

# **Guidelines for Currency Conversion of Japanese ODA Loans**

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(3<sup>rd</sup> Edition)

**Japan International Cooperation Agency**

## SECTION 1. INTRODUCTION

### 1.1 Purpose

The purpose of the Guidelines for Currency Conversion of Japanese ODA Loans (hereinafter referred to as the “Conversion Guidelines”) is to set out the procedures for requesting, accepting and effecting the Conversion (as defined below) as specified in the relevant Loan Agreement for Japanese ODA Loans (hereinafter referred to as the “Loan Agreement”) between the Japan International Cooperation Agency (hereinafter referred to as the “JICA”) and the Borrower. The Conversion Guidelines are referred to in the Loan Agreement and generally applicable to the Conversion requested by the Borrower and accepted and effected by JICA.

### 1.2 Applicability

The Conversion Guidelines shall apply to all Conversions requested by the Borrower in accordance with the Loan Agreement in which the relevant clause(s) regarding the Conversion is stipulated. JICA may modify the Conversion Guidelines from time to time. The Conversion Guidelines in effect on the date the Request (as defined below) is received by JICA shall be applied to the Conversion for which such Request is made.

### 1.3 Definitions

The terms defined in the Loan Agreement have the meaning specified therein. For the purpose of the Conversion Guidelines, the following additional terms have the meanings ascribed thereto as follows:

- (a) “Banking Business Day” means a banking business day in Tokyo, Japan.
- (b) “Common Banking Business Day” means a banking business day in all of Tokyo, London, and New York.
- (c) “Conditional Request” has the meaning set forth in paragraph 4.5.1 below.
- (d) “Conversion” means a change of the loan currency of the principal amount of the Loan disbursed and outstanding from Japanese Yen to United States Dollar (hereinafter referred to as “US Dollar”).

- (e) “Conversion Date” means, in respect of the Conversion, the date on which the Conversion enters into effect, as further specified in the Conversion Guidelines.
- (f) “Conversion Period” means, in respect of the Conversion, the period from and including the Conversion Date to but excluding the final Payment Date on which the Conversion terminates by its terms, and should the final repayment of principal or payment of interest required under the Loan Agreement be delayed, the Conversion Period is extended to and including the day immediately preceding the date of the actual payment in full thereof, subject to paragraph 5.2.3 below. Notwithstanding the foregoing, solely for the purpose of enabling the final repayment of principal and payment of interest under the Conversion to be made in US Dollar, such period shall end on the final Payment Date (or the date of the actual payment in full, as the case may be).
- (g) “Execution Date” means, in respect of the Conversion, the date on which JICA has undertaken all actions necessary to effect the Conversion, as reasonably determined by JICA.
- (h) “Execution Period” means a period of fifteen (15) Banking Business Days commencing from and including the date of receipt of the Request by JICA.
- (i) “Fixed Rate” means a fixed rate of interest applicable to the principal amount of the Loan as specified in a conversion notice spelled out in paragraph 4.6.1 below.
- (j) “Fixed Spread” means JICA’s spread (expressed as a percentage per annum) included within the Floating Rate as specified in a conversion notice spelled out in paragraph 4.6.1 below.
- (k) “Floating Rate” means a variable rate of interest applicable to the principal amount of the Loan disbursed and outstanding equal to the sum of: (i) the Reference Rate (as defined below); plus (ii) the Fixed Spread.

- (l) “Market Transaction” means a cross currency swap transaction undertaken by JICA in the financial market.
  
- (m) “Request” means a formal request by the Borrower in writing for the Conversion made pursuant to the provisions of the Loan Agreement and in accordance with the provisions of the Conversion Guidelines.
  
- (n) “Unwinding Amount” means, in respect of the early termination of the Conversion: (i) an amount payable by the Borrower to JICA, which shall be equal to the net aggregate amount payable by JICA under transaction undertaken by JICA to terminate the Conversion; or (ii) an amount payable by JICA to the Borrower, which shall be equal to the net aggregate amount receivable by JICA under transaction undertaken by JICA to terminate the Conversion.

## SECTION 2. PROCEDURES FOR EXERCISING CURRENCY CONVERSION OPTIONS

### 2.1 Requests

2.1.1 The Borrower may submit the Request for the Conversion to JICA, subject to the limitations and restrictions as provided in Section 3.

