CREDIT NUMBER 4041-VN

Development Credit Agreement

(Second Payment System and Bank Modernization Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 17, 2005

CREDIT NUMBER 4041-VN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 17, 2005, between SOCIALIST REPUBLIC OF VIETNAM (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) Section 5.08 of the General Conditions is amended to read as follows:

"Section 5.08. *Treatment of Taxes*

Except as otherwise provided in the Development Credit Agreement, the proceeds of the Credit may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower on the goods or services to be financed under the Credit, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits. To that end, if the Association shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Credit is excessive or otherwise unreasonable, the Association may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in

the Development Credit Agreement as required to be consistent with such policy of the Association."

(b) Section 6.03 (c) of the General Conditions is amended by replacing the words "corrupt or fraudulent" with the words "corrupt, fraudulent, collusive or coercive".

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Bank for Investment and Development of Vietnam" and the acronym "BIDV" mean the State-owned commercial bank established and operating pursuant to: the Statute of the Bank for Investment and Development of Vietnam issued under Decision No. 287/QD–NH5 of the State Bank of Vietnam, dated September 21, 1996; and its charter which was approved under Decision No: 936/2002 QD/NHNN of the State Bank of Vietnam, dated September 3, 2002, and any successor thereto.

(b) "Category" means a category of items set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(c) "Core Banking Solutions" and "CBS" mean the core banking operation and management control system developed and established under the Payment System and Bank Modernization Project, Credit Number 2785.

(d) "Financial Management Manual" means the manual to be prepared by the Borrower setting forth financial management procedures and requirements in respect of the Project, and referred to in paragraph 2 of Schedule 4 to this Agreement.

(e) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement.

(f) "Inter-bank Payment System" and the acrnonym "IBPS" mean the national interbank payment clearing and settlement system that handles inter- and intra-bank payments, which system was developed and established under the Payment System and Bank Modernization Project, Credit Number 2785.

(g) "Industrial and Commercial Bank of Vietnam" and "Incombank" mean the State-owned commercial bank established and operating pursuant to: the Statute of the Industrial and Commercial Bank of Vietnam issued under Decision No. 285/QD–NH5 of the State Bank of Vietnam dated September 21, 1996; and its charter which was approved under Decision No. 1325/QD-NHNN of the State Bank of Vietnam, dated November 28, 2002, and any successor thereto.

(h) "LIBOR" means the London Interbank Offered Rate for six-month deposits.

(i) "Maritime Joint-stock Commercial Bank" and the acronym "MCB" mean the joint stock commercial bank established and operating pursuant to the Charter of the Vietnam Maritime Commercial Stock Bank dated April 4, 1991 issued under Decision No. 0001/NH-GP dated June 8, 1991 of the State Bank of Vietnam, and any successor thereto.

(j) "MOF" means the Borrower's Ministry of Finance, and any successor thereto.

(k) "Participating Banks" means, collectively, BIDV, Incombank, MCB, VBARD, and such other bank as the Borrower and the Association may agree upon from time to time; and a "Participating Bank" means any one of said Participating Banks.

(l) "PIU" means the unit established and maintained by each Participating Bank for the purpose of managing the implementation of its Respective Part of the Project, pursuant to the provisions of paragraph 1(b) of Schedule 4 to this Agreement.

(m) "PMU" means the unit established and maintained by SBV within its Informatics Technology and Information Department for the purpose of managing the implementation of SBV's Respective Part of the Project and monitoring the implementation of each Participating Bank's Respective Part of the Project, pursuant to the provisions of paragraph 1(a) of Schedule 4 to this Agreement.

(n) "Procurement Plan" means the Borrower's procurement plan, dated January 27, 2005, covering the initial 18-month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation.

(o) "Respective Part of the Project" means, in regard to: (i) SBV, Part A of the Project; and (ii) each Participating Bank, its respective Project activities under Part B of the Project.

(p) "Special Account" means the account referred to in Section 2.02(b) of this Agreement.

(q) "State Bank of Vietnam" and the acronym "SBV" mean the central bank of the Borrower, and any successor thereto.

(r) "Subsidiary Loan Agreements" means the agreements to be entered into between the Borrower, through MOF, and the Participating Banks pursuant to the provisions of Section 3.01(c) of this Agreement and the provisions of paragraph 7 of Schedule 4 to this Agreement; and a "Subsidiary Loan Agreement" means any of said Agreements.

