

PROJECT AGREEMENT

Between

THE THAI DANU BANK, LIMITED

and the

UNITED STATES OF AMERICA

Acting through the

AGENCY FOR INTERNATIONAL DEVELOPMENT

Project No. 940-0002.48

Loan No. 493-S-043

Date: December 6, 1985

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PROJECT AGREEMENT

This agreement (hereinafter "Agreement") is entered into this 6th day of December 1985 by and between The Thai Danu Bank, Limited (hereinafter the "Local Lending Bank"), a corporation organized and existing under the laws of Thailand (hereinafter "Host Country") and the United States of America acting through the Agency for International Development (hereinafter "A.I.D.")

Recitals

WHEREAS, A.I.D. wishes to increase the amount of bank credit available to small and medium-sized private businesses in the Host Country outside Bangkok and the surrounding urban areas; and

WHEREAS, A.I.D. has negotiated an agreement (hereinafter "Loan Agreement") with Rainier National Bank, a national banking association organized and existing under the laws of the United States with principal offices in Seattle, Washington, (hereinafter "Issuing Bank") establishing a letter of credit facility (hereinafter "Standby Facility") under which the Issuing Bank agrees to issue standby letters of credit (hereinafter "Standby L/Cs") guarantying up to fifty percent (50%) of the principal of loans made by the Local Lending Bank to qualifying small businesses in the Host Country and under which A.I.D. has agreed that amounts paid out by the Issuing Bank on Standby L/Cs issued under the Standby Facility may be offset against amounts owed to A.I.D. under the Loan Agreement; and

WHEREAS, in light of the Issuing Bank's commitment to issue such Standby L/Cs, the Local Lending Bank wishes to increase the amount of its lending to small and medium-sized Host Country private businesses;

NOW, THEREFORE, A.I.D. and the Local Lending Bank (hereinafter collectively termed the "Parties") agree as follows:

ARTICLE 1: THE AGREEMENT

The purpose of this Agreement is to set forth the obligations and understandings of the Parties with respect to the financing and execution of the project described below.

ARTICLE 2: DEFINITION OF TERMS

Capitalized terms throughout this Agreement, including its Annexes, shall have the definition stated below unless the context clearly indicates otherwise.

Section 2.1. "A.I.D." Agency for International Development.

Section 2.2. "Assignment and Certificate." The document, in the form of Exhibit C to the sample Standby L/C which is attached to this Agreement as Annex D, which the Local Lending Bank submits to make a claim under a Standby L/C.

Section 2.3. "Certificate of Estimated Standby Utilization." A certificate in substantially the form of Annex B to this Agreement submitted by the Local Lending Bank to both A.I.D. and the Issuing Bank relating to the Local Lending Bank's estimated utilization of the Standby Facility during the six (6) months immediately following the date of such certificate.

Section 2.4. "Execution Date." The date of the execution of this Agreement.

Section 2.5. "Facility Termination Date." The date upon which the Local Lending Bank may no longer request the issuance of a Standby L/C in accordance with Section 4.8 below.

Section 2.6. "Governmental Authority." The government of the Host Country or any other country or any political subdivision of any such government or any branch, department, agency, instrumentality, court, tribunal, or regulatory authority which constitutes a part or exercises any sovereign power of any such government.

Section 2.7. "Guaranty Fee." The fee specified in Section 4.7 paid by the Local Lending Bank to A.I.D. for its access to and utilization of the Standby Facility.

Section 2.8. "Host Country." Thailand.

Section 2.9. "Host Country Taxes." Taxes imposed, assessed, levied or collected by the Host Country as described in Section 8.5 below.

Section 2.10. "Issuing Bank." Rainier National Bank.

Section 2.11. "Loan Agreement." The loan agreement dated August 30, 1985 between A.I.D. and the Issuing Bank identified as Loan No. 493-S-043 establishing the Standby Facility.

Section 2.12. "Local Currency." Thai Baht.

Section 2.13. "Local Lending Bank Standby Certificate." A document, in the form of Annex C to this Agreement, which the Local Lending Bank submits to the Issuing Bank to request the issuance of a Standby L/C under the Standby Facility.

Section 2.14. "National of Host Country." An individual shall be deemed a National of the Host Country if, and only if, such individual is a citizen or legal resident of the Host Country, and

not a citizen or legal resident of any non-A.I.D. Code 941 country (excludes communist and certain industrialized non-communist countries). A corporation shall be deemed a National of the Host Country if the majority of its stock is owned by individuals who are Nationals of the Host Country, and neither the corporation's domicile nor its principal place of business lie in any non-A.I.D. Code 941 country.

Section 2.15. "Notice of Excess Coverage." A written notice submitted by the Local Lending Bank to the Issuing Bank under the circumstances described in Section 4.5.

Section 2.16. "Project." The Project, which is further described in Annex A, will consist of financing Qualifying Activities by Qualifying Subborrowers. The Local Lending Bank will have the authority, subject to the terms and conditions of this Agreement, to request the issuance of a Qualifying Standby L/C by the Issuing Bank guarantying up to fifty percent (50%) of the principal amount of Qualifying Subloans.

Section 2.17. "Qualifying Activities." Any private commercial or productive activity conducted principally in the Host Country but not including the activities prohibited under the Supplemental Subloan Terms or under applicable Host Country law.

Section 2.18. "Qualifying Standby L/C." A standby letter of credit, substantially in the form of Annex D to this Agreement, which the Local Lending Bank requests the Issuing Bank to issue guarantying up to fifty percent (50%) of the principal amount of one or more Qualifying Subloans.

Section 2.19. "Qualifying Subborrower." An individual or company that:

- (a) is a National of the Host Country;
- (b) in the case of a company, is one hundred percent (100%) privately owned and controlled;
- (c) has its principal place of business in the Host Country but outside the provinces of Bangkok, Thon Buri, Samut Prakan and Nonthaburi; and
- (d) owns a total of no more than the Local Currency equivalent of Four Hundred Thousand U.S. Dollars (\$400,000) in net fixed assets (excluding land) calculated in accordance with the exchange rate in effect on the date of the Subloan.

Section 2.20. "Qualifying Subloan." A loan from the Local Lending Bank to a Qualifying Subborrower having the following characteristics:

- (a) the loan is in a total principal amount no greater than the Local Currency equivalent of One Million U.S. Dollars (\$1,000,000) calculated according to the exchange rate in effect on the date of the loan;
- (b) the purpose of the loan is to finance a Qualifying Activity and the loan is additional to credit already being made available to the Subborrower by the Local Lending Bank and does not represent a renewal or extension of a pre-existing loan;
- (c) the final payment of the loan is due no later than one hundred twenty (120) days before the final principal due date under the Loan Agreement;
- (d) no less than One Hundred percent (100%) of the loan is in Local Currency;
- (e) the commitment to make the loan was made after May 1, 1985;
- (f) the first disbursement of the loan did not occur before October 9, 1985;
- (g) the first disbursement of the loan occurred no more than one hundred eighty (180) days before the submission of the Local Lending Bank Standby Certificate covering the loan;
- (h) the loan commitment was made with the intention that the loan would be guaranteed under the Standby Facility; and
- (i) no portion of the risk of repayment of the loan is borne at any time by any Governmental Authority or any entity owned or controlled by any Government Authority.