2.1.2 Requests shall be made in writing and delivered to JICA in accordance with the provisions of paragraph 2.4.1.

### 2.2 Representations and Contents of Requests

2.2.1 JICA will only accept the Request made substantially in the form specified in Annex to the Conversion Guidelines. In the Request, the Borrower shall make the following representations:

- (i) it has made its own independent decision to request the Conversion;
- (ii) it is not relying on any communication with, confirmation or recommendation from JICA in making a request for the Conversion;
- (iii) it understands that JICA is not acting as a fiduciary for, or an advisor to, the Borrower in respect of the Conversion;
- (iv) it is capable of evaluating and understanding, and understands and accepts the terms, conditions and risks of the Conversion and it is also capable of assuming, and assumes, the financial risks of the Conversion;
- (v) it undertakes the Conversion in order to facilitate prudent debt management;
- (vi) it has duly authorized the Request to be made in accordance with the laws and regulations of the Borrower's country; and
- (vii) it has duly authorized the representative to sign the Request on behalf of the Borrower.

2.2.2 If the Borrower's representation with respect to paragraph 2.2.1 above turns out to be false, or the Conversion under the laws of the Borrower's country becomes invalid due to, among others, changes of the laws of the Borrower's country after the Conversion, the Conversion may be terminated on the date that JICA reasonably determines. Upon the termination of the Conversion Period, the financial terms of the Loan shall be re-converted in the same manner as described in paragraph 5.1.3 below.

### 2.3 Authorized Person

2.3.1 The authorized person of the Borrower designated in accordance with the Section for Evidence of Authority and Specimen Signature in JICA's General Terms and Conditions for Japanese ODA Loans applicable to the Loan Agreement (hereinafter referred to as the "General Terms and Conditions") is authorized to make the Request. The Borrower's address for the purpose of the Conversion Guidelines is the address specified in the Section for Notices and Requests in the Loan Agreement.

### 2.4 Submission of Request

2.4.1 Each Request shall be furnished to JICA at the address specified in the section for Notices and Requests in the Loan Agreement.

2.4.2 Each Request shall be deemed to be received by JICA on the date it is delivered to and received at the address specified in the section for Notices and Requests in the Loan Agreement.

### 2.5 Review and Acceptance of Request

2.5.1 Review: JICA will review the Request to determine whether it is satisfactory to JICA without delay.

2.5.2 Acceptance: If JICA finds the Request satisfactory, it will notify the Borrower in writing of its receipt of the Request, and will proceed to effect the Conversion.

2.5.3 Non-complying requests: If JICA determines that the Request does not comply with the requirements specified in the Loan Agreement and the Conversion Guidelines, it will notify the Borrower in writing of its reasons for not accepting the Request. In such case, JICA shall take no further action to effect the Conversion. The Borrower may re-submit its Request taking into account JICA's comments as long as the conditions provided in Section 3.6 below are satisfied. In such case, the Execution Period for the Request shall be counted from and including the date of such re-submission of the Request.

## 2.6 Notification regarding Conversion

2.6.1 As soon as practicable following the Execution Date of the Conversion, JICA will send the Borrower a conversion notice setting out the terms obtained in the Conversion. The details of such notice are spelled out in paragraph 4.6.1 below.

2.6.2 JICA will notify the Borrower as soon as practicable following the end of the Execution Period if the Conversion has not been effected.

## SECTION 3. LIMITATIONS AND RESTRICTIONS

### 3.1 Minimum and Maximum Amount of Conversion

3.1.1 Unless JICA otherwise agrees, the Borrower may submit the Request for the Conversion to JICA if the outstanding balance of the principal amount of the Loan as of the Conversion Date is within the amount between five hundred (500) million Japanese Yen and fifty (50) billion Japanese Yen, both inclusive.

### 3.2 Track Record of Payment/Repayment

3.2.1 JICA may decline the Request if, on the date of receipt of the Request by JICA, the Borrower or any other borrower(s) in the Borrower's country is in arrears with respect to its principal repayment and/or interest payment under any Japanese ODA loan.

3.2.2 JICA may decline the Request if the Borrower or any other borrower(s) in the Borrower's country has caused a delay in the principal repayment and/or interest payment of any Japanese ODA loan, of thirty one (31) calendar days or more, within the last ten (10) years from and including the date of receipt of the Request by JICA.

