
LOAN NUMBER 2865-BAN

LOAN AGREEMENT
(Ordinary Operations)

(Financing Brick Kiln Efficiency Improvement Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 20 JUNE 2012

BAN 45273

LOAN AGREEMENT (Ordinary Operations)

LOAN AGREEMENT dated 20 June 2012 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan from ADB's ordinary capital resources for the purposes of Part A of the Project described in Section 3.01 of the Special Operations Loan Agreement (as defined below);

(B) by an agreement of even date herewith between the Borrower and ADB ("Special Operations Loan Agreement"), ADB has agreed to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to twelve million nine hundred seventy-two thousand Special Drawing Rights (SDR12,972,000) for the purposes of Part B of the Project;

(C) the Project will be carried out by Bangladesh Bank and for this purpose the Borrower will make available to Bangladesh Bank the proceeds of the loan provided for herein and in the Special Operations Loan Agreement, upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and Bangladesh Bank;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Ordinary Operations Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(50) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and Bangladesh Bank.

- (b) The term “Project Executing Agency” appearing in Section 7.04(b), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Ordinary Operations Loan Regulations shall be substituted by the term “Bangladesh Bank”.

- (c) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the amount of the credit against the interest payable by the Borrower.

- (d) Section 3.06 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(e) Section 3.07 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Ordinary Operations Loan Regulations and Section 1.02 of the Special Operations Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of thirty million Dollars (\$30,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years and a grace period as defined in subsection (c) hereinafter.

(c) The term “grace period” as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Ordinary Operations Loan Regulations, less a credit of 0.20% as provided by Section 3.03 of the Ordinary Operations Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 May and 1 November in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a “Conversion”, as defined in Section 2.01(6) of the Ordinary Operations Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Ordinary Operations Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall make the proceeds of the Loan available to Bangladesh Bank under an Administration Agreement upon terms and conditions satisfactory to ADB, and shall bear the foreign exchange risk in respect thereof.

(b) Bangladesh Bank shall relend the proceeds of the Loan, in Taka equivalent, to the PFIs pursuant to Participation Agreements upon terms and conditions acceptable to ADB. Except as ADB may otherwise agree, the terms for relending the proceeds of the Loan shall (i) include interest at rates that reflect Bangladesh Bank's cost of funds and the prevailing market conditions, and a repayment period of 5 years, inclusive of a grace period of at least 6 months; and (ii) permit early repayment without penalty.

Section 3.02. (a) Except as ADB may otherwise agree, the Borrower shall ensure that the proceeds of the Loan are (i) only used for Subloans to Qualified Enterprises for Qualified Subprojects under Part A of the Project, and (ii) applied exclusively to the cost of Goods and Works required to carry out such Qualified Subprojects.

(b) Except as ADB may otherwise agree, the Borrower shall ensure that all Goods and Works are procured in accordance with the provisions of Schedule 2 to the Special Operations Loan Agreement.

(c) Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

(d) Except as ADB may otherwise agree, the Borrower shall establish or cause to be established immediately after the Effective Date, an imprest account at Bangladesh Bank. The imprest account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The imprest account shall only be used for the purposes of the Project. The currency of the imprest account shall be the Dollar. The ceiling for the imprest account shall not exceed the lower of (i) the estimated expenditure for the following 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(e) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of \$2,000,000.

Section 3.03. The Loan Closing Date for the purposes of Section 9.02 of the Ordinary Operations Loan Regulations shall be 31 December 2015 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause Bangladesh Bank to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In the carrying out of the Project, the Borrower shall perform, or cause to be performed, all the obligations set forth in Schedule 3 to the Special Operations Loan Agreement.

(c) Except as ADB may otherwise agree, the Borrower shall not repeal, suspend or substantially amend the Brick Kiln Directive.

Section 4.02. In addition to the reports and information set forth in Section 7.04 of the Ordinary Operations Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (a) the PFIs, the Qualified Enterprises, the Qualified Subprojects and the Subloans; and (b) the performance, administration, operations and financial condition of Bangladesh Bank and the PFIs.