Section 2.21. "Standby Facility." The facility established by the Loan Agreement under which the Issuing Bank agrees to issue Standby L/Cs guarantying up to fifty percent (50%) of the Subborrowers' principal obligations under Qualifying Subloans.

Section 2.22. "Standby L/C." Any standby letter of credit issued by the Issuing Bank under the Standby Facility.

Section 2.23. "Subborrowers." A borrower under a loan from the Local Lending Bank guaranteed by a Standby L/C.

Section 2.24. "Subloan." Any loan guaranteed under the Standby Facility.

Section 2.25. "Supplemental Subloan Terms." The loans terms, in substance as stated in Annex E hereto.

ARTICLE 3: RESOURCES FOR THE PROJECT

Section 3.1. A.I.D. Resource for Project. A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, has entered into the Loan Agreement under which the Issuing Bank has agreed to establish the Standby Facility.

Section 3.2. Local Lending Bank Resources for the Project. The Local Lending Bank agrees to devote sufficient resources to the Project to carry it out effectively, in a timely manner, and consistent with the terms of this Agreement. The Local Lending Bank also agrees to pay the Guaranty Fee and other fees in accordance with the terms of this Agreement as well as the fees charged by the Issuing Bank, identified in Section 4.7 below, for the availability or utilization of or payment of claims under the Standby Facility.

ARTICLE 4: TERMS OF STANDBY FACILITY

Section 4.1. Procedures for Opening Standby Facility. The Local Lending Bank shall, within thirty (30) days after the Local Lending Bank's satisfaction of the Conditions Precedent to Initial Utilization stated in Section 6.1 below, submit to the Issuing Bank, with a copy to A.I.D., a Certificate of Estimated Standby Utilization containing the Local Lending Bank's estimate of its anticipated utilization of the Standby Facility during the six (6) month period immediately following the date of such certificate. The submission of such certificate shall be a condition precedent to A.I.D.'s first disbursement under the Loan Agreement and therefore a condition precedent to the Issuing Bank making the Standby Facility available to the Local Lending Bank. Each submission of a Certificate of Estimated Standby Utilization shall be deemed a representation and warranty by the Local Lending Bank that all the representations and warranties contained in Article 5 of this Agreement continue substantially to be true as of the date of such submission and that the Local Lending Bank has, since the Execution Date, carried out the Project in accordance with the terms of this Agreement. The Issuing Bank shall make the Standby Facility available, after the submission of the first Certificate of Estimated Standby Utilization, in an amount equal to A.I.D.'s first disbursement. The Local Lending Bank may, at any time after such initial submission but before August 30, 1986 (the end of the Availability Period under the Loan Agreement), notify the Issuing Bank, by submission of subsequent Certificates of Estimated Standby Utilization, of any increase in the anticipated utilization during the immediately following six (6) month period. The Issuing Bank may then request a further disbursement under the Loan Agreement up to the amount of such increase which further disbursement will cause an increase in a like amount of the available coverage under the Standby Facility. The Loan Agreement provides for disbursements in multiples of Five Hundred Thousand U.S. Dollars (\$500,000) and thus, unless A.I.D. and the Issuing Bank agree otherwise in writing, Certificates of Estimated Standby Utilization must also be in such multiples.

Section 4.2. Level of Standby Facility. The parties contemplate that before the end of the first eighteen (18) months after the Execution Date, the Local Lending Bank will have sufficient business to utilize the entire Two Million Three Hundred Fifty Thousand U.S. Dollar (\$2,350,000) Standby Facility authorized under the Loan Agreement. The aggregate amount of coverage available under the Standby Facility shall not exceed the outstanding principal balance under the Loan Agreement, and therefore the coverage level of the Standby Facility will be reduced periodically corresponding with the principal amortization schedule under the Loan Agreement.

Section 4.3. Procedures for Issuance of Standby L/C. The Local Lending Bank, to request the issuance of a Standby L/C, shall submit simultaneously to A.I.D. and the Issuing Bank a Local Lending Bank Standby Certificate substantially in the form of Annex C to this Agreement. The Standby L/C requested may guaranty multiple Qualifying Subloans and must be in an initial amount of no less the One Hundred Thousand U.S. Dollars (\$100,000), unless A.I.D. and the Issuing Bank mutually agree otherwise in writing. Each submission of a Local Lending Bank Certificate shall be deemed a representation and warranty by the Local Lending Bank that all the representations and warranties contained in Article 5 of this Agreement continue to be true as of the date of such submission and that the Local Lending Bank has, since the Execution Date, carried out the Project in accordance with the terms of this Agreement.

Section 4.4. Qualifying Standby L/Cs. The Local Lending Bank shall request the issuance of a Standby L/C only if it falls within the definition of Qualifying Standby L/C under Section 2.18 above and satisfies the requirements of Section 4.3 above; and only if the issuance of such Standby L/C would not cause the Issuing Bank's total outstanding liabilities (contingent and unconditional) to exceed, at any time during the life of the Standby L/C, the outstanding principal balance under the Loan Agreement.

Section 4.5. Procedures Upon Pre-Payment of Subloans. In the event that the amount of a Standby L/C is or becomes (whether through prepayment, disbursement of less than the amount anticipated, or otherwise) greater than the amount needed to guaranty fifty percent (50%) of the outstanding principal of the loans identified in the Local Lending Bank Standby Certificate to which such Standby L/C relates, then the Local Lending Bank shall promptly notify A.I.D. and the Issuing Bank of such fact by submission to each of a Notice of Excess Coverage which notice may either request a reduction in the amount of the Standby L/C or identify additional Qualifying Subloans to be guaranteed by the relevant Standby L/C, provided, however, that such amendments must be acceptable to the Issuing Bank and must not cause the letter of credit to fall outside the definition of a Qualifying Standby L/C and or to violate any other provision of this Agreement.

Section 4.6. Procedures for Claims Against Standby L/Cs. The Local Lending Bank may make a claim for payment under a Standby L/C only when principal or interest payments under one or more Subloans are at least ninety (90) days past due. Before submitting a claim, the Local Lending Bank must pursue reasonable and diligent collection activities against the defaulting Subborrower as required by the Assignment and Certificate, applying all recoveries as provided therein. In accordance with the terms of the Standby L/C, the Local Lending Bank must then submit to the Issuing Bank, for each defaulted Subloan, a separate Assignment and Certificate in the form of Exhibit C to the sample Standby L/C attached as Annex D hereto and a separate draft in the form of attached as Exhibit B to the sample Standby L/C. The Local Lending Bank must simultaneously submit an executed copy of the Assignment and Certificate to A.I.D. The Local Lending Bank shall be obligated to A.I.D. in accordance with all the terms of such Assignment and Certificate.