### 3.3 Withdrawal of Request

3.3.1 The Borrower shall not withdraw the Request once it is submitted to and received by JICA.

### 3.4 Partial Conversion

3.4.1 The Borrower shall not request the Conversion:

- (i) that is applied to only part of the principal amount of the Loan disbursed and outstanding, as of the Conversion Date except as provided in paragraph 3.5.1 below;
- (ii) for a period shorter than the full amortization schedule for the principal amount of the Loan disbursed and outstanding as of the Conversion Date; and
- (iii) that is applied to the undisbursed principal amount of the Loan.



### 3.5 Multiple Interest Rate

3.5.1 Notwithstanding the provisions of paragraph 3.4.1 (i) above, when multiple interest rates are applied in the same Loan Agreement, Requests may be made with respect to all the outstanding balance at the time of the Request of each principal amount of the Loan to which a different interest rate is applied. In such case, the conditions provided in paragraphs 3.1.1 shall apply to all the outstanding balance as of the Conversion Date of each such principal amount of the Loan to which a different interest rate is applied.

### 3.6 Timing of Requests

3.6.1 The Borrower may submit the Request for the Conversion to JICA within ninety (90) calendar days from and including the date of the Notice of Completion of Disbursement for the Loan to be converted, except as provided in paragraphs 3.6.4, and 3.7.1.

3.6.2 When the ninetieth (90<sup>th</sup>) day from and including the date of the Notice of Completion of Disbursement falls on a day that is not a business day of JICA at the address specified in the section for Notices and Requests in the Loan Agreement, the Request shall be submitted on the immediately preceding business day of JICA at the address specified in the section for Notices and Requests in the Loan Agreement.

3.6.3 The Borrower may request the Conversion only once under the Loan Agreement if one (1) interest rate is applied in the Loan Agreement. When multiple interest rates are applied in the same Loan Agreement, the Borrower may submit to JICA multiple Requests with respect to each corresponding outstanding balance of the principal amount to which a different interest rate is applied in the same Loan Agreement, provided that the condition described in paragraph 3.6.1 above is satisfied.

3.6.4 If the timing for submission of Requests for the Conversion is expressly set forth in the Loan Agreement or in any amendment thereto, such specifically expressed provision in the Loan Agreement or any amendment thereto, as applicable, shall control and supersede over the terms set forth in Section 3.6.1 above.

3.7 Special Account Procedures, Advance Procedure, and/or Statement of Expenditure Procedure

3.7.1 When the Borrower intends to request the Conversion for the Loan for which Special Account Procedure, Advance Procedure, and/or Statement of Expenditure Procedure is adopted, the Borrower shall fully refund to JICA any outstanding amount in the Special Account or the Designated Account, or the unjustifiable amount noted in all the audits including the final audit, required in the Loan Agreement before it makes the Request. In such case, notwithstanding the provisions of paragraph 3.6.1 above, the Borrower may submit the Request for the Conversion to JICA within the period specified as follows:

- (i) for the Loan for which Special Account Procedure or Advance Procedure is adopted:
  - ninety (90) calendar days from and including the date of the letter from JICA notifying the Borrower either (a) that JICA has confirmed that the Borrower has completed the procedure for refund of all the outstanding amount in the Special Account (in the case of Special Account Procedure) or the Designated Account (in the case of Advance Procedure), or (b) that the refund is not necessary;
- (ii) for the Loan for which Statement of Expenditure Procedure is adopted:
  - (a) ninety (90) calendar days from and including the date of the letter from JICA notifying the Borrower that JICA has confirmed that results of all the audits including the final audit are satisfactory to JICA and no unjustifiable amount has been noted in the audits; or
  - (b) ninety (90) calendar days from and including the date of the letter from JICA notifying the Borrower that JICA has confirmed that the Borrower has completed the procedure for refund of all the unjustifiable amount noted in all the audits including the final audit.

## SECTION 4. BASIS FOR EXECUTING CONVERSION TRANSACTIONS

### 4.1 Conversion Date

4.1.1 The Conversion Date (which is the start of the Conversion Period) shall fall on the next Payment Date following the Execution Date, except the case where the Request is received by JICA on a date less than fifteen (15) Banking Business Days prior to and excluding the immediately following Payment Date after receipt of the Request. In such case, the Conversion Date shall be the subsequent Payment Date following the immediate Payment Date after receipt of the Request.