(s) "Vietnam Bank for Agriculture and Rural Development" and the acronym "VBARD" mean the State-owned commercial bank established and operating pursuant to: the Statute of the Vietnam Bank for Agriculture issued under the Decision No. 280/QD–NH5 of the State Bank of Vietnam dated October 15, 1996; and its charter which was approved under Decision No. 571/2002/QD-NHNN of the State Bank of Vietnam, dated June 5, 2002, and any successor thereto.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to sixty-seven million eight hundred thousand Special Drawing Rights (SDR 67,800,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2010 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 15 and August 15 commencing August 15, 2015, and ending February 15, 2045. Each installment to and including the installment payable on February 15, 2025, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

(A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and

(B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate

agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out, and cause to be carried out, Part A of the Project through SBV, and Part B of the Project through the Participating Banks, with due diligence and efficiency and in conformity with appropriate administrative, management, financial and banking practices; and shall provide, and cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out, and cause to be carried out, the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) For purposes of Part B of the Project, the Borrower, through its Ministry of Finance, shall make available to: (i) BIDV, the portion of the proceeds of the Credit allocated from time to time to Category (2); (ii) Incombank, the portion of the proceeds of the Credit allocated from time to time to Category (3); (iii) MCB, the portion of the proceeds of the Credit allocated from time to time to Category (4); and (iv) VBARD, the portion of the proceeds of the Credit allocated from time to time to Category (5); in each case under a subsidiary loan agreement entered into between the Borrower, through MOF, and said Participating Bank, under terms and conditions acceptable to the Association which shall include the following:

(A) the principal amount of the Subsidiary Loan repayable by each Participating Bank shall be the equivalent in Dollars (determined as of the date, or respective dates of withdrawal from the Credit Account) of the value of the currency or currencies withdrawn

from the Credit Account in connection with the respective Categories referred to above in this Section 3.01 (c);

(B) each Participating Bank shall repay its respective Subsidiary Loan over a term of twenty (20) years, including a grace period of five (5) years;

(C) interest at the rate of LIBOR plus one-half of one percent (LIBOR + 0.5%) per annum shall be charged on the principal amount of such Subsidiary Loan outstanding from time to time; and

(D) a commitment charge at a rate per annum equal to the rate payable by the Borrower pursuant to the provisions of Section 2.04 of this Agreement shall be charged on the principal amount of such Subsidiary Loan so made available and not withdrawn from time to time.

(d) The Borrower shall exercise its rights under each Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Subsidiary Loan Agreement or any provision thereof.

Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower, through SBV, shall update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than twelve (12) months after the date of the preceding Procurement Plan, for the Association's approval.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the objectives of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association) audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

(iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) retain, until at least one (1) year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(ii) enable the Association's representatives to examine such records; and

(iii) ensure that such statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations set out in paragraph 8 of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

(i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;

(ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and

(iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than forty-five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) Any party to a Subsidiary Loan Agreement shall have failed to perform any of its obligations under such Agreement.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that a Participating Bank will be able to perform its obligations under the respective Subsidiary Loan Agreement.

(c) The Statute or Charter of the State Bank of Vietnam or of a Participating Bank, as the case may be, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial conditions of SBV or such Participating Bank or its respective ability to perform any of its obligations under this Agreement or its respective Subsidiary Loan Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of a Participating Bank or for the suspension of its operations.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraphs (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower and the respective Participating Bank; and

(b) any event specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower, through MOF, and at least three (3) Participating Banks have entered into Subsidiary Loan Agreements in form and substance acceptable to the Association in accordance with the provisions of Section 3.01(c) of this Agreement and paragraph 7 of Schedule 4 to this Agreement;

(b) the Borrower has adopted a financial management manual satisfactory to the Association, in accordance with the provisions of paragraph 2 of Schedule 4 to this Agreement;

(c) SBV has signed a memorandum of understanding with each of the Participating Banks, setting forth the financial processes, and processing and service standards satisfactory to the Association, to be applied by SBV and the Participating Banks, in accordance with the provisions of paragraph 5 of Schedule 4 to this Agreement;

(d) the PMU has put into effect an accounting software satisfactory to the Association, in accordance with the provisions of paragraph 4 of Schedule 4 to this Agreement;