Section 4.7. Fees for Standby Facility. The Local Lending Bank shall pay to A.I.D. a fee (hereinafter "Guaranty Fee") in the amount of One and Twenty-Five One Hundreths of One percent (1.25%) per annum of the average daily outstanding liabilities (contingent and unconditional) under all Standby L/Cs. Such fees shall begin to accrue on the date of the issuance of the first Standby L/C and shall be payable in arrears every three (3) months beginning three (3) months after such first issuance date. In the event that the outstanding liabilities under all Standby L/Cs have not reached the level of One Million U.S. Dollars (\$1,000,000) by the date six (6) months after the Execution Date, then the Guaranty Fee shall thereafter be calculated as though the outstanding liabilities under all Standby L/Cs equaled that amount. The Guaranty Fee shall continue to be calculated in such a manner until the first date upon which the outstanding liabilities under all Standby L/Cs reach the level of One Million U.S. Dollars (\$1,000,000) after which date the Guaranty Fee shall again be calculated on the actual amount of outstanding liabilities. The Local Lending Bank may terminate its access to the Standby Facility and thereby discontinue further accrual of the Guaranty Fee only by given written notice to A.I.D. and the Issuing Bank and paying to A.I.D. a cancellation fee in an amount equal to Seven Thousand Five Hundred U.S. Dollars (\$7,500) less the cumulative total of Guaranty Fees paid prior to the date of such cancellation (but not including any interest paid because of the late payment of Guaranty Fees). The Local Lending Bank shall also be responsible for paying fees charged by the Issuing Bank (a) for the issuance of Standby L/Cs in an amount equal to Fifteen One Hundreths of One Percent (.15%) per annum on the outstanding principal balance of Standby L/Cs, with a minimum fee per Standby L/C of One Hundred U.S. Dollars (\$100); (b) for payment of claims on Standby L/Cs in an amount equal to One Tenth of One Percent (.1%) of any amount paid out with a maximum fee per claim of One Hundred U.S. Dollars (\$100); and (c) for amendments of Standby L/Cs in an amount equal to Twenty Five U.S. Dollars (\$25) per amendment plus Fifteen One Hundreths of One Percent (.15%) of any amount the Standby L/C

is increased by the amendment. The amount of fees paid to the Issuing Bank during the three (3) month period immediately preceeding each date on which Guaranty Fees are due may be deducted from such Guaranty Fee payment up to the amounts stated above, provided that the Local Lending Bank submits to A.I.D., simultaneously with such payment, an accounting of the fees deducted. Interest shall accrue on any past due fees owed to A.I.D. at the rate of fifteen percent (15%) per annum.

Section 4.8. Termination of Facility. The last date upon which the Local Lending Bank may request the issuance of a Standby L/C is one hundred fifty (150) days prior to the last principal due date under the Loan Agreement. Such last issuance date shall be hereinafter termed the "Facility Termination Date." All Subloans must be due no later than one hundred twenty (120) days prior to the last principal due date, thus permitting the Local Lending Bank thirty (30) days after any defaulted subloan is ninety (90) days past due to submit a claim.

Section 4.9 Application, Currency, and Place of Payment. All payments of amounts owing to A.I.D. under this Agreement shall be made in U.S. Dollars and shall be applied first to the payment of interest due and then to fees and any other amounts owing. Except as A.I.D. may otherwise specify in writing, payments shall be made by telegraphic or electronic funds transfer in immediately available funds to the Federal Reserve Bank of New York by specifying a credit to U.S. Treasury, New York City, A.I.D. Agency Location Code 72000001, A.I.D. Loan Number 493-S-043, in payment on the reference Loan.

ARTICLE 5: REPRESENTATIONS AND WARRANTIES

The Local Lending Bank hereby represents and warrants as follows:

Section 5.1. Organization, Existence, Etc. of Local Lending Bank. The Local Lending Bank is a corporation duly organized and validly existing under the laws of the Host Country. The Local Lending Bank is qualified to do business in each jurisdiction where the conduct of its business requires such qualification, and it has full power, authority and legal right to carry out its business as presently conducted, to execute, deliver and perform this Agreement and all other documents which this Agreement contemplates will be executed by the Local Lending Bank.

Section 5.2. Authorization. The execution, delivery and performance by the Local Lending Bank of this Agreement, and any utilization of the Standby Facility hereunder, have been duly authorized by all necessary action of the Local Lending Bank, do not require any additional approval, do not contravene any law, regulation, rule or order binding on the Local Lending Bank, and do not contravene the provisions of or constitute a default under any

indenture, mortgage, contract or other agreement or instrument to which the Local Lending Bank is a party or by which the Local Lending Bank or any of its properties may be bound or affected.

Section 5.3. Governmental Approvals, Etc. No approval, permit, license, authorization, certificate, or consent of any Governmental Authority is required for the making by the Local Lending Bank of this Agreement, except such as have been heretofore obtained and are in full force and effect.

Section 5.4. Binding Obligations, Etc. This Agreement has been duly executed and delivered by the Local Lending Bank and constitutes legal and each Assignment and Certificate when executed and delivered will constitute, valid and binding obligations of the Local Lending Bank enforceable against the Local Lending Bank in accordance with their respective terms.

Section 5.5. Litigation. There are no actions, proceedings, investigations or claims against or affecting the Local Lending Bank now pending before any court, arbitrator or Governmental Authority (or to the knowledge of the Local Lending Bank has any thereof been threatened nor does any basis exist therefor) which, if determined adversely to the Local Lending Bank, would be likely to have a material adverse effect on the operations of the Local Lending Bank.

Section 5.6. Other Agreements. The Local Lending Bank is not in material breach of or in default under any agreement to which it is a party or which is binding or on it or its assets where such breach or default is likely to have a material adverse effect on the operations of the Local Lending Bank.

Section 5.7. Representations as a Whole. This Agreement and any of the documents referred to herein, including but not limited to any Local Lending Bank Standby Certificate, Assignment and Certificate, Notice of Excess Coverage, or Certificate of Estimated Standby Utilization, taken as a whole, do not, or will not when executed or delivered, contain any untrue statements of material fact or omit to state any material fact necessary in order to make the statements contained herein or therein not misleading. The facts and circumstances of which the Local Lending Bank has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on this Agreement, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of the Local Lending Bank's obligations under this Agreement. The Local Lending Bank will inform A.I.D. in a timely manner of any subsequent facts and circumstances within the Local Lending Bank's knowledge that might materially affect, or that it is reasonable to believe might so affect, the Project or the Local Lending Bank's discharge of its obligations under this Agreement.

ARTICLE 6: CONDITIONS PRECEDENT

Section 6.1. Conditions Precedent to Initial Utilization of Standby Facility. Prior to the Local Lending Bank's utilization of the Standby Facility, the Local Lending Bank shall, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., the following:

- (a) An opinion of counsel acceptable to A.I.D. that all the Local Lending Bank's representations in Sections 5.1, 5.2, 5.3, 5.4, 5.5 and 5.6 are materially true and correct;
- (b) A statement of the name of the person holding or acting in the Office of the Local Lending Bank specified in Section 10.2 and of any additional representative of the Local Lending Bank, together with a specimen signature of each person specified in such statement;
- (c) A copy of the Certificate of Estimated Standby Utilization presented by the Local Lending Bank to the Issuing Bank;
- (d) The Issuing Bank's notification to the Local Lending Bank of the availability of the Standby Facility; and
- (e) Evidence that the Local Lending Bank has obtained any and all approvals, permits, licenses, authorizations, certificates and consents of any Governmental Authority required to carry out its obligations under this Agreement, including, but not limited to, any approvals by the Central Bank or Ministry of Finance of the Host Country required to obtain the U.S. dollars necessary to pay all fees contemplated by this Agreement and to make all remittances of amounts recovered in accordance with this Agreement and the Assignment and Certificate.