### 4.2 Failure to Effect Conversion during Execution Period

4.2.1 JICA will exercise reasonable efforts, in accordance with JICA's own risk management policy, to effect the Conversion through the Market Transaction within the Execution Period for any Request once accepted in accordance with the provisions of paragraphs 2.5.1 and 2.5.2 above. However, JICA shall not be liable even if the Conversion cannot be effected.

4.2.2 If, during the Execution Period, any national or international calamity or crisis of a political or economic nature or change in the financial markets in which the Market Transaction may be executed, has occurred, the effect of which, in the judgment of JICA, would materially and adversely affect its ability to effect the Conversion, JICA will notify the Borrower of such circumstances. In such case, the Request shall expire.

### 4.3 Market Transactions

4.3.1 The Conversion shall be effected on the basis of the Market Transactions.

4.3.2 The terms of any Market Transaction undertaken by JICA in effecting the Conversion shall reflect:

- (i) the financial terms for the principal amount of the Loan to be converted;
- (ii) the relevant Conversion Period;
- (iii) the spot or forward exchange rate between Japanese Yen and US Dollar as of the Execution Date ;
- (iv) the interest rates prevailing in Japanese Yen and US Dollar on the

Execution Date; and

- (v) the repayment provisions relating to such portion of the Loan.

#### 4.4 Principal and Interest Payable Following the Conversion

4.4.1 The principal amount of the Loan converted shall be determined by JICA through multiplying the amount in Japanese Yen to be so converted by the exchange rate that reflects the amounts of principal in US Dollar payable by JICA under the Market Transaction relating to the Conversion. The Borrower shall repay such principal amount in US Dollar in accordance with the Conversion Guidelines, the Loan Agreement and the General Terms and Conditions.

4.4.2 Upon the Conversion of the disbursed and outstanding principal amount of the Loan from Japanese Yen to US Dollar, the Borrower shall, during the Conversion Period, pay interest in US Dollar on such principal amount outstanding from time to time at the Fixed Rate or the Floating Rate, whichever is applied to the Conversion.

4.4.3 When the Fixed Rate is applied to the Conversion, the lowest interest rate applicable shall be one-hundredth percent (0.01%).

4.4.4 When the Floating Rate is applied to the Conversion, the following definitions shall be added to Section 2.01. of the General Terms and Conditions, on and after the Conversion Date; provided, however, that if such defined terms exist in the Loan Agreement or the General Terms and Conditions, the definitions for such terms shall be replaced by the corresponding defined terms as stipulated below:

##### Section 2.01. Definitions

- (dd) "Interest Period" means each period from and including a Payment Date to but excluding the immediately following Payment Date.
- (ee) "LIBOR Reset Date" means (a) with respect to the Interest Period, the day two (2) London Banking Days (as defined below) prior to the first day of the relevant Interest Period, and (b) with respect to the period from the due date to and including the immediately preceding date of the actual payment in the case of delayed payment, the day two (2) London Banking Days prior to (i) the day on which the overdue amount becomes due and payable (for the period on and after such due date up to but excluding the first day of the immediately succeeding Interest Period; provided, however, that when JICA receives an

actual payment from the Borrower before the immediately succeeding Interest Period, up to but excluding such date of actual receipt), and thereafter, (ii) each first day of each succeeding Interest Period (for the period on and after such first day of that Interest Period up to but excluding the first day of the immediately succeeding Interest Period; provided, however, that when JICA receives an actual payment from the Borrower before the immediately succeeding Interest Period, up to but excluding such date of actual receipt).

(ff) “London Banking Days” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

(gg) “Reference Rate” means, the London interbank offered rate (LIBOR) for six (6)-month deposits in US Dollar, expressed as a percentage per annum, that appears on the Relevant Telerate Page as of 11:00 a.m., London time, on the LIBOR Reset Date for the Interest Period; provided, however, that if such rate is not available at such time for any reason whatsoever, any other similar rate shall be reasonably determined by JICA.

(hh) “Relevant Telerate Page” means the display page designated on established information vendors such as Bloomberg or Reuters as the page for the purpose of displaying LIBOR for deposits in US Dollar (or such other page as may replace such page on such service).

