

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8585-PE

Loan Agreement

(Public Expenditure and Fiscal Risk Management Development Policy Loan)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated April 4, 2016

LOAN AGREEMENT

Agreement dated April 4, 2016, entered into between the REPUBLIC OF PERU ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule I to this Agreement; and (b) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one billion two hundred and fifty million Dollars (\$1,250,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan").
- 2.02. The Borrower may withdraw the proceeds of the Loan in support of the Program in accordance with Section II of Schedule I to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The Borrower shall pay to the Bank a stand-by fee on the Unwithdrawn Loan Balance at the rate of one-half of one percent (0.50%) per annum. The stand-by fee shall accrue from the Effective Date to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The stand-by fee shall be payable semi-annually in arrears on each Payment Date.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the

interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.
- (b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such Withdrawal, provided that: (i) the average maturity of such Withdrawal does not exceed twenty (20) years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed thirty-five (35) years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank to the Borrower at the time of such agreement); and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of such Withdrawal.
- 2.08. (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, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or *vice versa*; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or *vice versa*; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- 2.09. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 5 of Section II of the Appendix to this Agreement and relating to *Cooperation and Consultation*), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.08 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule I to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consist of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Finance, provided that the Borrower's General Director of Indebtedness and Public Treasury may, by him or herself, represent the Borrower to sign amendments and/or notices to this Agreement which are considered of an administrative and non-financial nature. The signing by such General Director of an amendment and/or notice shall constitute a representation by the Borrower that any such amendment and/or notice is considered to be administrative and non-financial in nature.

6.02. The Borrower's Address is:

Ministry of Economy and Finance
Jr. Junín 319
Lima, Perú

Facsimile:
(511) 626-9921

6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423(MCI) or 64145(MCI) Facsimile: 1-202-477-6391

AGREED at LIMA, PERU, as of the day and year first above written.

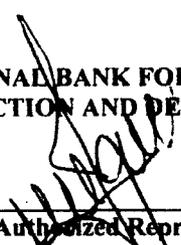
REPUBLIC OF PERU

By: 
Authorized Representative

Name: ALONSO SEGURA UASI

Title: MINISTRO DE ECONOMIA Y FINANZAS

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: 
Authorized Representative

Name: Jorge Familiar

Title: Vice-Presidente

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

Improving Management and Reporting of Public Expenditure in SNGs

1. The Borrower has issued regulations to strengthen the management and reporting framework for fiscal responsibility in SNGs, including the procedures for determining the fiscal targets-settings methodology, reporting and disclosure requirements, and sanctions for non-compliance with the fiscal rules established by Law No. 30099 (published in the Official Gazette on October 31, 2013) and its amendments, as evidenced by: (i) Supreme Decree No. 104-2014-EF published on the Official Gazette on May 11, 2014; (ii) Ministerial Resolution No. 432-2014-EF/15 published in the Official Gazette on December 30, 2014; and (iii) Ministerial Resolution No. 338-2014-EF/15 published in the Official Gazette on October 18, 2014.
2. The Borrower has granted authority to the General Directorate of Macroeconomic Policy and Fiscal Decentralization (*Dirección General de Política Macroeconómica y Descentralización Fiscal*) within MEF, to monitor SNG's fiscal and financial management performance according to Law No. 30099 (published in the Official Gazette on October 31, 2013) and its amendments, and to provide technical assistance to SNGs, as evidenced by Supreme Decree No. 117-2014-EF published in the Official Gazette on May 23, 2014.
3. The Borrower has issued regulations to implement the new Strengthening Fiscal Responsibility and Transparency Law No. 30099 (published in the Official Gazette on October 31, 2013) which created an independent fiscal council (*Consejo Fiscal*) whose functions are to: (i) evaluate ex-post compliance and changes of fiscal rules; (ii) evaluate the macro fiscal forecasts considered in the Borrower's multiyear macroeconomic framework; and (iii) evaluate short and medium term fiscal policy in terms of stance and sustainability, as evidenced by Supreme Decree No. 104-2014-EF published in the Official Gazette on May 11, 2014 and Supreme Decree No. 287-2015-EF published in the Official Gazette on October 9, 2015.
4. The Borrower has issued regulations to implement the professionalization of managers in the civil service, creating a new category of public managers for both national and SNGs, the Public Directors (*Directivos Públicos*), subject to merit-based recruitment and regular performance evaluations, as evidenced by Supreme Decree No. 040-2014-PCM published in the Official Gazette on June 13, 2014.

Improving the Borrower's Legal and Institutional Framework for Public-Private Partnerships