Section 6.2. Terminal Dates for Conditions Precedent for Initial Utilization of Standby Facility. If all of the conditions specified in Section 6.1 have not been met within one hundred eighty (180) days from the Execution Date, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Local Lending Bank.

Section 6.3 Conditions Precedent to Increases in Standby Facility. Prior to any subsequent increase in the coverage level available under the Standby Facility, the Local Lending Bank shall, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., the following:

- (a) A copy of the Certificate of Estimated Standby Utilization upon which the increase in coverage is based.

ARTICLE 7: GENERAL COVENANTS

Section 7.1. Project Evaluation. The Parties agree to cooperate on an A.I.D.-conducted evaluation program as part of the Project. The program may include, during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project. A.I.D. shall bear its costs involved in such evaluation.

Section 7.2. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties will exchange views in accordance with the consultations provisions contained in part III of Annex A hereto and as otherwise requested by A.I.D.

Section 7.3. Execution of Project. The Local Lending Bank shall use its best efforts to:

- (a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices; and
- (b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section 7.4. Reports, Records, Inspections, Audit. The Local Lending Bank shall:

- (a) comply with the reporting requirements detailed in part III of Annex A hereto and furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;
- (b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices in Thailand consistently applied, Local Lending Bank's books and records relating to the Project and to this Agreement, adequate to show the Local Lending Bank's compliance with this Agreement and particularly, without limiting the generality of the foregoing, the purpose for which the Subloans were made and the size and type of business of the Subborrowers. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained except as A.I.D. may otherwise agree in writing, until five (5) years after the Facility Termination Date; and

- (c) afford authorized representatives of A.I.D. the opportunity upon reasonable notice and during banking hours to inspect Local Lending Bank's books, records, and other documents relating to the Project and the Standby Facility to verify that Subloans are being made and recoveries pursued and applied in accordance with the terms and conditions of this Agreement.

Section 7.5. Information and Marking. The Local Lending Bank will give appropriate publicity to the Standby Facility and the Project as a program to which the United States has contributed and identify the Project as financed partially by A.I.D., as may be requested in Project Implementation Letters, as described in Section 10.3 below.

ARTICLE 8: SPECIAL COVENANTS

Section 8.1. Supplemental Subloan Terms. The Local Lending Bank covenants that the Subborrowers shall, at all times during which the Subloans are guaranteed under the Standby Facility, comply with the Supplemental Subloan Terms. In the event that A.I.D. notifies the Local Lending Bank that A.I.D. has reason to believe a Subborrower is not in compliance with any of the Supplemental Subloan Terms, the Local Lending Bank shall, within thirty (30) days after the receipt of such notice, either (1) induce or compel the noncomplying Subborrower to cure such noncompliance; (2) declare the noncomplying Subloan to be in default and promptly commence collection actions against the Subborrower; or (3) notify the Issuing Bank in writing, with a copy simultaneously sent to A.I.D., that neither the noncomplying Subloan nor any other loan the Local Lending Bank has outstanding to the noncomplying Subborrower shall any longer be guaranteed in any part under the Standby Facility. Any Subborrower that does not cure its noncompliance with any Supplemental Subloan Terms promptly upon receiving notice of such noncompliance shall no longer be eligible to receive loans guaranteed under the Standby Facility. In the event that the Local Lending Bank does not, within sixty (60) days of the receipt of such notice, present evidence satisfactory to A.I.D. that it has taken at least one of the three (3) alternatives mentioned above, then the Local Lending Bank shall, irrespective of the terms of the relevant Standby L/C, forfeit its right to obtain payment under the Standby Facility on the noncomplying Subloan. If the Local Lending Bank obtains payment under a Standby L/C against which it has forfeited the right to claim under this Section, then the Local Lending Bank shall be liable immediately to repay to A.I.D. the full amount of the payment obtained plus interest accruing from the date of payment at the rate of fifteen percent (15%) per annum until such amount is paid to A.I.D.

Section 8.2. Focus of Subloans. The Local Lending Bank covenants that (a) not less than fifty percent (50%) of the total amount of all Subloans shall be to Subborrowers will have no more

than the Local Currency equivalent of Two Hundred Fifty Thousand U.S. Dollars (\$250,000) in net fixed assets (excluding land) calculated in accordance with the exchange rate in effect on the date of such Subloan; (b) not more than thirty percent (30%) of the total amount of all Subloans shall be for activities conducted primarily in the provinces of Pathum Thani, Nakhon Pathom and Samut Sakhon.

Section 8.3. Implementation Schedule. The Local Lending Bank covenants that it will use its best efforts to comply with the implementation schedule set out in Part II of Annex A.

Section 8.4. Compliance with Project Description. The Local Lending Bank covenants that, in addition to complying strictly with the terms contained in the body of this Agreement and with those portions of Annex A specifically made binding by one or more provisions in the body of this Agreement, the Local Lending Bank will carry out the Project substantially as described in Annex A and will deviate materially from that description only after obtaining A.I.D.'s written consent.

Section 8.5. Taxes.

- (a) The Local Lending Bank will pay when due all present and future income, stamp and other taxes and levies, imposts, deductions, charges, compulsory loans and withholdings whatsoever imposed, assessed, levied or collected by the Host Country or any political subdivision or taxing authority thereof or therein, together with interest thereon and penalties with respect thereto, if any, on or in the respect of this Agreement or the registration, notarization or other formalization thereof. The foregoing amounts are hereinafter termed "Host Country Taxes." The Local Lending Bank shall promptly furnish to A.I.D. any tax receipts in respect of such Host Country Taxes and such other evidence as A.I.D. may from time to time reasonably require to establish to its satisfaction that full and timely payment has been made of all Host Country Taxes.
- (b) The Local Lending Bank will indemnify A.I.D. against, and reimburse A.I.D. upon demand for, any Host Country Taxes and any loss, liability, claim or expense, including interest, penalties and reasonable legal fees, which A.I.D. may incur at any time arising out of or in connection with any failure of the Local Lending Bank to make any payment of Host Country Taxes when due.
- (c) All amounts payable under this Agreement shall be made free and clear of and without reduction by reason of any Host Country Taxes.

ARTICLE 9: EVENTS OF DEFAULT, REMEDIES

Section 9.1. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement regardless of the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority.