(e) (i) the PMU has engaged the services of a chief accountant and an accountant, and the PIU of each Participating Bank has engaged the services of an accountant; in each case with qualifications and experience and under terms of reference satisfactory to the Association, to handle the financial management matters related to the Project and the Respective Parts of the Project, as the case may be; and (ii) said accountants have completed their training in financial management in a manner

satisfactory to the Association and consistent with the provisions of the financial management manual, all in accordance with the provisions of paragraph 1 and 3 of Schedule 4 to this Agreement; and

(f) the PMU and each PIU have engaged the services of a procurement consultant with qualifications and experience and under terms of reference acceptable to the Association, in accordance with the provisions of paragraph 6 of Schedule 4 to this Agreement.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that each of the Subsidiary Loan Agreements referred to in Section 6.01 (a) above has been duly authorized or ratified by the Borrower and the respective Participating Bank and is legally binding upon the parties thereto in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Governor, or any Deputy Governor of the State Bank of Vietnam of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

State Bank of Vietnam
49 Ly Thai To Street
Hanoi
Socialist Republic of Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 825 0612

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(1-202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Hanoi, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) SBV's Respective Part of the Project:		
(a) Goods	15,200,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of other items procured locally
(b) Consultants' services	430,000	100%
(c) Training and workshops	580,000	100%
(d) Incremental Operating Costs	70,000	100%
(2) BIDV's Respective Part of the Project:		
(a) Goods	9,330,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of other items procured locally
(b) Consultants' services	450,000	100%
(c) Training and workshops	160,000	100%

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(3) Incombank's Respective Part of the Project:		
(a) Goods	10,520,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of other items procured locally
(b) Consultants' services	40,000	100%
(c) Training and workshops	50,000	100%
(4) MCB's Respective Part of the Project:		
(a) Goods	1,500,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of other items procured locally
(b) Consultants' services	320,000	100%
(c) Training and workshops	30,000	100%
(5) VBARD's Respective Part of the Project:		
(a) Goods	28,480,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of other items procured locally

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(b) Consultants' services	600,000	100%
(c) Training and workshops	40,000	100%
TOTAL	67,800,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "Incremental Operating Costs" means the reasonable costs of incremental expenditures incurred by the Borrower in the implementation of Part A of the Project (which expenditures would not have been incurred absent the Project), including office consumables and communication expenses, but excluding salaries and salary supplements of civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for:

(a) expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 400,000 may be made in respect of Categories (1), (2), (3), (4) and (5) on account of payments made for expenditures before that date but after January 1, 2005;

(b) expenditures in respect of Category (2) until the Borrower and BIDV have entered into a Subsidiary Loan Agreement satisfactory to the Association, in accordance with the provisions of Section 3.01 (c) of this Agreement and paragraph 7 of Schedule 4 to this Agreement;

(c) expenditures in respect of Category (3) until the Borrower and Incombank have entered into a Subsidiary Loan Agreement satisfactory to the Association, in accordance with the provisions of Section 3.01 (c) of this Agreement and paragraph 7 of Schedule 4 to this Agreement;

(d) expenditures in respect of Category (4) until the Borrower and MCB have entered into a Subsidiary Loan Agreement satisfactory to the Association, in accordance with the provisions of Section 3.01 (c) of this Agreement and paragraph 7 of Schedule 4 to this Agreement; and

(e) expenditures in respect of Category (5) until the Borrower and VBARD have entered into a Subsidiary Loan Agreement satisfactory to the Association, in accordance with the provisions of Section 3.01 (c) of this Agreement and paragraph 7 of Schedule 4 to this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than $100,000 equivalent each; (b) services of individual consultants under contracts costing less than $50,000 equivalent each; (c) services of consulting firms under contracts costing less than $100,000 equivalent each; (d) training and workshops; and (e) incremental operating costs; all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower to continue to modernize its financial sector and further develop the infrastructure therefor by: (i) enhancing the inter-bank payment system to meet the demand of the economy for fast, reliable and safe payment services; (ii) broadening access to finance; and (iii) improving the operations of selected commercial banks.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Expansion of the Inter-bank Payment System

Carry out a program to upgrade and expand the processing capability, enhance interconnection and system, and strengthen the physical security of the national and regional Inter-bank Payment System (IBPS) centers, through the provision of hardware and software, consultants' services and training.

Part B: Expansion of the Commercial Bank Systems

Carry out a program to assist selected commercial banks to roll out and expand their Core Banking Solutions (CBS) throughout their respective network in order to minimize operational problems, add new functions and meet increased demand for new products and services, through the provision of hardware and software, consultants' services and training.

