

No. 10113

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
TURKEY**

Guarantee Agreement — *Fifth Industrial Development Bank Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements of the Bank and Loan Agreement between the Bank and the Turkiye Sinai Kalkinma Bankasi A.S.). Signed at Washington on 12 March 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 30 December 1969.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
TURQUIE**

Contrat de garantie — *Cinquième projet de la Banque de développement industriel* (avec, en annexe, le texte des Conditions générales applicables aux contrats d'emprunt et de garantie de la Banque et le Contrat d'emprunt entre la Banque et la Turkiye Sinai Kalkinma Bankasi A.S.). Signé à Washington le 12 mars 1969

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 30 décembre 1969.

GUARANTEE AGREEMENT ¹

AGREEMENT, dated March 12, 1969, between the REPUBLIC OF TURKEY (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank):

WHEREAS by a Loan Agreement of even date herewith ² between the Bank and Turkiye Sinai Kalkinma Bankasi A.S. (the Industrial Development Bank of Turkey, hereinafter called the Borrower) the Bank has agreed to make to the Borrower a Loan in various currencies equivalent to twenty five million dollars (\$ 25,000,000) on the terms and conditions set forth in such Loan Agreement, but only on condition that the Guarantor guarantee the obligations of the Borrower in respect of such Loans as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto agree as follows:

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, ³ subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements as so modified being hereinafter called the General Conditions), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the General Conditions shall have the respective meanings therein set forth.

¹ Came into force on 29 May 1969 upon notification by the Bank to the Government of Turkey.

² See p. 108 of this volume.

³ See p. 106 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor, or of the T. C. Merkez Bankasi or any other institution performing the functions of a central bank, as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “assets of the Guarantor” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The Guarantor shall not assign, nor amend, abrogate or waive any provision of, the Government Loan Agreement, nor permit any such action, without the approval of the Bank.

Section 3.06. The Guarantor shall not take any action or permit any of its agencies or instrumentalities to take any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner, or with the performance by the Borrower of any of its obligations under the Loan Agreement.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement, its guarantee on any Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor is designated as the authorized representative of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions. The Minister of Finance may designate other or additional authorized representatives for the purposes of such Section, by notice to the Bank.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Maliye Bakanligi
Hazine Genel Mudurlugu
ve Milletlerarasi Iktisadi
Isbirligi Teskilati Genel Sekreterligi
Ankara, Turkey

Alternative address for cables:

Maliye
Hazine
Ankara

For the Bank:

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

Alternative address for cables:

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Turkey:

By Ahmet Tufan GÜL
Authorized Representative

International Bank for Reconstruction and Development:

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated March 12, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and TURKIYE SINAI KALKINMA BANKASI A.S. (the Industrial Development Bank of Turkey, hereinafter called the Borrower), a company organized and existing under the laws of the Republic of Turkey (hereinafter called the Guarantor):

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(b) "investment" means an investment other than a sub-loan, made or proposed to be made by the Borrower out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(c) "Investment Enterprise" means an enterprise to which the Borrower proposes to make or has made a sub-loan or in which it proposes to make or has made an investment, in accordance with and as provided in Section 3.01 of this Agreement;

(d) "Investment Project" means a specific project to be carried out by an Investment Enterprise, as approved or in respect of which withdrawals from the Loan Agreement have been authorized by the Bank pursuant to Section 2.03 (b) of this Agreement;

(e) "Statutes" means the statutes of the Borrower adopted on May 12, 1950, as amended from time to time;

(f) "liras" and the letters "LT" mean currency of the Guarantor;

(g) "subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned, or which is

¹ See p. 106 of this volume.

effectively controlled, by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;

(h) "Government Loan Agreement" means the agreement between the Ministry of Finance of the Guarantor and the Borrower dated February 18, 1966, under which the Borrower was granted a long-term loan of LT 368,086,259.96;

(i) "Statement of Policy" means collectively the Statement of Operational Policies approved by the Board of Directors of the Borrower in June, 1950, as supplemented and amended by Policy Resolutions dated March, 1963, July, 1967 and November, 1967, as the same may be further amended from time to time with the agreement of the Bank.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twenty five million dollars (\$ 25,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Borrower shall be entitled to withdraw from the Loan Account:

- (i) amounts expended for the reasonable cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested; and
- (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods and services.

(b) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless it shall have been approved in writing by the Bank, provided, however, that such withdrawals may be made in respect of sub-loans for Investment Projects described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 3.02 (b) of this Agreement, but only up to an amount in respect of each such Investment Project which, together with any amount or amounts previously approved, requested or credited to a loan or credit account for such Investment Project under this Agreement, or for the same project under any other loan agreement between the Borrower and the Bank or development credit agreement between the Guarantor and the Association, and not repaid, shall not exceed the equivalent of \$ 750,000 and, in respect of all such Investment Projects, the equivalent of \$ 7,500,000 in the

aggregate, or, in each case, of such other limit as shall from time to time be determined by the Bank in consultation with the Borrower.