4.4.5 When the Floating Rate is applied in the Conversion, interest rate applicable on the principal of the Loan disbursed and outstanding during each Interest Period on and after the Conversion Date shall be the sum of: (i) the Reference Rate; plus (ii) the Fixed Spread.

4.4.6 Notwithstanding the foregoing, if the sum of (i) and (ii) in paragraph 4.4.5 above is lower than one-hundredth percent (0.01%), the interest rate applicable during that Interest Period shall be one-hundredth percent (0.01%).

#### 4.5 Conditional Requests

4.5.1 The Borrower may submit the Request which includes certain terms and conditions relating to the Conversion requested (hereinafter referred to as the “Conditional Request”). The Borrower may specify the maximum fixed interest rate and/or the minimum exchange rate (JPY against one (1) USD) to be applied for the conversion of the loan principal from JPY to USD.

4.5.2 If JICA is unable, during the Execution Period, to execute the Market Transaction on the conditional terms set by the Borrower, the Conditional Request shall expire, and JICA will promptly notify the Borrower thereof.

4.5.3 Given the volatility of interest and exchange rates, JICA shall give no assurance that it shall be able to actually obtain the rate or spread specified in the Conditional Request, even if such a rate or spread were to prevail at any given point during the Execution Period.

#### 4.6 Notification of Conversion Transactions

4.6.1 As soon as practicable following the Execution Date of any Conversion, JICA will send the Borrower a conversion notice setting out the terms obtained in the Conversion, including:

- (i) the Execution Date of the Conversion;
- (ii) the outstanding principal amount in US Dollar;
- (iii) the new interest rate applicable under the Conversion (whether a Fixed Rate or a Floating Rate);
- (iv) the revised amortization schedule;
- (v) the exchange rate used in effecting the Conversion;
- (vi) the Conversion Date determined in accordance with the provisions of paragraph 4.1.1;
- (vii) the amount of any Transaction Fees (as defined below); and
- (viii) the rate of the Overdue Charge on principal and interest in US Dollar.

4.6.2 The Borrower shall accept the terms stipulated in the conversion notice without exception.

#### 4.7 Interest Payments on Conversion Date

4.7.1 The Conversion Period shall always commence on the Conversion Date. The Conversion Date shall always fall on a Payment Date. As interest accrues in arrears, any interest payable on a Conversion Date shall be payable at the rate applicable immediately prior to the Conversion in Japanese Yen. Any principal payable on a Conversion Date shall not form part of the amount converted and shall be payable in Japanese Yen.

4.7.2 The Conversion Period is extended (solely for the purpose of making payments of principal and interest and not for the calculation of the interest payment due) by one day to include the final Payment Date. Thus, on such final Payment Date, payment of principal and interest shall be made in US Dollar.

#### 4.8 Computation of Interest and Overdue Charge

4.8.1 During the Conversion Period, Section 3.07 of the General Terms and Conditions shall be read as follows:

##### Section 3.07. Computation of Interest, Prepayment Premium and Overdue Charge

Interest, the Prepayment Premium and the Overdue Charge shall accrue on a day to day basis and be computed on the basis of three hundred and sixty (360) days per annum and the actual number of days elapsed.

#### 4.9 Repayment and/or Payment to be made on non-Common Banking Business Day

4.9.1 If any repayment and/or payment to be made by the Borrower during the Conversion Period falls due on any day which is not a Common Banking Business Day, such repayment and/or payment shall be made on the immediately succeeding Common Banking Business Day after the Payment Date. However, if the immediately succeeding Common Banking Business Day falls in the next calendar month, such payment shall be made on the Common Banking Business Day immediately prior to the Payment Date.

SECTION 5. RULES RELATING TO THE CHANGE OF REPAYMENT CASH FLOW

5.1 Rules relating to a Prepayment

5.1.1 After the Execution Date, Sections 3.02 (3) and (4) of the General Terms and Conditions shall be read as follows:

Section 3.02. Repayment

(3) The Borrower shall not prepay in whole or in part the principal of the Loan disbursed and outstanding after the Execution Date.

(4) Any payment made prior to the due date specified in the amortization schedule then applicable shall not be deemed prepayment of the Loan and the Borrower shall not be discharged from the payment of interest up to the date immediately prior to the due date.

