



# MIXED FINANCING II

## LOAN AGREEMENT

BETWEEN

**THE REPUBLIC OF GUATEMALA**

acting by and through

**The Ministry of Finance  
of the Republic of Guatemala  
Guatemala City**

AND

**UBS AG, Zuerich/Basle, Switzerland**

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*[Handwritten signature]*

**LOAN AGREEMENT**

(hereinafter called the "BANK AGREEMENT")

between

**THE REPUBLIC OF GUATEMALA**, acting by and through The Ministry of Finance of the Republic of Guatemala, Guatemala City

(hereinafter called the "BORROWER")

- on the one part

and

**UBS AG**, a company limited by shares, incorporated under the Laws of Switzerland, whose principal office is at Aeschenvorstadt 1, 4051 Basle and Bahnhofstrasse 45, 8001 Zurich / Switzerland

(hereinafter called the "LENDER")

- on the other part

**PREAMBLE**

- A. Whereas an agreement on a mixed financing has been concluded on September 9, 2002 between the Government of the Swiss Confederation (hereinafter called the "SWISS GOVERNMENT") and the Government of the Republic of Guatemala (hereinafter called the "BORROWER") for the financing of the supply of high-technology topographic equipment (mainly of Swiss origin) and services including expert assessment services done by Swiss experts (hereinafter called the "GOVERNMENT AGREEMENT").
- B. whereas the BORROWER is desirous to borrow from the LENDER and to accept a grant from the SWISS GOVERNMENT in accordance with the provisions of the GOVERNMENT AGREEMENT, amounts up to the aggregate amount necessary to finance 100 % of the purchase of such Swiss capital goods and services and expert-assessment services excluding any import tariffs, fiscal levies and taxes in force in the Republic of Guatemala.
- C. The SWISS GOVERNMENT and the LENDER are prepared to provide such grants respectively advances to the BORROWER up to a total amount of CHF 10'000'000.00

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split into shares of:

- SWISS GOVERNMENT portion (grant) up to a maximum of CHF 5'000'000.00
- LENDER's portion (advance) up to a maximum of CHF 5'000'000.00,

Now, therefore, the parties hereby agree as follows:

1. Purpose of the Mixed Financing

The mixed financing of CHF 10 million (hereinafter called the "MIXED FINANCING") shall be utilized in accordance with the provisions of Article 4 of the GOVERNMENT AGREEMENT. The total amount of the MIXED FINANCING is foreseen for the financing of 100 % of the invoice value of capital goods and services and expert-assessment services of primarily Swiss origin excluding any import tariffs, fiscal levies and taxes in force in the Republic of Guatemala.

2. Advance Amount

In accordance with Article 3.2 ii) of the GOVERNMENT AGREEMENT the LENDER undertakes to hold at the disposal of the BORROWER individual advance facilities covered under the Swiss Export Risk Guarantee Scheme, (hereinafter called "ERG") up to

CHF 5'000'000.00

(SWISS FRANCS five million and 00/100 ).

3. Correspondence

- 3.1. The LENDER shall keep the accounts mentioned in Articles 6 and 8 to be opened in the name of the BORROWER.
- 3.2. All notifications by the LENDER in connection with this BANK AGREEMENT shall be deemed to have been duly given if made in writing by mail sent by courier, registered airmail or fax followed by registered airmail, to the BORROWER:

Ministerio de Finanzas Publicas (Ministry of Finance)  
Direccion de Credito Publico  
8a Avenida y 21 Calle, Centro Civico, Zona 1  
15 nivel  
01001 Guatemala City

Telefax: (502) 22485084



All notifications by the BORROWER in connection with this BANK AGREEMENT shall be deemed to have been duly given if made in writing by mail sent by courier, registered airmail or fax followed by registered airmail, to the LENDER:

UBS AG  
Export Finance  
P.O. Box  
CH - 8098 Zurich / Switzerland

Telefax: ++41 1 239 21 21

#### 4. Delivery / Service Contracts eligible for Financing

4.1. Only supply contracts (hereinafter called "CONTRACT(S)") approved by the BORROWER and on the Swiss side by the State Secretariat for Economic Affairs (seco) of the Swiss Government, Swiss ERG and the LENDER (hereinafter called "COMPETENT AUTHORITIES") and covered by the Swiss ERG shall be eligible for financing under the present BANK AGREEMENT.