(c) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of expenditures made prior to the date of the Loan Agreement, provided, however, that except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of (i) any Investment Project in respect of which the Borrower has made a sub-loan or an investment prior to February 1, 1969, or (ii) expenditures made by any Investment Enterprise for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Project the application required under Section 3.02 (a) of this Agreement or (iii) in the case of any other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 3.02 (b).

Section 2.04. Three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum is specified for the purpose of Section 3.02 of the General Conditions as the commitment charge payable on the unwithdrawn amount of the Loan.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. (a) The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments in respect of which withdrawals from the Loan Account shall have been approved or requested pursuant to Section 3.02 of this Agreement and (ii) take into account any cancellation pursuant to Article VI of the General Conditions, and any repayments made by the Borrower under Section 2.08 of this Agreement, except that repayments due hereunder shall be made on April 15 and October 15 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on repayments and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace, and, unless the Bank and the Borrower shall otherwise agree (i) shall not extend beyond fifteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project and (ii) shall provide for approximately equal semi-annual, or more

frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, payments of principal.

Section 2.08. Unless the Bank and the Borrower shall otherwise agree:

(a) (i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity, or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equal to the amount so repaid to, or disposed of by, the Borrower, but not exceeding the amount withdrawn from the Loan Account in respect of such sub-loan or investment, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.07 (a). The policy stated in Section 3.05 (c) of the General Conditions with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the maturity or maturities of the sub-loan or investment or portion thereof so paid or disposed of.

(c) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

Article III

DESCRIPTION OF PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is the furtherance by the Borrower of the economic development of Turkey by providing loans to, and making investments in, private enterprises in Turkey for specific investment projects, in accordance with the Statutes of the Borrower, and according to the principles set forth in the Borrower's Statement of Policy.

Section 3.02. (a) When submitting an Investment Project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with a description of such Investment Project, the terms and conditions of the sub-loan to or investment in the Investment Enterprise, including the schedule of amortization proposed therefor, a financial and economic analysis thereof and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of sub-loans for Investment Projects not requiring approval by the Bank shall contain a summary description of the Investment Enterprise and the Investment Project for which such authorization is requested, an economic analysis thereof and the terms and conditions of the sub-loan for such Investment Project, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of Section 3.02 (a) of this Agreement and requests for authorizations to withdrawn from the Loan Account pursuant to the provisions of Section 3.02 (b) of this Agreement shall be submitted on or before March 31, 1971.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The Borrower shall from time to time, as required, notify the Bank in writing of the person or persons designated by it as its authorized representatives for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and personnel, in accordance with its Statutes and according to the principles set forth in its Statement of Policy.

Section 5.02. (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects, the sub-loans, the investments, and the financial condition, administration and operations of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

Section 5.03. (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment: (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the Loan shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely useable by the Investment Enterprise to replace or repair such goods; (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between liras and the currency or currencies in which the Borrower's outstanding money obligations shall have to be met.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.05. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurrence of any such debt, the consolidated debt of the

Borrower and its subsidiaries then incurred and outstanding would be greater than four times the equity of the Borrower and all its subsidiaries determined in accordance with this Section and with sound accounting practices. For the purposes of this Section:

(a) The term "debt" means any debt incurred by the Borrower or a subsidiary maturing more than one year after the date on which it is originally incurred.

(b) The term "incur" with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement, on the date it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(c) Whenever in connection with this Section it shall be necessary to value in terms of liras debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term "consolidated debt of the Borrower and its subsidiaries" means the total amount of debt of the Borrower and all its subsidiaries, but excluding: (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) the amounts referred to in paragraph (e) (ii) and (iii) of this Section.

(e) The term "equity of the Borrower and all its subsidiaries" means the consolidated capital and surplus of the Borrower and all its subsidiaries and consists of the aggregate of: (i) the total unimpaired paid-in share capital, reserves and undistributed earnings of the Borrower and all its subsidiaries after excluding such items of capital, surplus and free reserves as shall represent equity interests of the Borrower in any such subsidiary or of any subsidiary in the Borrower or in any other subsidiary, (ii) the amount of the long-term loan granted under the Government Loan Agreement repayable after the date of the last outstanding maturity of the Loan, of any other loan made by the Bank to the Borrower, or of any loan made by the Guarantor to the Borrower out of the proceeds of any development credit granted by the Association, and (iii) such amounts of any other loan or loans which the Bank shall determine to be equity for the purposes of this Section.

(f) The foregoing provisions of this Section supersede all prior agreements between the Bank and the Borrower relating to limitations on the incurring of debt by the Borrower.