5.1.2 In exceptional circumstances, JICA may allow the Borrower to prepay in whole or in part in Japanese Yen the principal of the Loan disbursed and outstanding after the Execution Date. In such case, the provisions in paragraph 5.1.1 above shall be disregarded. The date of such prepayment (hereinafter referred to as the "Prepayment Date") shall fall on the Payment Date, and the Borrower shall make such prepayment on the Prepayment Date. The Conversion Period shall be terminated on the day immediately preceding the Prepayment Date in the case of prepayment in whole. The Borrower shall pay interest accrued up to the day immediately preceding the Prepayment Date in US Dollar.

5.1.3 Upon the termination of the Conversion Period due to the prepayment in accordance with the provision of paragraph 5.1.2, the financial terms of the outstanding principal amount of the Loan to be prepaid shall be re-converted as follows:

- (i) Interest Rate: The interest rate shall revert to the interest rate that would have been applicable to such amount in the absence of the Conversion.
- (ii) Principal: The outstanding principal amount of the Loan in Japanese Yen to be prepaid shall be determined by JICA through multiplying the amount in US Dollar to be so re-converted by the same exchange rate as specified in paragraph 4.6.1 (v) above. Such amount to be so



re-converted in US Dollar shall be determined as follows:

- (a) in the case of a prepayment in whole, such amount shall be the outstanding principal amount in US Dollar as of the date of a written notice for the prepayment from the Borrower to JICA minus the repayment amount in US Dollar that will become due on the Prepayment Date; and
  - (b) in the case of a prepayment in part, such amount shall be the amount the Borrower specifies in a written notice for the prepayment; provided, however, that such amount shall not exceed the difference of the outstanding principal amount in US Dollar as of the date of the written notice for the prepayment minus the repayment amount in US Dollar that will become due on the Prepayment Date.
- (iii) Currency of Payments: The currency of payments of principal and interests shall revert to Japanese Yen.

5.1.4 When the prepayment is allowed in accordance with the provisions of paragraph 5.1.2 above, the Borrower shall pay the Prepayment Premium in Japanese Yen that may accrue on the principal amount in Japanese Yen to be prepaid in accordance with the provisions of Section 3.02 of the General Terms and Conditions.

5.1.5 In the case of a prepayment in part, the remaining principal amount of the Loan shall remain converted in US Dollar and JICA will send the Borrower a revised conversion notice setting out the terms applicable to the remaining principal amount of the Loan, including the information stipulated in paragraph 4.6.1 above.

## 5.2 Rules relating to Delayed Repayment and/or Payment

5.2.1 During the Conversion Period, Sections 2.01 (v) and 3.06 of the General Terms and Conditions shall be read as follows:

### Section 2.01. Definitions

(v) "Overdue Charge" means:

- (i) a charge to be paid by the Borrower to JICA calculated at the rate of three percent (3%) per annum over and above the interest rate specified in the conversion notice as defined in the Conversion Guidelines on the overdue amount of principal and interest for a period from the due date to the day immediately preceding the date of the actual payment thereof,

both inclusive; and

- (ii) a charge to be paid by the Borrower to JICA calculated at the rate of two percent (2%) per annum over and above the interest rate applicable prior to the Conversion on the overdue amount of the Exchange Loss (as defined below) and the Unwinding Amount (as defined below) for a period from the due date to the day immediately preceding the date of the actual payment thereof, both inclusive.

#### Section 3.06. Overdue Charge

- (1) Should repayment of principal, or payment of interest or Any Other Charges (excluding the Commitment Charge, the Prepayment Premium and Transaction Fees) required under the Loan Agreement and the Conversion Guidelines be delayed, the interest specified in Section 3.03. shall cease to accrue on such overdue amount of principal on and after the due date and the Overdue Charge shall be payable.
- (2) When the due date is not a Common Banking Business Day, the Overdue Charge shall be exempted if the payment is made on the immediately succeeding Common Banking Business Day.

