

**FORM OF THE AGREEMENT TO BE OBTAINED FROM THE  
CONCERNED/MAIN BRANCH OF THE PARTICIPATING COMMERCIAL  
BANK (TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE WITH THE  
LAW IN FORCE IN EACH PROVINCE)**

\_\_\_\_\_ (Place)  
\_\_\_\_\_ (Date)

To,  
The SBP, BSC(Bank)  
(Name of SBP Office),

\_\_\_\_\_

Dear Sir,

In consideration of your agreeing to our request, to make available credit line under the Foreign Currency Export Finance (FCEF) facility in accordance with the FCEF Regulations issued by you (FCEF Scheme) at your discretion to us against our request under Section 21(1) of the State Bank of Pakistan Act, 1956, not exceeding US \$\_\_\_\_\_ (excluding mark up) against foreign currency provided by us for which amount we have delivered to you a demand promissory note in your favour carrying mark up at a rate mentioned hereinafter we agree as follows: -

(1) It's hereby confirmed that the utilization of the above line of credit will be made in compliance with the principle of the FCEF Scheme and input, if imported, will be from the member countries of ADB and to be procured in accordance with normal commercial procurement standard, or inputs imported, under Duty draw back scheme, Duty and Tax Remission for Exports Rules 2001 and Common Bonded Warehouse Scheme, are meant to be used to produce export and it is understood that the aforesaid accommodation will be made and continued to be made on the faith of the truth and correctness of such certificates.

(2) We shall not extend finance in terms of this agreement unless we are satisfied that all parties liable thereon are financially sound and credit worthy and have a firm export order in the case of a direct exporter or an inland Letter of Credit / Standardized Purchase Order in terms of BPRD Circular No. 24 of 1999 or a firm supply order which is linked to an export order, in the case of an Indirect Exporter, do not have non performing loans towards financial institutions and are in compliance with the prevalent environment and labor laws, and that by such delivery we certify the genuineness of signature as well as the authority of all persons thereon. We undertake to advise you promptly of any change in the position of any exporter / borrower which can reasonably be considered to affect the security of the bill of exchange / demand / usance promissory note hereunder.

(3) The rate of mark up to be paid to you by us, shall be \_\_\_\_\_%. Mark up shall be payable by us to you on quarterly basis i.e. for quarter ended at 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December, & 31<sup>st</sup> March each year. It shall be upon you to reimburse yourselves with the amount of mark up by charging the same to our current account with you.

(4) Without prejudice to your right to obtain repayment of the amount of advance outstanding at any time on demand, we undertake that the advance taken by us will be repaid by us within 3 working days after the closure of the respective quarter.

(5) Without prejudice to your right as creditors against us for the realization of any bill of exchange / demand / usance promissory note at maturity, we agree, if you so desire, to take at our expense, all steps as may be necessary to realize the money from our debtors and forthwith pay the same to you, to the extent we are required to pay our obligations in the manner as provided in Para 4 above and pending such payment, shall hold the same for and on your behalf.

(6) We agree that the fact of your not taking steps to enforce payment of such bills of exchange / promissory notes or any of them against the signatory or signatories thereon shall in no way release us from liability thereon and we further agree that it shall be unnecessary for you to give any notice of dishonor.

(7) We agree that in default of repayment by us on any bill of exchange / demand / usance promissory note or under the terms of clause 4 and 5 above, you have our authority not only to debit without further reference to us our Nostro accounts now held or which may be held here-after with you for the amount financed by you to us under any such bill of exchange / demand / usance promissory notes or under clause 4 or 5 above but also to adjust or set off such amount against any amount which may be due from you to us or come into your possession. We undertake not to question the correctness or propriety of such debits or set off on any ground whatsoever.

(8) The PCB shall maintain separate legal documentation and records, including relevant Export Order / Letter of Credit or export certificate, etc, adequate to record and monitor the use of the facility and realization of the export proceeds under the FCEF facility executed with their borrowers as the case may be, to ensure compliance by them with the stipulations contained in the Regulations and Guidelines of this facility, in accordance with the standard / prudent lending principles of Pakistan. The PCB shall allow access to the State Banks inspectors or to any other representative authorized by the SBP to inspect the relevant records and documents at any point of time during the currency of the Scheme.

(9) We agree that this Agreement, the bill of exchange / demand / usance promissory note executed by us and tendered to you in terms of clause 1 above for US \$ \_\_\_\_\_ (notice of dishonor of which promissory note is waived under Section 98 of Negotiable Instrument Act, 1881), and the securities / security documents mentioned in clause 15, shall operate of a continuing security for the said facility alongwith mark up accruing thereon and all costs, charges or expenses which you may be entitled to recover under law notwithstanding the existence of a credit balance at any time or any partial payments or fluctuations in accounts or withdrawal of any part of the security.

(10) If the borrower fails to utilize the loan exclusively for purposes specified in clause 1 and in accordance with the FCEF Scheme or use them for exports or effect the shipment / supply on or before the due date as mentioned in the export order or letter of credit or standardized purchase order or inland letter of credit, {except where such failure is in your reasonable opinion due to reasons beyond the control of the borrower}, we undertake that we shall report the name of such exporter as an ineligible exporter so as to exclude it's name from FCEF.

(11) Any demand to be made by you under the agreement shall be sufficiently made if it is made in writing and addressed and sent by post or otherwise to our Head Office or our branch tendering the document mentioned in clause I above.

(12) We expressly understand that you are entitled to cancel this facility or to recall the advances at any time for any reason whatsoever or howsoever, without any prior notice to us and that you are entitled not to make any advance anytime under the aforesaid scheme and that we have acquired no right or claim for demanding advances from you by grant of your commitment of availability of credit under FCEF Scheme or by the execution of demand promissory note in your favour or by deposit of demand / usance promissory notes in question or by making a loan or advance to any borrower on the faith of this agreement or the continuing of the Scheme.

(13) We shall always remain liable as a principal debtor to you for the due repayment of the advances given to us under this Agreement.

(14) We agree that notwithstanding anything contained elsewhere in this agreement the amount of this loan alongwith the mark up prescribed will become due and payable by us if we commit breach of any of the terms and conditions of this agreement. We agree that you have our authority to decide whether we have committed breach of any of the terms and conditions of this agreement and that we shall not question such decision on any ground whatsoever.

(15) We agree to hold the securities / security documents now held or which may be held by us as security for the advances given to our borrower upon trust for you so long as any refinance in respect of these advances remain outstanding from us and by way of security for due repayment thereof with mark up and we undertake to deal with the same as you may direct. We further agree that if and when we realize these securities or any part of it we shall pay over to you all such realizations, to the extent required to pay our obligation and pending such payment, shall hold the same for and on your behalf. We further, agree to assign / transfer to you, at your demand and at our expense, all such securities and security documents in your favour. We agree that despite such assignment / transfer, the provision of clause 5, 6 and 7 shall mutatis mutandis apply.

(16) Save as is otherwise provided in this agreement such contents of the Scheme as circulated vide FE Circular No. 07 dated the 17<sup>th</sup> April 2003 and any other Circular issued subsequently by SBP which are relevant to this Agreement shall be deemed to have been incorporated in this Agreement.

Yours faithfully,

For and on behalf of \_\_\_\_\_

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(Name of the Scheduled Bank)

(Signature) \_\_\_\_\_

(Designation) \_\_\_\_\_