Section 4.03. The Borrower shall enable ADB's representatives to inspect Bangladesh Bank, the PFIs, the Qualified Enterprises, the Qualified Subprojects, the Goods and Works, and any relevant records and documents maintained by Bangladesh Bank, the PFIs and the Qualified Enterprises.

Section 4.04. (a) The Borrower shall promptly take all action, including the provision of funds, facilities, services and other resources, which shall be necessary on its part to enable Bangladesh Bank to perform its obligations under the Project Agreement, the Administration Agreement and the Participation Agreements, and shall not take or permit any action which would interfere with the performance of such obligations.

(b) The Borrower shall promptly take all action which shall be necessary on its part to enable the PFIs to perform their obligations under the Participation Agreements, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Administration Agreement, and cause Bangladesh Bank to exercise its rights under each Participation Agreement, in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loans.

(b) No rights or obligations under the Administration Agreement, or any of the Participation Agreements, shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Ordinary Operations Loan Regulations:

(a) the Borrower shall have failed to perform any of its obligations under the Special Operations Loan Agreement;

(b) Bangladesh Bank shall have failed to perform any of its obligations under the Project Agreement, the Administration Agreement or a Participation Agreement; and

(c) a PFI shall have failed to perform any of its obligations under a Participation Agreement.

Section 5.02. The following are specified as additional events for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Ordinary Operations Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Ordinary Operations Loan Regulations: the Special Operations Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and shall have become effective and binding on the Borrower in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Ordinary Operations Loan Regulations.

ARTICLE VII**Miscellaneous**

Section 7.01. The Senior Secretary, the Secretary, or any Additional Secretary, Joint Secretary or Joint Chief or Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary, Assistant Chief of the Economic Relations Division, Ministry of Finance, is designated as representative of the Borrower for the purposes of Section 12.02 of the Ordinary Operations Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Ordinary Operations Loan Regulations:

For the Borrower

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207, Bangladesh

Facsimile Number:

(880-2) 8113088.

For ADB

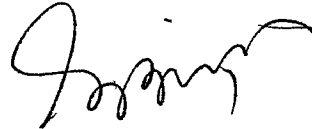
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636- 2377.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF
BANGLADESH

By 
IQBAL MAHMUD
Senior Secretary
Economic Relations Division

ASIAN DEVELOPMENT BANK

By 
M. TERESA KHO
Country Director
Bangladesh Resident Mission

SCHEDULE 1**Amortization Schedule****(Financing Brick Kiln Efficiency Improvement Project)**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Date Payment Due</u>	<u>Installment Share (Expressed as a % based on 10% annuity)</u>
1 November 2017	0.827816
1 May 2018	0.869207
1 November 2018	0.912667
1 May 2019	0.958301
1 November 2019	1.006216
1 May 2020	1.056526
1 November 2020	1.109353
1 May 2021	1.164820
1 November 2021	1.223061
1 May 2022	1.284214
1 November 2022	1.348425
1 May 2023	1.415846
1 November 2023	1.486639
1 May 2024	1.560971
1 November 2024	1.639019
1 May 2025	1.720970
1 November 2025	1.807019
1 May 2026	1.897369
1 November 2026	1.992238
1 May 2027	2.091850
1 November 2027	2.196442
1 May 2028	2.306264
1 November 2028	2.421578
1 May 2029	2.542657
1 November 2029	2.669789
1 May 2030	2.803279
1 November 2030	2.943443

<u>Date Payment Due</u>	<u>Installment Share (Expressed as a % based on 10% annuity)</u>
1 May 2031	3.090615
1 November 2031	3.245146
1 May 2032	3.407403
1 November 2032	3.577773
1 May 2033	3.756662
1 November 2033	3.944495
1 May 2034	4.141720
1 November 2034	4.348806
1 May 2035	4.566246
1 November 2035	4.794558
1 May 2036	5.034286
1 November 2036	5.286000
1 May 2037	<u>5.550311</u>
Total	<u>100.000000</u>

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.