5. The Borrower has enacted a new PPP framework to: (i) incorporate PPPs into the budget process, and ensure spending units (PPP promoters) prioritize their budget allocations for PPPs in a way that is consistent with their existing fiscal framework; (ii) ensure that only projects with a strong business case as reflected in the evaluation report (*Informe de Evaluación*) that adhere to the principles of value-for-money and adequate risk sharing are selected; and (iii) require MEF's favorable binding opinion to the business case reflected in the evaluation report (*Informe de Evaluación*) and to the final draft of the corresponding PPP agreement prior to the entering into any PPP contract, as evidenced by Legislative Decree No. 1224 published in the Official Gazette on September 25, 2015 and Supreme Decree No. 410-2015-EF published in the Official Gazette on December 27, 2015.
6. The Borrower has appointed MEF as the guiding entity (*ente rector*) of the National Private Investment Promotion System for the development of PPPs, acting through the recently created General Directorate for Private Investment Promotion Policy, which enables MEF to play its role as the highest normative authority for the interpretation of PPP legislation, as well as to enact and improve guidelines and methodologies for the development of PPPs, as evidenced by Legislative Decree No. 1224 published in the Official Gazette on September 25, 2015, and Supreme Decree No. 117-2014-EF published in the Official Gazette on May 23, 2014.
7. The Borrower has revised: (i) the procedures for receiving and processing co-financed unsolicited PPP proposals, including the roles and responsibilities of key government agencies (soliciting agency, PROINVERSION and MEF) and the requirement at the national level of a Supreme Decree listing the specific interventions and the amount of budgetary support that the soliciting agency (e.g. ministries) will need to allocate to said co-financed unsolicited PPP proposals; and (ii) the dispute resolution mechanisms in PPP contracts, which include arbitration, a dispute settlement body (*Junta de Resolución de Disputas*), and the use of an alternative mechanism through the intervention of a neutral third party (*Amigable Componedor*), as evidenced by Legislative Decree No. 1224 published in the Official Gazette on September 25, 2015 and Supreme Decree No. 410-2015-EF published in the Official Gazette on December 27, 2015.
8. The Borrower has set up the National Private Investment Promotion System to guide PPPs under a clear, streamlined and traceable process with roles and responsibilities to provide greater predictability to private investors while further enhancing the channels to evaluate the overall fiscal impact, as evidenced by the issuance of Legislative Decree No. 1224 published in the Official Gazette on September 25, 2015.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

- B. Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
Single Withdrawal Tranche	1,250,000,000
TOTAL AMOUNT	1,250,000,000

- C. Payment of Front-end Fee.** No withdrawal shall be made from the Loan Account until the Bank has received payment in full of the Front-end Fee.
- D. Withdrawal of Loan Proceeds.** If, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower's macroeconomic policy framework or of its progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of said Section 3.01, with: (i) the progress achieved by the Borrower in carrying out the Program; and (ii) the adequacy of the Borrower's macroeconomic policy framework.
- E. Deposits of Loan Amounts.** Except as the Bank may otherwise agree:
1. all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank; and
 2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to the Bank.
- F. Excluded Expenditures.** The Borrower undertakes that the proceeds of the Loan shall not be used to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.
- G. Closing Date.** The Closing Date is February 18, 2019.

SCHEDULE 2

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on October 15, 2029.

APPENDIX

Section I. Definitions

1. "Excluded Expenditure" means any expenditure:

- (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
- (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;

- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
2. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
 3. "MEF" means *Ministerio de Economía y Finanzas*, the Borrower's Ministry of Economy and Finance.
 4. "National Private Investment Promotion System" means *Sistema Nacional de Promoción de la Inversión Privada*, the Borrower's national system set up to promote private investment referred in Article 5 of Legislative Decree No. 1224 published in the Official Gazette on September 25, 2015.
 5. "PPP" means Public-Private Partnership.
 6. "Program" means the program of actions, objectives and policies designed to support the Borrower's efforts to improve: (i) the management and reporting of public expenditures in SNGs; and (ii) the Government's legal and institutional framework for PPPs, and set forth or referred to in the letter dated January 12, 2016 from the Borrower to the Bank declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution.
 7. "PROINVERSION" means *Agencia de Promoción de la Inversión Privada*, the Borrower's agency for the promotion of private investments, regulated under the Borrower's Supreme Decree No. 027-2002-PCM published in the Official Gazette on April 25, 2002 and under the Borrower's Supreme Decree No. 095-2003-EF published in the Official Gazette on July 4th 2003.
 8. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
 9. "SNG" means any of the Borrower's subnational governments established/acknowledged under Chapter XIV (on Decentralization) of the Political Constitution of the Borrower.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
3. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
4. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

5. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the subsequent Sections in Article V are renumbered accordingly.
6. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 5 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
7. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 5 above) is modified to read as follows:

“Section 5.06. *Plans; Documents; Records*

... (c) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Loan until two years after the Closing Date. The Borrower shall enable the Bank’s representatives to examine such records.”

8. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 5 above) is modified to read as follows:

“Section 5.07. Program Monitoring and Evaluation

... (c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.”

9. In the Appendix, **Definitions**, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.

10. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the remaining paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

11. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Eligible Expenditure”) is modified to read as follows:

“37. “Eligible Expenditure” means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement.”

12. Renumbered paragraph 44 (originally paragraph 43) of the Appendix (“Financial Statements”) is deleted in its entirety.

13. In paragraph 46 of the Appendix, the term “Fixed Spread” is modified to read as follows:

“46. “Fixed Spread” means, for each Withdrawal, the Bank’s fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date, and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on the Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s fixed spread for the Loan Currency in effect at 12:01 a.m. Washington, D.C. time on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines”.

14. In paragraph 48 of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

15. In paragraph 67 of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"67. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any stand-by fee, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

16. In paragraph 72 of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".

17. The defined term "Project" in paragraph 75 of the Appendix is modified to read "Program" and its definition is modified to read as follows (and all references to "Project" throughout these General Conditions are deemed to be references to "Program"):

"75. "Program" means the program referred to in the Loan Agreement in support of which the Loan is made."

18. In paragraph 94 of the Appendix, the term "Variable Spread" is modified to read as follows:

"94. "Variable Spread" means, for each Withdrawal and each Interest Period: (1) the Bank's standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum. In the case of a Loan denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies."

20. The following definitions of the terms "Withdrawal" and "Withdrawal Date" are inserted as new paragraphs 98 and 99, respectively:

"98. "Withdrawal" means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.

99. "Withdrawal Date" means, for each Withdrawal, the date on which the Bank pays the Withdrawal."