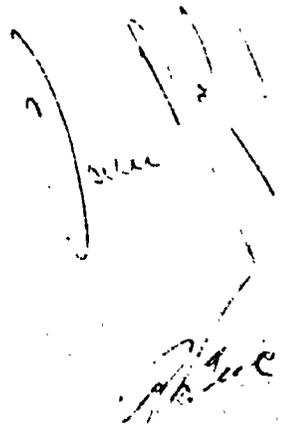
recuperated principal of the A.I.D. subloan portfolio. Payments will continue until the balance in the account, including accumulated interest thereon, equals the outstanding principal of the A.I.D. loan. If at any time the amount in the pledge account exceeds the principal balance of the A.I.D. loan, Banex Internacional may, with the written agreement of A.I.D., transfer such amount in excess of the principal balance to its own account. All funds transferred shall be used for Project purposes during the effective period of the Loan Agreement.

V. FINANCIAL PLAN^{1/}

(\$000)

<u>USES</u>	<u>BANEX AID</u>	<u>COMMERCIAL CAPITAL</u>	<u>COFINANCING</u>	<u>TOTAL</u>
Subloans	9,300	2,000	10,000	21,300
Corporacion Banex Equity Investment in TRACO	700	-	-	700
TOTAL	<u>10,000</u>	<u>2,000</u>	<u>10,000</u>	<u>22,000</u>

^{1/} Financial Plan does not include lending or other investments made from retained earnings of Banex Internacional or Corporacion Banex or its subsidiaries.

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Bastian B. Schonth

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EQUAL CREDIT ON THE SAME TERMS TO THE COSTA RICAN EXPORTER. THE CREDIT SHALL BE REGISTERED WITH THE CENTRAL BANK AS PRE-EXPORT FINANCING. EXPORTER SHALL ENDORSE AND DELIVER TO BORROWER THE EXPORT DOCUMENTS.

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(B) BROKERAGE FINANCING, WHEREBY THE BORROWER SHALL DEPOSIT THE PROCEEDS OF THE LOANS AS SECURITY WITH A FOREIGN-BASED BANK, WHICH IN TURN WILL AGREE TO MAKE LOANS IN COMPARABLE AMOUNTS TO CLIENTS OF THE BORROWER PURSUANT TO TERMS AND CONDITIONS SET BY THE BORROWER; THE FOREIGN-BASED BANK MAY RETAIN A COMMISSION FOR HANDLING EACH SUCH TRANSACTION IN AN AMOUNT NOT TO EXCEED ONE PERCENT PER ANNUM, CALCULATED ON THE OUTSTANDING BALANCE OF THE LOAN MADE TO THE CLIENT OF THE BORROWER;

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(C) IMPORT PROCUREMENT FINANCING, IN WHICH THE BORROWER FINANCES THE PURCHASE BY COSTA RICAN PRODUCERS OF IMPORTED ITEMS BY EXTENDING CREDIT TO THE FOREIGN-BASED SUPPLIER, WHO IN TURN WILL EXTEND AN EQUAL CREDIT ON THE SAME TERMS TO THE COSTA RICAN PURCHASER FOR THE PURCHASE OF THE IMPORTED ITEMS; AND

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FOR STEVE WHITMAN, LAC/GC

(D) IMPORT FINANCING, IN WHICH BORROWER FINANCES THE IMPORTATION OF GOODS BY COSTA RICAN IMPORTERS, IN ACCORDANCE WITH RESOLUTION NO. 1614 OF TRIBUNAL SUPERIOR PRIMERO CIVIL (COSTA RICA), HANDED DOWN AT 7:30 A.M. OCTOBER 5TH, 1983.

E.O. 12356-N/A
SUBJECT: BANEX PROJECT (515-0176)

REF: SAN JOSE 8377

(2) USE THE A.I.D. LOAN PRINCIPAL AND THE REPAYMENTS THEREOF, OR INTEREST INCOME MADE USING A.I.D. RESOURCES, ONLY FOR THE PURPOSES HEREOF TO ELEGIBLE BORROWERS BASED IN COSTA RICA.

1. THIS IS A CONTINUATION OF REFTEL AND COMPLETES THE NOVATION WORK CARRIED OUT BY ATTORNEY MANUEL PERALTA IN SAN JOSE.

2. BEGIN TEXT:

"ARTICLE VI

AMENDMENTS TO THE LOAN AGREEMENT

IMMEDIATELY UPON THIS FIRST AMENDMENT BECOMING EFFECTIVE, THE LOAN AGREEMENT AND ITS ANNEXES SHALL BE AMENDED AS FOLLOWS:

1. IN THE COMMENCEMENT PARAGRAPH OF LOAN AGREEMENT AND IN ALL OTHER PARTS, SECTIONS AND ANNEXES OF THE LOAN AGREEMENT, THE WORD "BORROWER" SHALL HEREAFTER MEAN "BANEX INTERNACIONAL, S.A.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE REPUBLIC OF PANAMA, WITH OFFICES AT APARTADO 472, ZONA 1, PANAMA, REPUBLIC OF PANAMA.

