GUIDELINES FOR APPROVAL OF RELENDING LOANS UNDER THE CENTRAL BANK RESTRUCTURING AGREEMENT

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Pursuant to Monetary Board Resolution No. 520 dated June 11, 1992, the following guidelines covering approval of foreign loans (the Relending Loans) to Philippine borrowers (the End-User) originally funded out of payments/prepayments of Relending Credits to the Philippine Long Distance Telephone Company (PLDT) authorized in accordance with the Restructuring Agreement dated January 10, 1986, as amended, among the Central Bank of the Philippines as Obligor, Republic of the Philippines as Guarantor, Manufacturers Hanover Trust Company as Servicing Bank, and each bank and other creditor of the Obligor (the Agreement) are hereby adopted for the guidance of all concerned:

1. The Relending Loan shall be subject to prior approval of the Central Bank through the Debt Restructuring Department (DRD). In the case of public sector loans, prior approval-in-principle by the Central Bank shall be obtained even before commencement of actual negotiations.

2. The application shall be filed not later than forty-five (45) days prior to the projected initial drawdown date of the proposed Relending Loan. The financial institution extending the Relending Loan (the Relending Bank) shall endorse the application to borrow.

3. The Relending Loan proposals shall be evaluated in accordance with Circular No. 1232 as to purpose and credit terms provided that no Relending Loan shall be paid or prepaid in less than 366 days. Projects eligible for financing are the following:

- Export-oriented projects registered with BOI, CB or EPZA;

- Projects listed in the Annual Investment Priorities Plan;

- Projects listed in the Medium-Term Public Investment Program (MTPIP); and

- Other projects specifically authorized by Congress for financing through foreign loans.

The requirements of Circular No. 1232 with respect to approval/clearance by the Investment Coordination Committee (ICC) /NEDA Board shall be complied with.

4. The approved Relending Loan may be disbursed directly by the Relending Bank not earlier than the payment or prepayment date of the particular Relending Credit that will fund the loan involved by not later than five Business Days following the repayment date. Actual drawdown by the End-User shall be certified in writing by the Relending Bank to the Central Bank within seven Business Days.

5. In the event that the amount of Relending Credit repaid or prepaid cannot as yet be disbursed or fully utilized or the amount of Relending Deposit withdrawn is not used to fund a Relending Loan that would permit the Relending Bank to submit the certification referred to above, any amount not so used shall, on the seventh Business Day following the repayment or withdrawal be deposited or redeposited (the Relending Deposit) with the Central Bank at no net cost to the latter, or be paid to the Central Bank and re-entered under the Agreement. In determining the deposit period, its due date shall as much as possible coincide with the projected drawdown on

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the Relending Loan. The Relending Bank must file with the Central Bank pertinent relending application to be funded from its relending deposit within ninety (90) days (or any authorized extension thereof) from date of deposit but not later than forty-five (45) days prior to projected initial drawdown date. Otherwise, the bank shall be deemed to have authorized the re-entry of the unutilized deposit under the Agreement.

6. Relending Loans approved shall be subject to the usual registration.

7. The Relending Loan shall be made and repaid in the pertinent Relending Credit currency. Any payment or prepayment of principal received by the Relending Bank shall be delivered to the Central Bank and re-entered under the Agreement net of the portion of any payment or prepayment received after the Amortization Commencement Date which would have been paid to such Bank under the Agreement prior to such date had the amount been outstanding under the Agreement on the Amortization Commencement Date.

8. The following related transactions shall be subject to prior Central Bank approval:

- Changes in the previously approved disbursement schedule;

- Prepayment, as well as repayment and prepayment in pesos, of the loan or portion thereof; and

- Assignment of the Relending Deposit and the Relending Loan. Said assignment shall be made only to banks and financial institutions.

9. Definition of Terms — Capitalized terms used in these guidelines shall have the following meaning:

Amortization Commencement Date means the initial principal payment date under the Agreement.

Business Day means a day of the year on which banks are not required or authorized to close in New York.

Relending Bank means any bank or financial institution that holds a Relending Credit and subsequent assignees and proposes to extend or actually extended a Relending Loan.

Relending Credit means any foreign or loan funded out of authorized withdrawal of Eligible Relending Credits under Section 5.12 of the Agreement.

Relending Credit Currency means U.S. Dollars.

Relending Deposit means the (i) amount of Relending Credit paid or prepaid but not disbursed, although intended, to fund a Relending Loan and (ii) the unutilized portion of Relending Deposit.

Relending Loan means any foreign loan funded out of payments or prepayments of Relending Credits.

Adopted: 10 July 1992

(SGD.) JOSE L. CUISIA, JR.
Governor

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