- (a) Payment Default. The Local Lending Bank shall fail to pay when due any amount owing under this Agreement or any fees or other amounts due directly from the Local Lending Bank to the Issuing Bank in payment for the Standby Facility;
- (b) Breach of Warranty. Any material representation, certification or warranty made by the Local Lending Bank under or in connection with this Agreement, including but not limited to representations made in Article 5 hereunder, shall prove to have been materially incorrect when made or deemed made in accordance with Sections 4.1 or 4.3;
- (c) Breach of Covenant. The Local Lending Bank shall fail to comply with any covenant or other provision contained in this Agreement;
- (d) Insolvency, Etc. The Local Lending Bank shall admit in writing its inability to pay its debts or shall voluntarily suspend its business operations, or make a general assignment for the benefit of creditors; or any proceeding shall be instituted by the Local Lending Bank in any jurisdiction seeking to adjudicate it a bankrupt or insolvent, seeking reorganization, arrangement, adjustment or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee or other similar official for it or for such part of its property as in the reasonable good faith opinion of A.I.D. is a substantial part; or any such proceeding is instituted against the Local Lending Bank which is not dismissed within reasonable time in the jurisdiction of or within whose venue the matter falls after the institution thereof; or the Local Lending Bank shall take action to authorize any of the actions set forth above in this paragraph (d);
- (e) Adverse Events. Any event shall have occurred which, in A.I.D.'s reasonable opinion, makes it improbable that the purpose of the Project will be attained or that the Local Lending Bank will be able to perform its obligations under this Agreement; or
- (f) Subloan Default Rate. More than ten percent (10%) of the amount of the outstanding Subloans shall have resulted in claims under the Standby Facility.

Section 9.2. Consequences of Default. Upon the occurrence of an Event of Default, A.I.D. may at its sole option, in addition to any other remedies provided by governing law and any additional rights A.I.D. may have with respect to the Issuing Bank under the Loan Agreement:

Immediately terminate, or suspend and at any time thereafter terminate, A.I.D.'s obligation to make any further disbursements under the Loan Agreement and any right the Local Lending Bank may have to request or the Issuing Bank may have to issue further Standby L/Cs provided, however, that a termination or suspension by A.I.D. shall have no effect of the Local Lending Bank's ongoing obligation to pay Guaranty Fees as they accrue on Standby L/Cs.

Section 9.3 Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to A.I.D. in connection with this Agreement will be construed as a waiver of such right or remedy.

Section 9.4. Suspension of Disbursements. Notwithstanding the foregoing sections of Article 9, if the Event of Default arises under Section 9.1(e) or (f) or solely by reason of force majeure, then A.I.D.'s only immediate remedy is to suspend further disbursements under the Loan Agreement and the Local Lending Bank's right to request and the Issuing Bank's right to issue further Standby L/Cs. A.I.D. may permanently terminate further access to the Standby Facility only after providing the Local Lending Bank with written notice and a reasonable opportunity (not to exceed sixty (60) days) to cure such default. Notwithstanding any other provision of this Agreement, A.I.D. may decline to make any disbursements under the Loan Agreement which would cause A.I.D. to be in violation of any statute or regulation governing it.

ARTICLE 10: MISCELLANEOUS

Section 10.1. Communications. Except as otherwise specifically provided in this Agreement, any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, cable or telex, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Borrower:

Mail Address: The Thai Danu Bank, Limited
393 Silom Road
Bangkok, Thailand

Attn: M. Pakorn Thavisin, President

Alternate address for telex: DANUBAN TH 82959

To A.I.D.:

Mail Address: Office of Investment
Bureau for Private Enterprise
Agency for International Development
Washington, D.C. 20523

Alternate address for telex: 248766 COM UR

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Local Lending Bank's communications with the Issuing Bank shall be in accordance with their mutual agreement. The Assignment and Certificate delivered to A.I.D. simultaneously with its submission to the Issuing Bank may not be in the form of a telegram, telex or cable. The actual signed document must be presented to A.I.D.

Section 10.2. Representatives. For all purposes relevant to this Agreement, the Local Lending Bank will be represented by the individuals who are duly authorized representatives of the Local Lending Bank empowered to commit the Local Lending Bank, and A.I.D. will be represented by the individual holding or acting in the Office of Assistant Administrator, Bureau for Private Enterprise. The representative of each Party may, by written notice, may designate additional representatives for all purposes. The names of the representatives of the Local Lending Bank, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 10.3. Project Implementation Letters. To assist the Local Lending Bank in the implementation of the Project, A.I.D., from time to time, may issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

Section 10.4. Governing Law. This Agreement shall be governed by the laws of the United States and the District of Columbia.

Section 10.5. Amendments. This Agreement may be amended only in writing signed by authorized representatives of both Parties.

Section 10.6. Jurisdiction. The Local Lending Bank consents to jurisdiction in the United States District Court for the District of Columbia and agrees that, unless waived by A.I.D., any action brought to resolve any breach, default, dispute or interpretation of this Loan Agreement shall be commenced in the United States District Court for the District of Columbia. Local Lending Bank agrees not

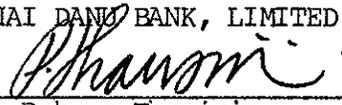
to claim, in any such legal action, that the District of Columbia is an inconvenient place of trial. The foregoing shall not, however, limit the right of A.I.D. to serve legal process in any manner permitted by law or affect the right of A.I.D. to bring any action or proceeding against the local Lending Bank or its property in the courts of the Host Country or in any other courts having jurisdiction.

Section 10.7. Headings. The headings of the various provisions of this Agreement are for convenience of reference only, do not constitute a part hereof, and shall not affect the meaning or construction of any provision hereof.

Section 10.8. A.I.D. Disclaimer. This Agreement refers in various places to actions that the Issuing Bank will take in establishing and administering the Standby Facility. The only contractual obligations the Issuing Bank has to A.I.D. are those stated in the Loan Agreement. A.I.D. makes no warranty and undertakes no obligation to the Local Lending Bank with respect to the Issuing Bank's performance of its obligations under the Loan Agreement or of those actions or responsibilities that this Agreement describes as being undertaken by the Issuing Bank. A.I.D.'s only obligations with respect to the Local Lending Bank shall be those expressly imposed on A.I.D. under this Agreement. Notwithstanding the foregoing disclaimer, A.I.D. agrees that in the event that (1) the Issuing Bank becomes insolvent at a time when Standby L/Cs are still outstanding to the Local Lending Bank; (2) the Issuing Bank fails, because of such insolvency, to pay claims on such Standby L/Cs which would otherwise be properly due (3) A.I.D. recovers any amounts in any insolvency proceeding of the Issuing Bank on claims arising from the Loan Agreement; and (4) the Local Lending Bank has not received full payment in such insolvency proceeding of any claims it may have against the Issuing Bank based on unpaid Standby L/Cs, then A.I.D. shall pay to the Local Lending Bank all amounts received by A.I.D. on its claims arising from the Loan Agreement up to the amount of the unsatisfied portion of the Local Lending Bank's claim. The Local Lending Bank agrees to assign to A.I.D. an amount of the Local Lending Bank's claim equal to the amount of payment received from A.I.D.