2. IN SECTION 5.1, CONDITIONS PRECEDENT TO DISBURSEMENT, SUBSECTIONS (A) TO (I) ARE DEEMED PERFORMED, FULFILLED AND DELIVERED TO THE SATISFACTION OF A.I.D.

3. IN SECTION 5.6, THE TERM FOR THE BORROWER TO FURNISH EVIDENCE THAT IT HAS ENTERED INTO AN ESCROW AGREEMENT AND OPENED AN ESCROW ACCOUNT FOR THE ESTABLISHMENT AND MAINTENANCE OF THE "RISK MINIMIZATION FUND" DESCRIBED ON ANNEX I OF THE LOAN AGREEMENT, IS HEREBY EXTENDED TO DECEMBER 31ST, 1983.

4. SECTION 6.1 IS AMENDED BY ADDING NEW SECTIONS 6.1 (2), (1) AND (2), AS FOLLOWS:

SECTION 6.1 (2):

(1) NOT MAKE SUBLOANS FROM THE PROCEEDS OF THE LOANS FOR PURPOSES OTHER THAN:

(A) EXPORT FINANCING

(i) AGAINST IRREVOCABLE ENDORSEMENT TO THE BORROWER OF A FULL SET OF ORIGINAL EXPORT DOCUMENTS;
(ii) FOR PRE-EXPORT FINANCING, IN WHICH BORROWER FINANCES THE PRODUCTION OF GOODS FOR EXPORT BY EXTENDING CREDIT TO A FOREIGN BASED IMPORTER, WHO IN TURN WILL EXTEND AN

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FOR STEVE WHITMAN, LAC/GC

E.O. 12356: N/A
SUBJECT: BANEX PROJECT (S15-0176)

5. SECTION D.2(B) OF ANNEX II TO THE LOAN AGREEMENT IS
HEREBY AMENDED TO READ AS FOLLOWS:

(B) THE BORROWER SHALL HAVE FAILED TO COMPLY WITH ANY
OTHER PROVISION OF THIS AGREEMENT OR ANY AMENDMENT HERE-
OF: OR.

6. ANNEX II OF THE LOAN AGREEMENT IS AMENDED BY ADDING A
NEW SECTION D.8 AS FOLLOWS:

SECTION D.8 COSTS AND EXPENSES

THE BORROWER AGREES TO PAY ON DEMAND ALL LOSSES, COSTS
AND EXPENSES, IF ANY (INCLUDING COUNSEL FEES), IN CONNEC-
TION WITH THE PRESERVATION OF ANY RIGHTS OF A.I.D. UNDER,
OR THE ENFORCEMENT OF, IN OR OUT OF COURT, OR LEGAL ADVICE
IN RESPECT OF RIGHTS OR RESPONSIBILITIES UNDER, THIS
AGREEMENT, AND THE LOANS, INCLUDING WITHOUT LIMITATIONS,
LOSSES, COSTS, EXPENSES AND ANY AGREEMENT FISCAL OR OTHER,
STAMP TAX SUSTAINED BY A.I.D. AS A RESULT OF ANY FAILURE
BY THE BORROWER TO PERFORM OR OBSERVE ITS OBLIGATIONS
CONTAINED HEREIN OR IN ANY AMENDMENT HEREOF OR IN THE
ANNEXES AND IMPLEMENTATION LETTERS.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS
FIRST AMENDMENT TO BE EXECUTED BY THEIR RESPECTIVE
OFFICERS OR AGENTS THEREUNTO DULY AUTHORIZED, AS OF THE
DATE FIRST ABOVE WRITTEN.

BANCO AGRO-INDUSTRIAL Y DE EXPORTACIONES, S.A.

BY: OSCAR RODRIGUEZ ULLOA
TITLE: ASSISTANT MANAGER

THE UNITED STATES OF AMERICA

BY: BASTIAAN B. SCHOUTEN
TITLE: DEPUTY DIRECTOR
UNITED STATES A.I.D. MISSION TO COSTA RICA

BANEX INTERNACIONAL, S.A.
BY:
TITLE: ..."

CORPORACION BANEX, S.A.
BY: OSCAR RODRIGUEZ ULLOA
TITLE: ATTORNEY IN FACT"

3. END OF TEXT. WINSOR

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