4.2. All applications for the financing of CONTRACTS for the supply of goods and/or services in the framework of the present BANK AGREEMENT shall, after approval by the BORROWER, be submitted to the State Secretariat for Economic Affairs (seco) of the Swiss Government within 12 months after the present BANK AGREEMENT has come into force. This commitment period of 12 months can be extended by mutual agreement. Any unutilized portion of the MIXED FINANCING remaining after the expiry of the commitment period shall be cancelled, unless extended by mutual agreement.

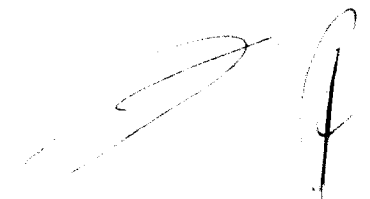
4.3. In principle, the value of each CONTRACT financed under this MIXED FINANCING shall not be less than CHF 1.5 million. Partial deliveries or services / progress payments, except for the final delivery or service / progress payment under a project shall amount to at least CHF 750'000.00.

#### 5. Terms of Payment

The following standard terms of payment shall apply to all CONTRACTS to be financed under this BANK AGREEMENT:

The Guatemalan buyer, Oficina Encargada de Catastro (hereinafter called the "Buyer" shall open an irrevocable sight letter of credit by Banco de Guatemala, Guatemala City and advised through UBS AG, Zuerich, in favour of the Swiss exporter, for 10 % of the total CONTRACT value. This letter of credit shall be opened by the BUYER within 45 days after having received confirmation that the CONTRACT has been approved by the COMPETENT AUTHORITIES according to Article 4.1 of this BANK AGREEMENT. The letter of credit amount shall be covered with funds under the MIXED FINANCING.

The letter of credit shall be utilized as follows:



- 5 % of the contract value as part of the total downpayment of 15% of the contract value, available against presentation of a simple receipt by the Swiss exporter, payable out of the Mixed Financing.
  
- 5 % of the contract value pro rata delivery, available against presentation of the shipping documents specified in the letter of credit and/or upon rendering of services against presentation of the documents specified in the letter of credit, payable out of the Mixed Financing.

The remaining portion of 80 % of the contract value shall be due and payable pro rata delivery/rendering of services, disbursed in conjunction with the utilization of the 5 % portion at delivery/rendering of services of the above letter of credit, payable out of the Mixed Financing.

The LENDER is authorized by the BORROWER to pay for the account of the BUYER to the Swiss exporter and to the debit of the MIXED FINANCING the afore-mentioned instalments covering 100 % of the contract value upon utilization of the relevant letter of credit for the downpayment of 15 % and for payment of the balance of 85 % upon full or partial supply of goods and/or services. This payment authorization is automatically granted through the approval of the CONTRACT by the COMPETENT AUTHORITIES mentioned in Article 4.1 of this BANK AGREEMENT.

All fees and commissions in connection with the opening of the letter of credit are at the charge of the BUYER.

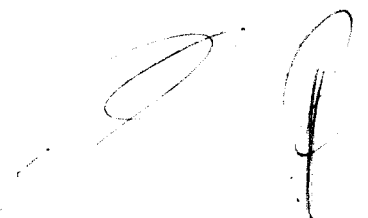
The standard terms of payment may be modified by mutual agreement between the COMPETENT AUTHORITIES mentioned in Article 4 of this BANK AGREEMENT.

All CONTRACTS and letters of credit shall include a clause stating: "Financing of the contract shall be made under the Guatemala-Swiss Mixed Financing II".

6. Drawdown, Accounting

- 6.1. 50 % of each drawing by the BORROWER will be paid out of the Swiss Government portion of the MIXED FINANCING.
  
- 6.2. 50 % of each drawing by the BORROWER paid out of the LENDER'S portion of the MIXED FINANCING, will be debited to advance accounts opened in the books of the LENDER in the name of the BORROWER.
  
- 6.3. For the purpose of determining the repayment schedule all drawings under the MIXED FINANCING shall fall into one of the following drawdown periods for each consecutive 12 months:

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- drawdown period No. 1  
for utilisations between October 1 and March 31
- drawdown period No. 2  
for utilisations between April 1 and September 30

with the repayment dates being June 30 for period No. 1 and December 31 for period No. 2, respectively.

- 6.4. The BORROWER and the LENDER agree that all disbursements out of this MIXED FINANCING will be made exclusively to and in favour of the Swiss exporters and will be effected by the LENDER by transfer to the Swiss exporters. It is explicitly stipulated that the BORROWER cannot claim from the LENDER any amount to be disbursed to himself but exclusively to the Swiss exporters.