IN WITNESS WHEREOF, the Local Lending Bank and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

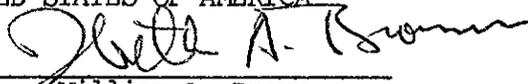
THE THAI BANK, LIMITED

BY: 

Pakorn Thavisin

Title: President

UNITED STATES OF AMERICA

BY: 

William A. Brown

Title: Ambassador
Embassy of the United
States of America

ANNEX A

(To Project Agreement)

PROJECT DESCRIPTION

This annex A is for descriptive purposes and does not impose any contractual obligation on either A.I.D. or the Local Lending Bank except as otherwise expressly provided in the main body of this Agreement, nor does it vary any obligations otherwise arising under the body of this Agreement.

I. Objectives

The purpose of the Project is to increase the amount of short and medium-term Thai Baht bank credit available to small and medium-sized private businesses in Thailand outside Bangkok and the surrounding urban areas. These Local Currency loans may be used to finance any commercial or productive activity that the Local Lending Bank was not previously financing and that is neither prohibited by the Supplemental Subloan Terms (which cover certain types of activities that A.I.D. is prohibited by law or A.I.D. policy from financing) nor by local law.

The mechanism for increasing the availability of such Local Currency credit is as follows: A.I.D. has entered into a loan agreement with the Issuing Bank under which the Issuing Bank agrees to establish a standby letter of credit facility in favor of the Local Lending Bank. Letters of credit issued under the Standby Facility may guaranty up to 50% of the principal amount of Local Currency loans by the Local Lending Bank to qualifying small businesses. In the event of default by a small business borrower, the Local Lending Bank is obligated to pursue collection procedures that are reasonable under prevailing Host Country banking practice and are at least as diligent as the procedures the Local Lending Bank would employ in recovering unguarantied loans.

The Local Lending Bank may submit a claim against a letter of credit only after the local loan is at least 90 days past due. To obtain payment on a letter of credit, the Local Lending Bank must submit to the Issuing Bank (with a copy simultaneously transmitted to A.I.D.), together with its draft, an Assignment and Certificate under which the Local Lending Bank (1) certifies the default, the amount outstanding and the nature of its collection efforts; (2) assigns to A.I.D. 50% of its rights against the defaulting Subborrower; and (3) promises to remit to A.I.D. 50% of all future recoveries on the defaulted Subloan until the portion of the debt assigned to A.I.D. has been paid in full. The Loan Agreement permits the Issuing Bank to set off against its principal obligation to A.I.D. any amounts it properly pays out under Qualifying Standby L/Cs.

II. Project Implementation

The Parties contemplate implementing the Project according to the following schedule:

- August 30, 1985 - Loan Agreement signed
- November 1, 1985 - Project Agreement signed
- November 22, 1985 - Conditions Precedent to Initial Utilization satisfied
- December 2, 1985 - Disbursement of \$500,000
- March 1986 - Full utilization of first \$500,000 and disbursement of second \$500,000
- August 1986 - Full utilization of \$1,000,000 and disbursement of final \$1,350,000
- February 1987 - Full utilization of \$2,350,000

III. Reporting and Consultation Requirements

The Local Lending Bank shall furnish to A.I.D. copies of the Local Lending Bank's quarterly unaudited financial statements within 60 days of the end of the relevant reporting periods and semiannual audited financial statements within 60 days of the end of the relevant reporting periods. The Local Lending Bank shall also semiannually complete and return to A.I.D. the reporting forms furnished by A.I.D. The Local Lending Bank agrees to meet with A.I.D. personnel semiannually to review the implementation of the Project.

ANNEX B

(To Project Agreement)

CERTIFICATE OF

ESTIMATED STANDBY UTILIZATION

This document is submitted with respect to the standby letter of credit facility ("Standby Facility") established under that loan agreement ("Loan Agreement") dated _____, 1985 between Rainier National Bank ("Issuing Bank") and the United States of America, acting through the Agency for International Development ("A.I.D."). The Thai Danu Bank, Limited ("Local Lending Bank") hereby submits its good faith estimate that during the six (6) months immediately following the date of this Certificate, it will utilize approximately _____ U.S. Dollars (\$ _____) of the Standby Facility which amount represents an increase of _____ U.S. Dollars (\$ _____) over the total amount previously stated in Certificates of Estimated Standby Utilization, if any, submitted by the Local Lending Bank prior to the Certificate now submitted.

THE THAI DANU BANK, LIMITED

By: _____

Position: _____

Date: _____

ANNEX C

(To Project Agreement)

LOCAL LENDING BANK

STANDBY CERTIFICATE

1. The Thai Danu Bank, Limited (hereinafter "Local Lending Bank") hereby certifies (a) that all loans identified below (hereinafter "Subborrowers") are Qualified Subloans under the terms of the agreement (hereinafter "Project Agreement") dated _____, 1985 between the Local Lending Bank and the United States of America, acting through the Agency for International Development (hereinafter "A.I.D."); (b) that such loans are not in default on the date of this Certificate; and (c) that the Local Lending Bank has no reason to believe the loans are likely to go into default.

2. The aggregate principal amount of the loans identified below (hereinafter "Subloans") is _____ Thai Baht which, converted into United States (hereinafter "U.S.") Dollars at the exchange rate of _____ Thai Baht per One U.S. Dollar, equals _____ U.S. Dollars (\$ _____). The foregoing exchange rate is the published buying rate of the Local Lending Bank at 12:00 noon in Bangkok on date of this Local Lending Bank Standby Certificate for U.S. Dollars for settlement in two (2) business days.

3. The amount of the Standby Letter of Credit hereby requested is _____ U.S. Dollars (\$ _____) (the "Initial Amount"), which amount equals fifty percent (50%) of the aggregate principal amount of the Subloans. Under the composite principal amortization schedule of the Subloans, the total outstanding principal balance will be reduced to _____ on (a) _____, to _____ on (b) _____, to _____ on (c) _____, paid off in full _____. Accordingly, the coverage reduction schedule of the requested Standby Letter of Credit will be the Initial Amount from the date of the issuance of the Standby Letter of Credit until [(a) plus 150 days], _____ U.S. Dollars from [(a) plus 150 days], until [(b) plus 150 days], _____ U.S. Dollars from [(b) plus 150 days] until [(c) plus 150 days] and _____ U.S. Dollars from [(c) + 150 days] until [(d) plus 150 days] at which time (the "Final Scheduled Reduction Date") the Standby Letter of Credit will expire.

4. The Local Lending Bank has simultaneously transmitted a copy of this Local Lending Bank Standby Certificate to A.I.D.

5. Identification of Subloans:

<u>Borrower</u>	<u>Amount</u>	<u>Subloan No.</u>
1. _____	_____	_____
2. _____	_____	_____

THE THAI DANU BANK LIMITED

By: _____

Position: _____

Date: _____

ANNEX D

(To Project Agreement)

[FORM OF IRREVOCABLE STANDBY
LETTER OF CREDIT]

Letter of Credit No. (1)

DATE: (2)

LOCATION:

Gentlemen:

1. By order of our client, the United States of America acting through the Agency for International Development ("A.I.D."), Rainier National Bank (the "Bank") hereby opens an irrevocable Letter of Credit in favor of Thai Danu Bank (the "Beneficiary"), a Thai corporation, for the initial amount (the "Initial Amount") of U.S. \$ (3) in lawful currency of the United States of America. This Letter of Credit relates to the following loans ("Subloans") by the Beneficiary to the following borrowers:

	<u>Borrowers</u>	<u>Amount</u>	<u>Subloan No.</u>
1.	<u>(4)</u>	<u> </u>	<u> </u>
2.	<u> </u>	<u> </u>	<u> </u>

2. The Initial Amount shall be reduced from time to time as follows:

- (1) U.S. \$ (3) before (a) ;
- (2) U.S. \$ (5) after (a) but before
(b) ;
- (3) U.S. \$ (5) after (b) but before
(c) ;
- (4) U.S. \$ (5) after (c) but before
(d) .