* * *

The Project is expected to be completed by December 31, 2009.

SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than $100,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the additional provisions set forth in the Annex to this Schedule.

2. Shopping. Goods estimated to cost less than $20,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Goods which the Association agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $200,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Selection Based on Consultants' Qualifications. Services estimated to cost less than $100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

2. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis subject to prior approval of the Association.

Section IV. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Association:

(a) in regard to goods and services (other than consultants' services), (i) each contract estimated to cost the equivalent of $100,000 or more; (ii) the first contract procured the basis of National Competitive Bidding; and (iii) all contracts procured the basis of Direct Contracting; and

(b) in regard to consultants' services, (i) each contract with firms estimated to cost the equivalent of $100,000 or more; (ii) each contract with individual consultants estimated to cost the equivalent of $50,000 or more; and (iii) all contracts procured on a sole source basis.

All other contracts shall be subject to Post Review by the Association.

Annex to Schedule 3

National Competitive Bidding Procedures

Vietnam represents that the procedures to be followed for National Competitive Bidding shall be those set forth in Decree No. 88/1999/ND-CP dated September 1, 1999, of the Government of the Socialist Republic of Vietnam, as amended and supplemented by Decree No. 14/2000/ND-CP dated May 5, 2000 and Decree No. 66/2003/ND-CP dated June 12, 2003; and, in order to ensure economy, efficiency and transparency and broad consistency with the provision of Section I of the Guidelines (as required by paragraph 3.3 of the Guidelines), goods and works for which this Schedule allows procurement shall be procured in accordance with paragraphs 3.3 and 3.4 of the Guidelines and the following paragraphs.

Participation in bidding and preferences

(i) For clarification purposes, it is understood that the last sentence of the amended Paragraph (c), Section 2, Article 2 of Decree 88/1999/ND-CP which states that "All the procedures for submission, appraisal and approval of bidding results and bidder selection results shall follow the Procurement Regulation" means "Approvals of draft bidding documents, bid evaluation reports and proposals for award shall be obtained in accordance with the relevant rules and procedures of the Procurement Regulation".

(ii) Government-owned enterprises in Vietnam shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Borrower or the procuring entity. Military or security units, or enterprises which belong to the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

(iii) Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders, and local bidders shall be given no preference (either in the bidding process or in bid evaluation) over foreign bidders, nor shall bidders located in the same province or city as the procuring entity be given any such preference over bidders located outside that city or province.

(iv) Bidders shall be allowed to participate in bidding without being listed in the Government Database on Bidder Information or in any other registration system.

(v) Prospective bidders shall be permitted to request bidding documents either in person or through the mail upon submission of a written application. Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents, and no other conditions shall be imposed on the sale of the bidding documents. The fee for the bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and their delivery to the purchaser. The bidding documents shall be delivered, at the prospective bidders' preference, either by hand or by

mail/courier provided that the bidder is willing to pay the mail/courier delivery charges which should be specified in the Invitation for Bids. Each bidder shall be allowed to purchase only one set of the bidding documents.

(vi) Foreign bidders shall not be required, in order to participate in bidding or as a condition of award of the contract or during execution of the contract, to enter into a joint venture with a local bidder, or to subcontract part of their contract to a local bidder.

(vii) If there is prequalification, all prequalified bidders shall be invited to bid.

(viii) If there is limited bidding because there are only a limited number of bidders who can meet the requirements of the bidding documents, all of these bidders shall be invited to bid.

(ix) Bidders shall not be required, as a condition of participation in the bidding, to provide suppliers' credits.

Advertising; time for bid preparation

(x) Invitations to bid shall be advertised in at least one widely circulated national newspaper. In addition, the Borrower is encouraged to advertise in the Government Public Procurement Bulletin when established and on a free and open access website. A minimum of thirty (30) days for the preparation and submission of bids shall be provided, and potential bidders shall be allowed to purchase bidding documents up to (24) twenty-four hours prior to the deadline for the submission of bids.

Standard Bidding Documents

(xi) The Borrower's standard bidding documents, acceptable to IDA, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Bidders shall be allowed to submit bids by hand or by mail.

Qualification criteria and evaluation criteria

(xii) Qualification criteria shall be clearly specified in the bidding documents, *and* all criteria so specified, and *only* criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidders' qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been completed by the Purchaser/Employer and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. In carrying out the post-qualification assessment, the Employer/Purchaser shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder's qualifications and shall provide a

reasonable time period (that is, a minimum of 7 days) to the bidder to provide his response.