## 7. Repayment

### 7.1. LENDER's portion

The BORROWER undertakes to reimburse all amounts paid out of the LENDER's portion of the MIXED FINANCING in 14 equal and consecutive half-yearly instalments in free and effective Swiss Francs, the first instalment falling due 39 months and the last instalment 117 months after the end of the respective semi-annual drawdown period (as defined in Article 6.3. of this BANK AGREEMENT).

### 7.2. SWISS GOVERNMENT's portion

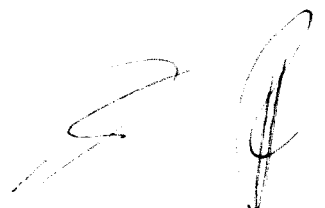
The SWISS GOVERNMENT shall grant to the BORROWER the amount of the SWISS GOVERNMENT portion as defined in Article 3 of the GOVERNMENT AGREEMENT.

## 8. Interest and Fees

- 8.1. On the debit balances of the advance(s) of the LENDER the following interest will be charged:

1,25 % p.a. (one point two five percent per annum) net above the average weighted Swiss Export Base Rate (SEBR), prevailing two working days prior to each drawing, firm for the whole duration of the respective advance.

- 8.2. Interest will be calculated on the basis of 360 days a year and the exact number of days elapsed.



With regard to the financing under the LENDER's portion of this MIXED FINANCING the BORROWER undertakes to pay at the end of each calendar half-year, i.e. June 30 and December 31 respectively the interest accrued on all outstanding amounts under the

LENDER's portion of the MIXED FINANCING. Interest shall be charged as from the date of each drawing.

If such dates fall on a day which is not a banking business day in Switzerland, the relevant payment will be due and payable on the next succeeding banking business day.

- 8.3. For delayed payments of principal and/or interest and/or fees the LENDER will, without notification or other formal requirements, charge interest in arrears at 2.25% p.a. above the 6-months LIBOR for Swiss Francs., calculated on the amount of the LENDER's portion

outstanding as from the respective maturity date until receipt of cover. The BORROWER has to pay such additional interest upon first request by the LENDER.

- 8.4. This does not in any way constitute the right of the BORROWER to defer any payment due, nor does it invalidate the right of the LENDER to claim immediate payment as provided in Article 12 mentioned hereinafter.

- 8.5. The BORROWER shall pay to the LENDER for each CONTRACT at the time of opening of the respective letter of credit a handling fee of 0.50 % flat of the respective LENDER's portion.

#### 9. Domicile of Payment

Principal, interest and other payments under this BANK AGREEMENT are payable when due in effective freely convertible Swiss Francs at the Head Office of the LENDER in Zurich / Switzerland without any deduction and outside of any clearing system that might be in force at the time of such payments becoming due.

#### 10. Taxes

Any present or future taxes, levies, imposts, duties, deductions, withholdings, fees, liabilities and similar charges (hereinafter called the "TAXES") levied by any authority in the Republic of Guatemala on principal and/or interest and/or fees shall be borne in full by the BORROWER.

Any TAXES withheld inside the Republic of Guatemala by way of deduction or otherwise shall be paid or refunded by the BORROWER. If such refund is prevented by operation of law in the Republic of Guatemala the payments of the BORROWER under this BANK AGREEMENT shall be increased to such amounts as will, after deduction of the TAXES, result in the LENDER obtaining the full amounts as set out in this BANK AGREEMENT.

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## 11. Expenses and Charges

All bank charges and legal fees, out of pocket and other expenses (hereinafter called the "CHARGES") incurred by the BORROWER and/or the LENDER in connection with the preparation and conclusion of this BANK AGREEMENT are to be borne by the BORROWER.

CHARGES incurred by the BORROWER and/or the LENDER in connection with the execution, enforcement and preservation of any right under this BANK AGREEMENT (including but not limited to expenses and legal fees as a consequence of any events of default as per Article 12 of this BANK AGREEMENT), if any, are to be borne by the BORROWER.