INSTRUCTIONS

- (1) * Insert Letter of Credit Reference Number
- (2) * Insert Date of Issuance
- (3) ** Insert Maximum Amount of Letter of Credit
- (4) ** Insert information on Subloans
- (5) ** Reduced coverage amounts from Reduction Schedule
- (6) ** Insert Date designated "Final Scheduled Reduction Date"
in Local Lending Bank Standby Certificate (same as date
(d) in paragraph 2)

- * Furnished by the Bank's Letter of Credit Department.
- ** Furnished by Local Lending Bank as part of Local Lending
Bank Standby Certificate.

ANNEX D

Letter of Credit

(To Project Agreement)

(EXHIBIT A)

No. _____

NOTICE OF FINAL PAYMENT

The Thai Danu Bank, Limited ("Local Lending Bank") hereby notifies Rainier National Bank ("Issuing Bank") that on _____ the loan between Local Lending Bank and [Subborrower], which was the last outstanding subloan covered by the letter of credit identified above, was paid in full. The letter of credit identified above is therefore discharged as of the date of the Issuing Bank's receipt of this notice, if such discharge has not already otherwise occurred.

THE THAI DANU BANK, LIMITED

By: _____

Position: _____

Date: _____

ANNEX D

(To Project Agreement)

(Exhibit B)

DRAFT

[To be prepared by the Issuing Bank]

Letter of Credit
No. _____

ANNEX D

(To Project Agreement)

(EXHIBIT C)

ASSIGNMENT AND CERTIFICATE

I. Certifications and Warranties

The Thai Danu Bank, Limited (hereinafter "Local Lending Bank") hereby certifies and warrants as follows:

(1) This Assignment and Certificate relates to the Local Lending Bank's loan (hereinafter "Defaulted Subloan") dated _____ to _____ identified in the Local Lending Bank Standby Certificate dated _____ as Subloan No. _____ (hereinafter "Defaulting Subborrower"). As of the date of this Assignment and Certificate, the Defaulting Subborrower's payments under the Defaulted Subloan are at least ninety (90) days past due.

(2) Between the date that the Defaulted Subloan mostly recently became past due (hereinafter "Default Date") and the date of this Assignment and Certificate, the Local Lending Bank has made commercially reasonable efforts (i.e., efforts no less diligent or stringent than those the Local Lending Bank generally employs with respect to its non-guaranteed defaulting loans) to induce and compel the Defaulting Subborrower, and any other person or entity that may be liable primarily or secondarily for the Defaulted Subloan, to cure or repay the entire amount of the Defaulted Subloan.

(3) The outstanding principal balance on the Defaulted Subloan on the Default Date was _____ Thai Baht, and the accrued and unpaid interest on such date was _____ Thai Baht.

(4) Between the date of the Default Date and the date of this Assignment and Certificate, the Local Lending Bank has recovered a total of _____ Thai Baht that it was legally entitled to apply only to the Defaulted Subloan.

(5) Between the date of the Default Date and the date of this Assignment and Certificate, the Local Lending Bank has recovered a total of _____ Thai Baht that it was legally entitled to apply to the Defaulted Subloan as well as to other obligations of the Defaulting Subborrower to the Local Lending Bank.

(6) The entire amount stated in Section I (4) above has, for the purpose of calculating the outstanding principal balance stated in Section I (9) below, been applied solely as follows: (a) _____ Thai Baht to reimburse the Local Lending Bank for all actual and reasonable collection expenses incurred by the Local Lending Bank in recovering the amount stated in Section I (4), (b) _____ Thai Baht to pay interest accrued on the Defaulted Subloan prior to the date of this Assignment and Certificate, and (c) _____ Thai Baht to reduce the principal balance on the Defaulted Subloan.

(7) A pro rata portion of the amount stated in Section I (5) above has, for the purpose of calculating the outstanding principal balance stated in Section I (9) below, been applied solely in the following manner: (a) _____ Thai Baht to reimburse the Local Lending Bank for a pro rata portion of the actual and reasonable collection expenses incurred by the Local Lending Bank in recovering the amount stated in Section I (5), (b) _____ Thai Baht to pay interest accrued on the Defaulted Subloan prior to the date of this Assignment and Certificate, and (c) _____ Thai Baht to reduce the outstanding principal balance of the Defaulted Subloan.

The phrase "a pro rata portion of the amount stated in Section I (5)" as used above shall mean that the fraction composed of the amount applied to collection expenses, interest and principal on the Defaulted Subloan divided by the amount stated in Section I (5) shall equal the fraction composed of the outstanding principal of the Defaulted Subloan on the Default Date divided by the aggregate outstanding principal on such date of all obligations of the Defaulting Subborrower to the Local Lending Bank, provided, however, that the denominator of the latter fraction shall not include any loans made by the Local Lending Bank to the Defaulting Subborrower at any time when the Defaulting Subborrower was in default on any of its obligations to the Local Lending Bank.

$$\frac{\text{Amount Applied to Defaulted Subloan}}{\text{Amount Recovered}} = \frac{\text{Outstanding Principal on Defaulted Subloan}}{\text{Outstanding Principal on All Obligations (except loans extended after default)}}$$

The term "pro rata" used above in connection with the payment of collection expenses shall mean that the fraction composed of the amount of collection expenses attributed to the Defaulted Subloan divided by the total amount of all collection expenses incurred in recovering the amounts stated in Section I (5) above shall be equal to the fraction composed of the amount of the outstanding principal balance of the Defaulted Subloan on the Default Date divided by the total outstanding principal balance on such date of all obligations (except those incurred when the Defaulting Subborrower was already in default as described in the proviso of the preceding sentence) of the Defaulting Subborrower to the Local Lending Bank.

$$\frac{\text{Collection Expenses Attributed to Defaulted Subloan}}{\text{All Collections Expenses}} = \frac{\text{Outstanding Principal on Defaulted Subloan}}{\text{Outstanding Principal on All Obligations (except loans extended after default)}}$$

(8) The Local Lending Bank's published buying rate at 12:00 noon in Bangkok on the date of this Assignment and Certificate for U.S. Dollars for settlement in two (2) business days was _____ Thai Baht per one U.S. Dollar.

(9) The outstanding principal balance of the Defaulted Subloan on the date of this Assignment and Certificate, calculated in accordance with the foregoing provisions, was _____ Thai Baht which, if converted according to the buying rate stated above, would equal U.S. \$ _____.