5.2.2 Notwithstanding the provisions of paragraph 5.2.1 above, when the Floating Rate is applied in the Conversion, Section 2.01 (v) of the General Terms and Conditions shall be read as follows:

#### Section 2.01. Definitions

(v) "Overdue Charge" means:

- (i) a charge to be paid by the Borrower to JICA calculated at the rate of three percent (3%) per annum over and above the relevant interest rate as of each LIBOR Reset Date on the overdue amount of principal and interest for a period from the due date to the day immediately preceding the date of the actual payment thereof, both inclusive.
- (ii) a charge to be paid by the Borrower to JICA calculated at the rate of two percent (2%) per annum over and above the aggregate amount of the Reference Rate applicable prior to the Conversion as of each LIBOR Reset Date and the Fixed Spread applicable prior to the Conversion on the overdue amount of the Exchange Loss (as defined below) and the Unwinding Amount (as defined below) for a period from the due date to the day immediately preceding the date of the actual payment thereof, both inclusive.

5.2.3 Should repayment of principal and/or payment of interest required under the Loan Agreement and the Conversion Guidelines after the Conversion be delayed by ninety (90) calendar days, the Conversion Period shall be terminated on that date. When the ninetieth (90<sup>th</sup>) day is not a Common Banking Business Day, the Conversion Period shall be terminated on the immediately succeeding Common Banking Business Day. Upon the termination of the Conversion Period, the financial terms of the Loan shall be re-converted in the same manner as described in paragraph 5.1.3 above.

5.2.4 Upon the termination of the Conversion Period, the delayed interest payment shall be re-calculated based on the outstanding principal amount in Japanese Yen and the interest rate stipulated in paragraph 5.1.3 above.

5.2.5 Upon the termination of the Conversion Period, the provisions in paragraphs 5.2.1 and 5.2.2 above shall be disregarded, and the Overdue Charge shall be calculated based on the delayed payment of principal and/or payment of interest in Japanese Yen.

5.2.6 When, as a result of such delayed payment and/or repayment, JICA purchases at its discretion in the foreign exchange market US dollar needed to meet the payment obligations to a counterparty of Market Transactions and incurs a loss due to exchange rate fluctuation, the equivalent amount to the loss incurred by JICA (hereinafter referred to as the "Exchange Loss") shall be payable in Japanese Yen by the Borrower not later than five (5) Common Banking Business Days from and including the date of the notice from JICA to the Borrower. Should the payment of the Exchange Loss be delayed, the Overdue Charge shall be payable in Japanese Yen.

## SECTION 6. TRANSACTION FEES AND UNWINDING AMOUNT

### 6.1 Amount of Fee Payable

6.1.1 The Borrower shall pay to JICA a transaction fee for conversion in respect of any Conversion (hereinafter referred to as the “Transaction Fees”).

6.1.2 The Transaction Fees charged by JICA is one-tenth of one percent (0.1%) of the outstanding principal amount in US Dollar after the Conversion.

6.1.3 The Transaction Fees shall be payable in a lump sum payment in US Dollar not later than thirty (30) calendar days from and including the date of the notice from JICA to the Borrower. The Transaction Fees once paid shall not be refunded under any circumstances.

### 6.2 Unwinding Amounts

6.2.1 If the Conversion has been effected on any amount of the Loan that is to be prepaid or overdue as referred to in Section 5. above, and the Conversion needs to be terminated, the Borrower or JICA, as the case may be, shall pay in Japanese Yen an Unwinding Amount, if any. The foregoing shall also be applied when the Market Transaction needs to be terminated prior to the Conversion Date.

6.2.2 If, upon a prepayment or overdue of repayment and/or payment referred to in Section 5. above, such Unwinding Amount represents an amount payable by the Borrower to JICA, such Unwinding Amount shall be payable in Japanese Yen by the Borrower not later than five (5) Common Banking Business Days from and including the date of the notice from JICA to the Borrower. Should the payment of the Unwinding Amount be delayed, the Overdue Charge shall be payable in Japanese Yen.

6.2.3 If, upon a prepayment or overdue of repayment and/or payment referred to in Section 5. above, such Unwinding Amount represents an amount payable by JICA to the Borrower, JICA may withhold and/or take any necessary measure to appropriate in whole or in part such Unwinding Amount for any amount that has been or will be due and payable in accordance with the order of appropriation stipulated in Section 7.1 below.