## 12. Suspension of Disbursement, Acceleration Clause

The LENDER will have the right without accomplishment of any formalities and at any time, at their discretion:

a) to suspend without previous notification and with immediate effect the utilization of the MIXED FINANCING under this BANK AGREEMENT

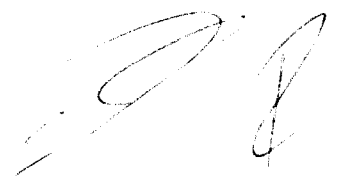
and/or

b) to declare due and payable, with immediate effect, the credit amounts then outstanding under this BANK AGREEMENT together with interest thereon

if any of the following events occur:

- 12.1. the BORROWER fails to repay any instalment or fails to pay interest and/or interest on delayed payments due on any amount outstanding under this BANK AGREEMENT within 30 calendar days of such payments becoming due.
- 12.2. any other obligation under this BANK AGREEMENT has not been fulfilled by the BORROWER for more than 30 calendar days following the request of the LENDER by telefax or cable expressing such request.
- 12.3. any loan, guarantee or any other commitment of the Borrower entered into with the LENDER (including its branches, affiliates and subsidiaries), representing external financial indebtedness not in local currency has not been fulfilled within 45 calendar days after the due date (by acceleration or otherwise) or if the LENDER shall become entitled to declare any such commitment due and payable prior to its maturity.
- 12.3. any representation, notice, certificate or statement made or given by the BORROWER or any third party in connection with this BANK AGREEMENT proves to be incorrect or inaccurate in any material respect prejudicial to the LENDER.
- 12.4. the authorities of the Republic of Guatemala take any decision or undertake any step to prevent the execution of the CONTRACT(S).

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12.5. after the date of signing of the present BANK AGREEMENT an extraordinary situation has arisen which shall make it impracticable or impossible for the BORROWER or the Swiss exporters to fulfil their obligations resulting from this BANK AGREEMENT or the CONTRACT(S).

### 13. Exercises of Rights and Waivers

Non-exercise or delayed exercise by the LENDER of any right or privilege hereunder shall not be construed as a waiver of these or any other rights nor shall any partial exercise of such right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege.

The BORROWER waives any right of set-off in connection with any sum due from the BORROWER under this MIXED FINANCING. He agrees to meet all obligations on time under the terms of this BANK AGREEMENT independently of any objections he may have as to the performance of the CONTRACT(S).

### 14. Formalities

By signing this BANK AGREEMENT the BORROWER confirms that

- he is entitled to conclude this BANK AGREEMENT and that this BANK AGREEMENT represents a legally valid and binding undertaking by the BORROWER, enforceable in accordance with its terms
- the persons signing this BANK AGREEMENT in the name of the BORROWER can legally bind the BORROWER and that their signatures are authentic
- all authorizations and approvals necessary in the Republic of Guatemala for the taking up and repayment of the LENDER's portion of this MIXED FINANCING and payment of interest and other sums in accordance with this BANK AGREEMENT shall be obtained by the BORROWER and shall be in full force and effect after the GOVERNMENT AGREEMENT between the Government of the Republic of Guatemala and the SWISS GOVERNMENT has entered into force.
- no event has occurred or is anticipated to occur which is or could be an event as mentioned in Article 12 of this BANK AGREEMENT
- the BORROWER is allowed to make all payments of principal, interest and fees without any deduction whatsoever at maturity
- this BANK AGREEMENT – and in particular its Article 18 – and the transactions contemplated therein are not in contradiction to the actual law and the “public order” of the Republic of Guatemala and any judgement obtained in a Swiss court arising out of or in relation to the obligations of the BORROWER under this BANK AGREEMENT or of the transactions contemplated thereby will be recognized in the Republic of Guatemala

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- no stamp or registration or similar taxes or charges, or sales service tax are payable in Republic of Guatemala by the LENDER in respect of this BANK AGREEMENT or in connection with transactions contemplated therein
- this BANK AGREEMENT is in sufficient legal form under Guatemalan law for the enforcement thereof in the Republic of Guatemala

15. Waiver of Immunity, Election of Special Domicile

- 15.1. The BORROWER agrees that should the LENDER bring legal action or proceedings against it or its assets in relation with this BANK AGREEMENT it will claim no immunity, hereby irrevocably waiving any such right of immunity which it or its assets has or may acquire.
- 15.2. The BORROWER hereby elects special domicile at its Swiss Consulate, 10 bis, Rue du Vieux College, CH-1204 Geneve/Switzerland for service of process or any other official notification with respect to this BANK AGREEMENT. The BORROWER irrevocably consents to the service of any official notification by the mailing of copies thereof at the said address.

However, if the mailing at the said special domicile is not possible for any reason any official notification may be forwarded to the BORROWER as prescribed by the applicable legal regulations.