(10) On the date of the Assignment and Certificate, the maximum coverage amount of the letter of credit (hereinafter "Standby Letter of Credit") with respect to which this Assignment and Certificate is submitted was U.S. \$ _____. The cumulative amount of all payments received by the Local Lending Bank under the Standby Letter of credit prior to the date of this Assignment and Certificate is \$ _____. The maximum coverage amount exceeds the cumulative amount paid to date by \$ _____.

(11) In the event the last amount stated in Section I (10) is greater than fifty percent (50%) of the U.S. Dollar amount stated in Section I (9), then the amount of the Local Lending Bank's claim (as reflected in the amount of the draft being presented to the Issuing Bank along with this Assignment and Certificate and as stated after the signature line in this Assignment and Certificate) is equal to fifty percent (50%) of the U.S. Dollar amount stated in Section I (9). In the event the last amount stated in Section I (10) is less than or equal to fifty percent (50%) of the U.S. Dollar amount stated in Section I (9), then the amount of the draft presented with this Assignment and Certificate is equal to the last amount stated in Section I (10).

II. Assignment

The Local Lending Bank acknowledges that the Issuing Bank will obtain reimbursement for its payment on the Standby Letter of Credit by offsetting amounts owed under the loan agreement between the Issuing Bank and the United States of America, acting through the Agency for International Development ("hereinafter" A.I.D.). The Local Lending Bank hereby assigns to A.I.D., in consideration for payment under the Standby Letter of Credit, fifty percent (50%) of the Local Lending Bank's right to receive payment of principal and interest under the Defaulted Subloan, including but not limited to the right to receive payment from any person or entity primarily or secondarily liable on the Defaulted Subloan or from the realization of any collateral securing the Defaulted Subloan. The Local Lending Bank makes this assignment without warranty as to the collectability of the indebtedness assigned and without recourse against the Local Lending Bank except for breach of any warranty or other obligation under this Assignment and Certificate.

III. Affirmative Undertakings

(1) The Local Lending Bank agrees to pursue recovery of all unpaid principal and interest under the Defaulted Subloan no less diligently than it generally pursues recovery of its non-guarantied defaulting loans, and in no event shall the Local Lending Bank discontinue its collection efforts when the amount the Local Lending Bank could reasonably expect to recover from all persons and entities primarily or secondarily liable for the Defaulted Subloan exceeds the amount of collection expenses the Local Lending Bank is likely to incur in making such recovery. The Local Lending Bank agrees to hold fifty percent (50%) of any amount recovered from any source after the date of the Assignment and Certificate, which may legally be applied only to the Defaulted Subloan, for the benefit of A.I.D. and promptly to remit such amount to A.I.D., provided, however, that if, at the time of such recoveries, there is any unpaid interest or collection expenses that accrued on or were incurred under the Defaulting Subloan between the Default Date and the date of this Assignment and Certificate, the amounts recovered may be applied to such interest or expenses before determining the amount that A.I.D. is entitled to receive. With respect to any amounts recovered after the date of this Assignment and Certificate that the Local Lending Bank may legally apply to the Defaulted Subloan as well as to other obligations of the Defaulting Subborrower, the Local Lending Bank agrees to hold for A.I.D.'s benefit, and promptly to remit to A.I.D., fifty percent (50%) of a pro rata portion of such recovered amounts, reduced by a pro rata portion of actual and reasonable collection expenses. The pro rata portion of amounts recovered after the date of this Assignment and Certificate shall be calculated in the same manner as the pro rata portion of amount recovered before such date as set forth in Section I(7) above. The pro rata portion of collection expenses charged against the pro rata portion of amounts recovered after the date of this Assignment and Certificate shall be calculated in the same manner as the pro rata portion of the collection expenses charged against earlier recoveries as set forth in Section I(7). Except as A.I.D. may otherwise specify in writing, payments shall be made in U.S. Dollars to the Cashier, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A. The amounts remitted to A.I.D. shall be converted into U.S. Dollars at the exchange rate employed by the Local Lending Bank at 12:00 noon in Bangkok on the date the funds are recovered to purchase U.S. Dollars for settlement in two (2) business days. The Local Lending Bank's obligations under this Assignment and Certificate shall terminate only when (1) the entire amount of the Defaulted Subloan herein assigned to A.I.D. has been satisfied, or (2) the Local Lending Bank no longer has a legal right to recover against the Defaulting Subborrowers.

(2) The Local Lending Bank agrees to maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, the Local Lending Bank's books and records relating to the Defaulted Subloan and to this Assignment and Certificate adequate to show, without limitation, the actions taken by the Local Lending Bank in collecting on the Defaulted Subloan, and the manner in which amounts collected were applied. Such books and records will be maintained,

except as A.I.D. may otherwise agree in writing, for five (5) years after the date of this Assignment and Certificate. The Local Lending Bank further agrees to afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect such books, records, and other documents to verify that Defaulted Subloan recoveries have been and will continue being applied in accordance with the terms and conditions of this Assignment and Certificate.

IV. Miscellaneous

(1) The Local Lending Bank understands that the Issuing Bank is paying pursuant to the Standby Letter of Credit in reliance on the certifications, warranties and promises made in this Assignment and Certificate, and that the Local Lending Bank's obligations and liabilities under this Assignment and Certificate are in favor of A.I.D. as well as the Issuing Bank.

(2) The terms of this Assignment and Certificate are governed by the laws of the United States and the District of Columbia. The Local Lending Bank consents to the jurisdiction of the United States District Court for the District of Columbia with respect to any action brought to resolve any breach, default, dispute or interpretation of this Assignment and Certificate and agrees that, unless waived by A.I.D., venue in such court for such action is proper.

THE THAI DANU BANK, LIMITED

By: [Certified Signature]

Position: _____

Date: _____

Amount claimed under Standby Letter of Credit: _____

ANNEX E

(To Project Agreement)

SUPPLEMENTAL SUBLOAN TERMS

As stated in Section 8.1 of the Project Agreement, the Local Lending Bank covenants that:

1. Unless A.I.D. agrees otherwise in writing, the Local Lending Bank shall use no portion of the Loan proceeds to finance enterprises involving the production, processing or marketing of sugar, palm oil, cotton, or citrus, in whole or in part, for export; or to finance luxury goods or gambling equipment, activities related to abortion or involuntary sterilization, police, other law enforcement, or military activities, materials for explosives, surveillance equipment, or weather modification equipment

2. The Subborrower shall not use more than fifty percent (50%) of the proceeds of this loan to finance motor vehicles not manufactured in the United States.

3. The Subborrower shall not use any of the credit extended to finance goods or services which have their Source, Origin or Nationality in USSR, Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Poland, Vietnam, North Korea, People's Republic of China, Mongolia, Laos, Cambodia, and Cuba. "Source" means the country from which the good is shipped, and "Origin" is the country in which the good is produced. "Nationality" for an individual means the country of citizenship and country of principal place of business, and for a firm means country of incorporation or legal organization, country of principal place of business and country of citizenship of owners of more than fifty-percent (50%) of each class of stock.