

**ANNEXURE - 2**

**Agreement<sup>1</sup> submitted by the Head / Principal<sup>2</sup> Office of the  
Commercial Bank / PFI for the purpose of availing  
Refinance under Export Finance Scheme**

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

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

**The Chief Manager,  
State Bank of Pakistan  
BSC (Bank)**

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Dear Sir,

With reference to the limit of Rs ----- (Rupees-----) sanctioned by the Banking Policy Department, State Bank of Pakistan under Section 22 read with Section 17 (2) (d) of the State Bank of Pakistan, Act 1956 vide its letter No.----- dated-----in favour of our bank under Export Finance Scheme (herein after referred to as the "Scheme") for the financial year ----- enabling us to provide financing facilities under the Scheme for the purposes mentioned in the aforesaid letter we hereby agree as follows:-

1. As security for the said refinance on each occasion on which we intend to avail refinance against finance extended by us, we shall deliver to you demand promissory notes acceptable to you and drawn on and payable in Pakistan based on bonafide finances provided by us to exporters on service charges basis under the Export Finance Scheme and it being understood that the aforesaid accommodation will be made and continued on the faith of the truth and correctness of such certificates.
2. We undertake that we shall not extend finance to any exporter under the terms of this agreement unless we are satisfied that all parties liable thereon are financially sound, solvent and credit-worthy.
3. We undertake that we shall at all times execute or maintain separate legal documentation and records including export order / letters of credit / standardized purchase order / inland letters of credit and further security documents, notes, bonds, agreements etc., including the assignment deed of securities now held by us or which may be obtained by us from our borrowers subsequently, as are adequate to safe guard our interest against the loan

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<sup>1</sup> The document is to be stamped as an agreement in accordance with the law in force in each province, where the head office / principal office of the commercial bank/PFI is situated.

<sup>2</sup> In case of branches of foreign banks operating in Pakistan.

for which this agreement has been executed. We also agree and undertake to keep all such documents in trust for a reasonable period as per provisions of the Scheme. We further agree that, State Bank of Pakistan, or SBP BSC (Bank) or any official authorized by you shall have the right of inspection of our records and documents for which refinance has been obtained by us and that you shall have the right to seek and obtain full assistance and cooperation from us for discharging your duties and performing your functions.

4. The remuneration to be earned by us from the exporters expressed in annual percentage shall not exceed the rate prescribed under the Scheme.
5. Without prejudice to your right to obtain repayment of the amount of refinance outstanding at any time on demand, we undertake that the refinance taken by us on each occasion will be repaid by us in the manner and within the maximum period prescribed under the Scheme. In case the exporter repays the finance earlier than the said period we shall be bound to repay to you the amount of refinance so repaid by the exporter on the next working day on which the exporter repays the finance to us.
6. Without prejudice to your rights as creditors against us for the realization of any bill of exchange / 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 obligation in the manner specified in Para (5) above and pending such payments shall hold the same for and on your behalf.
7. We agree that the fact of your not taking steps to enforce payment of such demand 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.
8. We agree that in default of repayment by us on the demand promissory note executed by us or if demanded by you under the terms of Para 5 and 6 above, you have our authority not only to debit our accounts now held or which may be held here-after with you for the amount due by us against any or all of such demand promissory notes executed by us without further reference to 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 and that we undertake not to question the correctness or propriety of such debits or set off on any ground whatsoever.
9. We undertake to advise you promptly of any change in the position of any exporter provided with finance by us under the Export Finance Scheme where-against refinance

obtained from you which can reasonably be considered to affect the security of the demand promissory note hereunder.

10. We agree that under this Agreement, the demand promissory note executed by us for Rs. \_\_\_\_\_ (notice of dishonour of which promissory note is merely waived under Section 98 of Negotiable Instrument Act, 1881), and tendered by us in terms of Para 1 above and the securities / security documents mentioned in Para 3 and shall operate as a continuing security for the said refinance and all costs, 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.
11. If the exporter provided with finance by us under the Export Finance Scheme fails to utilize the finance exclusively for the purposes prescribed or effect the supplies within the period prescribed under the Scheme, we undertake to recover from him within 15 days following the date of his failure to utilize the finance exclusively for the purpose, along with fines at the rates as may be prescribed by the State Bank from time to time. The fine so recovered will be passed on by us to the State Bank not later than the following working day after the date of recovery. If we fail to pass on the fine as aforesaid you shall have the right to, (a) adjust or set off the same against any amount due to us from you, or (b) debit our accounts now held or which may be held thereafter with you.
12. 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 Para 1 above.
13. We agree to obtain an undertaking from the concerned borrower that the finances provided by us to them, shall be exclusively used by them for financing the exports or supplies of inputs and that they would promptly furnish, at their expense, such information, in such form and at such time as we may demand from time to time.
14. We expressly understand that you are entitled to cancel this refinance limit or to recall the refinances granted under the Scheme at any time for any reason whatsoever or howsoever, without any prior notice to us and that you are entitled not to make any refinances anytime under the aforesaid scheme and that we have acquired no right or claim for demanding refinance from you by grant of the said lines of credit under the Scheme or by the execution of demand promissory note in your favour or by deposit of demand promissory note in your favour or by making a loan or advance to any borrower on the faith of this agreement.

15. We agree that all amounts received by us from the exporter/supplier for which refinance has been obtained from you shall be applied by us in repayment of this refinance to you and till so applied, shall be held by us for and on your behalf.
16. We agree that notwithstanding anything contained elsewhere in this agreement the amount of this refinance 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.
17. We agree to hold the securities / security documents now held or which may be held by us as security for the export finance given to the exporter/supplier as 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 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 Para 8, 9 and 10 shall mutatis mutandis apply. Save as is otherwise provided in this agreement such contents of the Scheme as circulated vide BPD Circular No. ----- dated the ----- which are relevant to this Agreement shall be deemed to have been incorporated in this agreement.

Yours faithfully,

For and / on behalf of

(Name of the Scheduled Bank)

(Signature)

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(Name)

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(Designation)

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