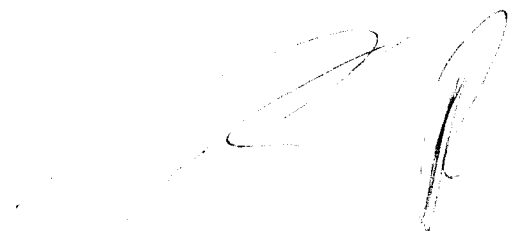
16. Transferability

The LENDER is entitled at any time to transfer the LENDER's portion of this MIXED FINANCING or part thereof and its rights and obligations to any of its branches or subsidiaries or to any other third party. The BORROWER will be informed accordingly in advance.

17. Coming into force of this BANK AGREEMENT

This BANK AGREEMENT shall come into force as soon as

- 1) it has been duly signed by both parties
- 2) the GOVERNMENT AGREEMENT has come into force
- 3) all other terms and conditions of this BANK AGREEMENT have been fulfilled and/or completed



18. Applicable Law and Jurisdiction

This BANK AGREEMENT shall be governed by and construed in accordance with substantive Swiss law (i.e. with the exception of Swiss conflict of laws rules).

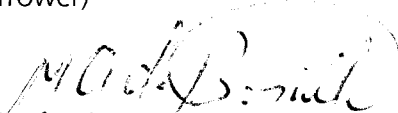
Any conflict arising out of or in connection with this BANK AGREEMENT shall be subject to the exclusive jurisdiction of the Commercial Court of the Canton of Zurich, Switzerland, with reserve of appeals to the Swiss Federal Court.

The LENDER shall inform the BORROWER about the coming into force of this BANK AGREEMENT by registered letter.

Thus done and signed in the English language in two originals.

At .....*Guatemala*....., this *3*... day of *november*.....2005

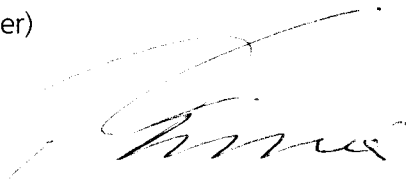
GOVERNMENT OF THE REPUBLIC OF GUATEMALA  
acting by and through The Ministry of Finance of the Republic of Guatemala  
(Borrower)



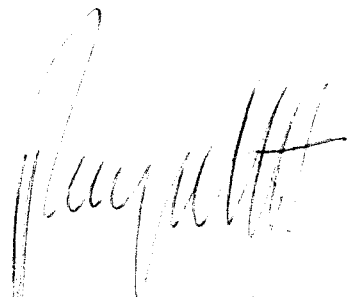
*Maria Antonieta Del Cid de Bonilla*  
Ministra de Finanzas Públicas

At .....*Zürich, Switzerland*....., this *26* day of *July*.....<sup>2006</sup>2005

UBS AG  
(Lender)



*Z. Marnie*



*Marcel Raguth*

**ANNEX 1**Guatemalan-Swiss Mixed Financing  
total credit amount CHF 5'000'000.00

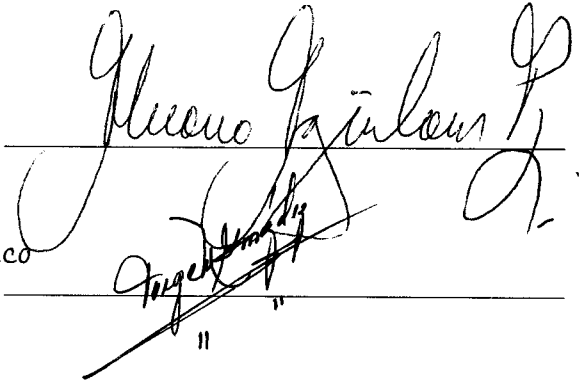
The persons named below are authorized to sign in the name and on behalf of the BORROWER all documents, including the request of disbursements and other notices and communications, with respect to the utilization of the MIXED FINANCING above-referenced. These officers are duly authorized to act separately.

Full name of persons authorized to sign:Specimen of signature:

1.

*Ingeniero Alvaro AGuilar Prado  
Ministro de AGricultura, Ganadería y  
Alimentación*

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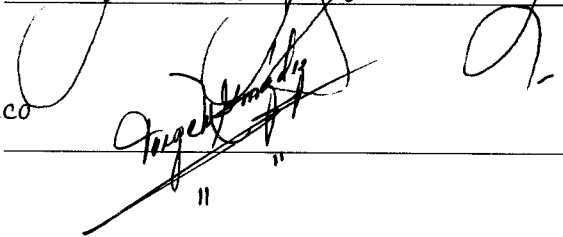


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2.

*Ingeniero Jorge Mario González Sett  
Director General de Instituto Geográfico  
Nacional*

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Guatemala City, ..*november 5*.....2005  
Government of the Republic of Guatemala