(xiii) Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only evaluation criteria so specified, shall be taken into account in bid evaluation. Merit points shall not be used in bid evaluation.

Bid opening, evaluation and award of contract

(xiv) Bids shall be opened in public, immediately after the stipulated deadline for submission of bids. Bidders or their representatives, shall be allowed to be present. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

(xv) Bids received after the deadline for bid submission shall be returned to the bidders unopened.

(xvi) All bids shall not be rejected or new bids solicited without IDA's prior concurrence.

(xvii) No bidder shall be rejected merely on the basis of a comparison with the owner's estimate and budget ceiling without IDA's prior concurrence.

(xviii) A bid containing material deviations from, or reservations to, the terms, conditions or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from detailed evaluation on the basis of non-material, minor deviations or reservations.

(xix) Evaluation of bids shall be made in strict adherence to the criteria specified in the bidding documents, and contracts shall be awarded to the qualified bidder offering the lowest evaluated and responsive bid.

(xx) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents, or otherwise to modify the bid as originally submitted.

(xxi) There shall be no post-bidding negotiations with the lowest or any other bidder.

(xxii) The Borrower shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank and the Government, if it at any

time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, a Bank-financed contract.

Suppliers and Contractors

(xxiii) Bidding documents and contracts under national competitive bidding procedures financed by the Association shall include a provision requiring suppliers and contractors to permit the Association to inspect their accounts and records relating to the bid submission and the performance of the supplier and/or contractor, as the case may be, and to have them audited by auditors appointed by the Association, if so required by the Association.

(xiv) License for foreign contractors operation in Vietnam would be provided in a timely manner and will not be arbitrarily withheld.

Publication of the Award of Contract

(xxv) The Borrower shall publish the following information on contract award in Government Public Procurement Bulletin when established or on a free and open access website or on another means of publication acceptable to the IDA: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication shall be updated quarterly.

Complaints by Bidders and Handling of Complaints

(xxvi) The national competitive bidding procedures for contracts financed by the Association shall include provisions, acceptable to the Association, for bidders to protest.

SCHEDULE 4

Implementation Program

Project Management

1. The Borrower shall cause:

(a) SBV to maintain, throughout the period of implementation of the Project, the Project Management Unit within its Informatics Technology and Information Department, to be responsible for: (i) managing the implementation of Part A of the Project, including procurement, accounting, internal control, financial reporting, audit and disbursement; and (ii) monitoring and evaluating the implementation of Part B of the Project, and ensuring a smooth coordination with the Participating Banks; said Project Management Unit to be provided with adequate resources, under the direction of qualified managers, and staffed with competent personnel in sufficient numbers, including a chief accountant and an accountant, with qualifications and experience and under terms of reference satisfactory to the Association; and

(b) each Participating Bank to maintain, throughout the period of implementation of its Respective Part of the Project, its Project Implementation Unit to be responsible for managing its Respective Part of the Project, including procurement, supervision of contract implementation, financial management and reporting; said Project Implementation Unit to be provided with adequate resources, under the direction of qualified managers and staffed with competent personnel in sufficient number, including an accountant, with qualifications and experience and under terms of reference satisfactory to the Association.

2. The Borrower, through SBV, shall prepare and adopt a Financial Management Manual acceptable to the Association setting forth financial management procedures and requirements, including operation of the Special Account, internal controls, reporting, audit and handling of audit findings.

3. The Borrower, through the PMU, shall provide training to all project accountants in the policies and procedures for financial management, control and reporting as set forth in the Financial Management Manual, in a manner acceptable to the Association.

4. The Borrower, through the PMU, shall put into effect accounting software acceptable to the Association to enable it to capture all project expenditures in an integrated system, including contract registers, payments against individual contracts and analysis of expenditures by source of fund and expenditure category, consistent with the Financial Management Manual.

5. The Borrower shall cause SBV and the Participating Banks to enter into a memorandum of understanding satisfactory to the Association setting forth the respective

financial responsibilities and processes for the Project, as well as the mutually agreed processing steps and service standards, all in a manner consistent with the Financial Management Manual.

6. For purposes of supporting the procurement activities of SBV and the Participating Banks under their Respective Parts of the Project, the Borrower shall cause the PMU and the PIU to engage in accordance with the Association's Guidelines for the Selection and Employment of Consultants, the services of procurement specialists with qualifications and experience and under terms of reference satisfactory to the Association.