## SECTION 7. INSUFFICIENT PAYMENT

7.1 During the Conversion Period, Section 3.10 of the General Terms and Conditions shall be read as follows:

### Section 3.10 Insufficient Payment

If the amount of any payment made by the Borrower under the Loan Agreement and the Conversion Guidelines is less than the total amount due and payable, the amount of payment made shall be applied and appropriated in the following order: (i) the Front End fee ; (ii) the Overdue Charge (Exchange Loss and Unwinding Amount) ; (iii) Any Exchange Loss; (iv) the Unwinding Amount; (v)the Overdue Charge (Any Other charges excluding the Exchange Loss and the Unwinding Amount, Interest and Principal); (vi)the Transaction Fees; (vii)the Prepayment Premium; (viii)the Interest; and (ix)the Principal. Notwithstanding the foregoing, JICA may apply and appropriate the amount of payment received in whole or in part in accordance with the order decided by itself.

7.2 If necessary, JICA may exchange the amount received by the Borrower with the exchange rate quoted by its bank at the time of the exchange reasonably determined by JICA into another currency in order to follow the appropriation order referred to in Section 7.1 above.

## SECTION 8. ROUNDING CONVENTION USED IN CONVERSIONS

8.1 JICA will round currency amounts to the nearest hundredth of the currency unit on US Dollars. JICA will round upwards if the number ends in a figure of five or above, and downwards if the number ends in a figure below five.

ANNEX Request Form

ANNEX

Request For Currency Conversion of JICA Loan  
Currency Conversion of Outstanding Loan Amounts

Requested Date:

Loan Agreement No.:

To: JAPAN INTERNATIONAL COOPERATION AGENCY  
JICA XXX OFFICE / XXX Department  
Attention: Chief Representative / Director General

Ladies and Gentlemen:

1. Pursuant to the Loan Agreement No. XXX dated XXX between the JAPAN INTERNATIONAL COOPERATION AGENCY (hereinafter referred to as "JICA") and XXXXXXXXXXXXXXXXXXXX (Name of the Borrower), the undersigned hereby requests for the Currency Conversion, in accordance with the relevant provisions of the Loan Agreement and the Conversion Guidelines, with the following particulars. The words not defined herein shall have the same meanings ascribed to them in the Loan Agreement and/or the Conversion Guidelines.

- (i) Information on the Existing Loan to be Converted:
  - (a) Loan Agreement Number:
  - (b) Loan Project Name:
  - (c) Outstanding Principal Amount (JPY) as of the Requested Date :
  - (d) Interest Rate:
  
- (ii) Information on the Requested Conversion  
The Currency of the existing loan shall be changed from JPY to USD.

Conditional Request:

<Notes to the Borrower : If you would like to make the Conditional Request, by setting conditions on the interest rate and/or currency conversion rate, please check YES and describe the specific conditions. If not, please check NO.>

- (a) Type of Interest Rate: USD Fixed Rate  
 YES  NO  
The fixed interest to be paid should be less than or equal to ( )% p.a.
  
- (b) Currency Conversion Rate (USD/JPY exchange rate)  
 YES  NO  
Conversion should be made under the condition that the price of One USD is JPY [ ] or more.

<Notes to the Borrower : Please note that the spot exchange rate or forward exchange rate between Japanese Yen and US Dollar as of the Execution Date shall be used for the Conversion.>

2. The undersigned certifies that the Borrower:

- (a) has made its own independent decision to request the Conversion;
- (b) is not relying on any communication with, confirmation or recommendation from JICA in making a request for the Conversion;
- (c) understands that JICA is not acting as a fiduciary for, or an advisor to, the Borrower in respect of the Conversion;
- (d) is capable of evaluating and understanding, and understands and accepts the terms, conditions and risks of the Conversion, and it is also capable of assuming, and assumes, the financial risks of the Conversion;
- (e) undertakes the Conversion in order to facilitate prudent debt management;
- (f) has duly authorized the Request to be made in accordance with the laws and regulations of the Borrower's country;
- (g) has duly authorized myself as its representative to sign the Request on behalf of the Borrower; and
- (h) understands that the Conversion will be made in accordance with the Conversion Guidelines .

Please contact to the following person regarding the transaction:

Contact Information for Transaction

Name:  
Title :  
Telephone:  
Facsimile:  
E-mail

Name:  
Title :  
Telephone:  
Facsimile:  
E-mail

Very truly yours,

(Name of the Borrower)  
(Authorized Signature)



