

**AGREEMENT BETWEEN THE CENTRAL BANK OF THE PHILIPPINES WITH THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES AS GUARANTOR AND THE GOVERNMENT OF THE KINGDOM OF
DENMARK**

The Central Bank of the Philippines and the Government of the Kingdom of Denmark have, in accordance with the Agreement reached at the meeting held in Paris on December 19 and 20, 1984, between on the one hand representatives of the Government of the Philippines and on the other, representatives of the Governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Spain, Switzerland, the United Kingdom and the United States of America, agreed as follows:

ARTICLE 1

The present Agreement shall apply to the servicing of debts which are owed pursuant to the Danish Government Loans to the Republic of the Philippines of March 19, 1971, March 27, 1974, and March 3, 1978 (hereinafter called the Loans), and to contracts entered into before April 1, 1984, related to commercial credits guaranteed by the Danish Export Credit Council, which under the original contracts were for a term of more than one year (hereinafter called the Commercial Credits).

The Central Bank of the Philippines assumes full liability for the due fulfillment of all payments to be made under this Agreement in respect of the debts specified in Annexes 1 and 2. The fulfillment of the obligations of the Central Bank of the Philippines, according to the present Agreement, is guaranteed by the Government of the Republic of the Philippines.

As for the private sector the Central Bank of the Philippines shall enjoin the relevant Philippine debtors to make peso deposits with the Central Bank of the Philippines corresponding to the amounts due under the original contracts, to the extent that such deposits have not already been made.

As from the date of any such peso deposit the Central Bank of the Philippines shall assume the full exchange risk and the transfer liability in the contractual currency in respect of the relevant amount as well as the full liability for the payment of interest thereon in accordance with Article 4.

Amounts which have not been deposited 6 months after the due dates stipulated under the original contracts, or 6 months after the signing of this Agreement are not covered by this Agreement and shall be treated in accordance with Article 5.

The Central Bank of the Philippines shall advise the Danish Export Credit Council of the receipt of any peso deposit from a private debtor within 30 days from the receipt of such a deposit, as well as of the details of such a deposit.

ARTICLE 2

The Kingdom of Denmark commits itself to restructure 100% of the principal amounts of the Loans and the Commercial Credits and 60% of the contractual interest amounts on the Commercial Credit falling due from January 1, 1985, up to June 30, 1986, inclusive.

Repayment by the Central Bank of the Philippines of the amounts mentioned above will be made in 10 equal and successive semi-annual instalments according to the following schedule:

10% on March 15, 1991
10% on September 15,
1991
10% on March 15, 1992
10% on September 15,
1992
10% on March 15, 1993

10% on September 15,
1993

10% on March 15, 1994

10% on September 15,
1994

10% on March 15, 1995

10% on September 15,
1995

The remaining 40% of contractual interest will be paid according to the following schedule:

- one third according to the
original schedule;
- one third on September
15, 1986;
- one third on September
15, 1987.

The amounts of principal and contractual interest due as at December 31, 1984, and not paid, on the Loans and the Commercial Credits will be paid according to the following schedule:

- 25% on June 15, 1985

- 25% on December 15, 1985
- 50% on June 15, 1986

Any amount which should have been paid on June 15, 1985, but remains unpaid shall be paid within 30 days from the date of the signing of this Agreement, subject to the deposit of the equivalent pesos in the case of the private sector.

ARTICLE 3

The debts referred to in Articles 1 and 2 are agreed to be the following amounts:

A. Related to the Loans:

Danish Kroner 9,970,000.-

B. Related to the Commercial Credits:

Danish Kroner 69,441,321.91

US\$ 4,489,062.50

A revised repayment schedule for the Loans is attached as Annex 1. If needed, this list may be altered by agreement between the Government of the Kingdom of Denmark and the Central Bank of the Philippines acting on behalf of the Government of the Republic of the Philippines.

The amounts mentioned under B are specified in the list attached as Annex 2. If needed, this list may be altered or amended by agreement between the Danish Export Credit Council, acting on behalf of the Kingdom of Denmark, and the Central Bank of the Philippines with regard to such alterations and amendments.

Both Annexes are an integral part of the Agreement.

ARTICLE 4

A. The instalments of the Loans restructured under this Agreement shall continue to be free of interest.

B. The Central Bank of the Philippines shall pay interest on restructured Commercial credits including arrears as at December 31, 1984, calculated on the basis of a 365 day year. The rates, which shall be calculated from the due dates stipulated in the original contracts as concerns the public sector debts, are agreed to be:

a) 10.75 per cent per annum on debts owed in Danish Kroner.

b) The rate of interest on debts owed in US dollars will be determined by the Government of the Kingdom of Denmark on the second business day prior to the commencement of the relevant interest period in the following way:

The Government of the Kingdom of Denmark will request three prime banks in the London Interbank Market to inform the Government of the Kingdom of Denmark of the rate at which six-month Euro-dollar deposits are offered to them as of 11.00 a.m. (London time) on such interest determination date. The Government of the Kingdom of Denmark will then calculate the arithmetic mean of the quotations (if necessary, rounded up to the nearest 1/16th of the one per cent), and then add 0.625 per cent.

If any interest payment date would otherwise fall on a day which is not a business day in London, it shall be postponed to the next day which is a business day.

The first payment of interest accruing up to and inclusive September 15, 1985, shall be made on October 31, 1985. Payment of interest shall thereafter be made semi-annually on March 15 and September 15 of each year.

In the event that an amount has not been received on the due date falling due after the date of this Agreement, the Central Bank of the Philippines shall pay interest on such amount from the due date up to and including the day of actual payment at a rate which by 1.00 percentage unit per annum exceeds the rates mentioned above.

ARTICLE 5

The Central Bank of the Philippines undertakes to authorize as soon as possible the transfer of all payments related to official credits and guarantees from the Kingdom of Denmark which are not covered by the present Agreement.

ARTICLE 6

The payments referred to in Article 2 concerning the Loans shall be made to the Account No. 8059-6 of the Danish Ministry of Foreign Affairs with Danmarks Nationalbank.

The payments referred to in Articles 2 and 4 concerning the Commercial Credits shall be paid to the account of the Danish Export Credit Council, Account No. 404-12425 with A/S Faellesbanken, Codanhus Branch, 60 Gl. Kongevej, 1850 Frederiksberg C.

ARTICLE 7

The Central Bank of the Philippines will not charge any administration fee to the Government of the Kingdom of Denmark in relation to the transfer of the agreed amounts.

Any payment to be made by the Central Bank of the Philippines under this Agreement shall be free and clear of Philippine taxes.

ARTICLE 8