7. For purposes of Part B of the Project, the Borrower, through MOF, shall enter into a subsidiary loan agreement satisfactory to the Association with each Participating Bank, whereby the Borrower shall obtain rights adequate to protect the interests of the Borrower and the Association and to achieve the purposes of the Credit, including the rights to require said Participating Bank to undertake to:

(a) carry out its Respective Part of the Project with due diligence and efficiency and in conformity with appropriate management and financial practices and commercial banking standards acceptable to the Borrower and the Association, and to provide promptly as needed the funds, facilities, services and other resources required for their Respective Part of the Project;

(b) procure goods and services for its Respective Part of the Project in accordance with the provisions of Schedule 3 to this Agreement as said provisions may be further elaborated in the Procurement Plan, and to contribute to updating said Procurement Plan as may be necessary in respect of its Respective Part of the Project; and for purposes of supporting its procurement activities to engage the services of a procurement specialist with qualifications and experience and under terms of reference satisfactory to the Borrower and the Association, in accordance with the provisions of paragraph 6 above;

(c) at the request of the Borrower and the Association, exchange views with the Borrower and the Association with regard to the progress of its Respective Part of the Project, the performance of its obligations under its respective Subsidiary Loan Agreement and other matters related to the purposes of the Credit; and promptly inform the Borrower and the Association of any condition which interferes or threatens to interfere with the progress of its Respective Part of the Project, the accomplishment of the purposes of the Credit, or its performance of its obligations under its respective Subsidiary Loan Agreement;

(d) enable the Borrower and the Association to inspect the banking systems and functions installed under its Respective Part of the Project, their operations, and any records, accounts and documents related thereto; and provide all such information as the

Borrower or the Association may reasonably request regarding such systems and functions.

(e) conduct all its operations in accordance with sound management and financial practices and commercial banking standards acceptable to the Borrower and the Association;

(f) (i) maintain a financial management system including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Borrower and the Association, adequate to reflect its operations and financial conditions, and to register separately the operations, resources and expenditures related to its Respective Part of the Project;

(ii) have its records and accounts and financial statements (balance sheets, statements of income and expenses, cash flow and related statements) for each fiscal year audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association; furnish to the Borrower and the Association certified copies of such financial statements for such year as so audited and an opinion on such statements by the auditors, in scope and detail satisfactory to the Association; and furnish such other information on its financial statements, the audit thereof and concerning the auditors as the Association may from time to time reasonably request;

(iii) prepare and furnish to the Borrower and the Association, a financial monitoring report, in form and substance satisfactory to the Association, which: (A) sets forth sources and uses of funds for said Participating Bank's Respective Part of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds; (B) describes physical progress in the implementation of said Participating Bank's Respective Part of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and (C) sets forth the status of procurement under said Participating Bank's Respective Part of the Project, as at the end of the period covered by said report;

(iv) furnish to the Borrower and the Association the first of such financial monitoring report not later than forty-five (45) days

after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under its Respective Part of the Project through the end of such first calendar quarter; thereafter, each such financial monitoring report shall be furnished to the Borrower and the Association not later than forty-five (45) days after each subsequent calendar quarter, and shall cover the period not covered by the previous financial monitoring report until the end of such calendar quarter;

(g) not amend, suspend or repeal any provision of its respective Statute or Charter; not make any change in its structure, organization, powers or responsibilities which may materially and adversely affect its ability to perform any of its obligations under its respective Subsidiary Loan Agreement, or the operation of the facilities established under its Respective Part of the Project;

(h) not to take or concur in any action which would have the effect of amending, abrogating, assigning or waiving its respective Subsidiary Loan Agreement or any provision thereof; and

(i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Borrower and the Association, the carrying out of its Respective Part of the Project and the achievement of the objectives thereof.

8. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association: (i) on or about January 31 and July 31 of each year, commencing on January 31, 2006, a semi-annual report; and (ii) on or about July 31, 2007, a mid-term report, and integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph 8 and the information provided by the Participating Banks pursuant to paragraph 7 above, on the progress achieved in the carrying out of the Project during the period preceding each such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) promptly review with the Association, each report referred to in sub-paragraph (b) of this paragraph 8, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based

on the conclusions and recommendations of the said report and the Association's views on the matter.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equal to $2,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equal to $1,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR17,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association

shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the Project, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Project shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.