Section 5.06. The Borrower undertakes that, except as the Bank shall otherwise agree: (a) if the Borrower or any subsidiary shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; and (b) if any lien shall be created on any assets of the Borrower, other than under (a) above, as security for any debt, the Borrower shall grant to

the Bank an equivalent lien satisfactory to the Bank; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.07. Subject to such exemption as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement,¹ the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.08. The Borrower shall pay or cause to be paid, all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery, or registration of this Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.09. The Borrower shall duly perform all its obligations under the Government Loan Agreement. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of assigning, or amending, abrogating or waiving any provision of, such agreement.

Section 5.10. Without the prior approval of the Bank, no repayment in advance of maturity shall be made in respect of the Government Loan Agreement.

Section 5.11. The Borrower shall furnish to the Bank, as soon as available, but in any event within 120 days after the end of each fiscal year of the Borrower, a report audited and certified by an independent auditor satisfactory to the Bank stating accurately, in accordance with consistently maintained sound accounting standards, the financial condition of the Borrower.

Section 5.12. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not establish any subsidiary or sell, transfer, lease or otherwise dispose of all or substantially all of its assets. In the event that the Borrower establishes or acquires any subsidiary, the Borrower shall cause such subsidiary to observe and perform the obligations of the Borrower hereunder to the extent to which the same are, or can be, applied thereto, as though such obligations were binding upon such subsidiary.

¹ See p. 100 of this volume.

Section 5.13. The Borrower shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank and the Borrower shall otherwise agree, take all steps possible and necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Section 6.02. The following additional events are specified for the purposes of Section 7.01 of the General Conditions:

- (a) the Statutes of the Borrower shall have been amended without the prior approval of the Bank;
- (b) any other creditor of the Borrower shall have demanded payment from the Borrower of monies lent to the Borrower, prior to the agreed maturity of any loan having an original maturity of one year or more, in accordance with the terms of such loan;

Section 6.03. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) the Statement of Policy of the Borrower shall have been amended without the prior approval of the Bank;
- (b) an extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under any project agreement between the Borrower and the Association.

Article VII

TERMINATION; MISCELLANEOUS

Section 7.01. The date of June 13, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.02. The Closing Date shall be March 31, 1973, or such other date as shall be agreed upon between the Bank and the Borrower.

Section 7.03. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Bank:

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

Alternative address for cables:

Intbafrad
Washington, D.C.

For the Borrower

Turkiye Sinai Kalkinma Bankasi A.S.
(Industrial Development Bank of Turkey)
Necatibey Caddesi 247, Karakoy
Istanbul, Turkey

Alternative address for cables:

Kalkinmabank
Istanbul

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development:

By J. Burke KNAPP
Vice President

Turkiye Sinai Kalkinma Bankasi A.S.:

By Ahmet Tufan GÜL
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
April 15, 1971	480,000	April 15, 1979	800,000
October 15, 1971	495,000	October 15, 1979	825,000
April 15, 1972	510,000	April 15, 1980	850,000
October 15, 1972	530,000	October 15, 1980	880,000
April 15, 1973	545,000	April 15, 1981	910,000
October 15, 1973	560,000	October 15, 1981	940,000
April 15, 1974	580,000	April 15, 1982	970,000
October 15, 1974	600,000	October 15, 1982	1,000,000
April 15, 1975	620,000	April 15, 1983	1,035,000
October 15, 1975	640,000	October 15, 1983	1,065,000
April 15, 1976	660,000	April 15, 1984	1,100,000
October 15, 1976	680,000	October 15, 1984	1,135,000
April 15, 1977	705,000	April 15, 1985	1,175,000
October 15, 1977	725,000	October 15, 1985	1,210,000
April 15, 1978	750,000	April 15, 1986	1,250,000
October 15, 1978	775,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or to Section 2.08 (a) of the Loan Agreement or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premiums</i>
Not more than three years before maturity	1 %
More than three years but not more than six years before maturity	2 ¹ / ₄ %
More than six years but not more than eleven years before maturity	3 ³ / ₄ ¹ / ₂
More than eleven years but not more than fifteen years before maturity	5 ¹ / ₄ %
More than fifteen years before maturity	6 ¹ / ₂ %

SCHEDULE 2

MODIFICATIONS OF THE GENERAL CONDITIONS

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

(1) The following subparagraph (d) is added to Section 3.05:

“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in

substitution for, those set forth in paragraph (b) of Section 3.05 and in Section 8.15. ”

(2) The words “ Investment Projects ” are substituted for the words “ the Project ” at the end of Section 5.03.

(3) Section 6.03 is deleted and replaced by the following new Section:

“ SECTION 6.03. *Cancellation by the Bank.* If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in Section 3.02 (c) of the Loan Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the Loan shall have been received by the Bank, or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request such approvals and authorizations or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled. ”

(4) Paragraph (d) of Section 7.01 is amended to read as follows:

“ (d) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement, or under any project agreement between the Borrower and the Association or related development credit agreement between the Guarantor and the Association, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor. ”