
LOAN NUMBER 8753-TR

Loan Agreement

(Eastern Türkiye Middle Corridor Railway Development Project)

between

REPUBLIC OF TÜRKİYE

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF TÜRKİYE (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of six hundred seven million four hundred thousand Euro, (€607,400,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower, through its Ministry of Transport and Infrastructure (“MoTI”), declares its commitment to the objective of the Project. To this end, the Borrower, through MoTI, shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The AIIB Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled;
 - (b) the Borrower, through MoTI, has prepared and adopted the Project Operations Manual, referred to in Section I.B. of Schedule 2, in form and substance acceptable to the Bank; and
 - (c) The Borrower, through MoTI, has established the grievance redress mechanism referred to in Section I.D.5, as further set forth in the ESCP, in a manner acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

ARTICLE V – REMEDIES OF THE BANK

- 5.01. The Co-financing Deadline for the effectiveness of the IsDB Co-financing Agreement is the date two hundred and seventy (270) days after the Signing Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is Minister of Treasury and Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

T.C. Hazine ve Maliye Bakanligi
Inönü Bulvari No. 36
Emek – Ankara
Republic of Türkiye; and

- (b) the Borrower's Electronic Address is:

Facsimile:

(90) (312) 204-7366
(90) (312) 204-7367

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF TÜRKİYE

By



Authorized Representative

Name: _____
Kerem Dönmez

Title: _____
Director General

Date: _____
18-Dec-2024

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

By



Authorized Representative

Name: _____
J. Humberto Lopez

Title: _____
Country Director

Date: _____
17-Dec-2024

SCHEDULE 1

Project Description

The objective of the Project to improve the rail connectivity of eastern Türkiye along the Divriği-Kars-Georgia border railway section of the Trans-Caspian Middle Corridor.

The Project consists of the following parts:

Part 1. Rehabilitation and Modernization of the Divriği-Kars-Georgia Border Railway Line

- 1.1. Carrying out the rehabilitation and modernization of the Divriği-Kars-Georgia Border Railway Line, through:
 - (a) the design and infrastructure and superstructure works for the Divriği-Kars section of the Target Line, including:
 - (i) the preparation of detailed engineering designs.
 - (ii) the construction of standard or dual gauge railway lines, including infrastructure and superstructure.
 - (iii) the installation of signaling and telecommunication systems.
 - (iv) the construction of new sidings and extension of sidings at existing railway stations.
 - (v) Full electrification of the Target Line, including establishment of electric power installation systems and power transmission lines.
 - (vi) The implementation of a track monitoring system and the deployment of a traffic control facility.
 - (vii) The carrying out of tunnel clearance works for electrification, including tunnel maintenance, repair, and improvements in tunnel drainage.
 - (viii) Construction of controlled level crossings.
 - (ix) Widening of rail bridges.
 - (x) Renewal of passenger platforms.

- (xi) Construction of protective structures, renewal of culverts, and reconstruction of overpasses.
 - (xii) Construction of selected station buildings, facilities, signaling, telecommunications, and electrification systems.
 - (xiii) Provision of design and construction supervision consulting services for the Target Line; and
- (b) the electrification and signalization of:
- (i) the Divriği-Kars Railway Line, and
 - (ii) the Kars-Georgia Border Railway Line.
- 1.2. the carrying out of the design and infrastructure and superstructure works for the Kars-Georgia border section of the Target Line, including civil works for the Canbaz Station.
- 1.3. the provision of engineering services for the supervision of design and construction of the rehabilitation and modernization of the Target Line, including for engineering services for the supervision of the design and construction and installation works under Parts 1.1 and 1.2 of the Project.

Part 2. Project Management

- 2.1. Provision of support to strengthen the PIU's capacity for Project management and implementation, including through the provision of technical assistance from a specialized firm, with expertise in project management, engineering design and construction (including climate resilience), social and environmental monitoring, citizen engagement, results monitoring and evaluation, and project implementation oversight, and Operating Costs.
- 2.2. The provision of support in the implementation of an Enhanced Internship Program at MoTI, through the selection and mentoring of eligible female participants.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Borrower, through MoTI, shall:

1. Cause the AYGM to carry out the overall implementation of the Project.
2. Establish, operate and maintain, until the completion of the Project, a dedicated Project Implementation Unit (“PIU”) within AYGM to be responsible for overseeing all aspects of Project implementation, with staffing, budgetary resources, and authority necessary and appropriate for the satisfactory implementation of the Project, all of which shall be acceptable to the Bank, including a procurement and contract management specialist, a financial management specialist, a social development specialist, and an environmental specialist.
3. No later than six (6) months after the Effective Date, hire the following specialists to staff the PIU referred to in (b) above, with terms of reference and qualifications acceptable to the Bank: a sub-unit leader; an engineering and construction specialist; a procurement specialist; a financial management specialist; an environmental, social, health and safety manager; an environmental specialist; a social development specialist; an occupational health and safety specialist; and two community liaison officers all with terms of reference and qualifications acceptable to the Bank.
4. No later than three (3) years after the Effective Date, the Borrower, through MoTI, shall furnish satisfactory evidence to the Bank, confirming that a contractor to carry out Part 1.2. of the Project has been retained and that works for Part 1.2 of the Project have initiated.
5. For purposes of carrying out the Project, enter into a collaboration agreement with TCDD (“TCDD Collaboration Agreement”) and maintain it throughout Project implementation, in form and substance acceptable to the Bank, to establish the procedures and means of collaboration between the parties and assure coordination with respect to the works to be carried out by MoTI in the Target Line, throughout Project implementation.
6. Through AYGM, coordinating closely with TCDD in the implementation of Parts 1.1 and 1.3 of the Project;

B. Project Operations Manual.

1. The Borrower, through MoTI, shall maintain, throughout Project implementation, a Project Operational Manual (“POM”), in form and substance acceptable to the Bank; said POM shall include, *inter alia*, provisions on the following:
 - (a) detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
 - (b) the parties responsible for carrying out the respective parts of the Project;
 - (c) the detailed policies and procedures relating to implementation of the Project;
 - (d) the environmental and social obligations, Environmental and Social Instruments, and arrangements, details on the functioning of the grievance redress mechanism(s), and gender and citizen engagement for the Project, including on workplace and community safety, consistent with the provisions of Section I.D. of this Schedule 2;
 - (e) the Financial Management Manual, comprising the financial management arrangements, requirements and detailed procedures consistent with the provisions of Section 5.09 of the General Conditions, including the functions, staffing, job descriptions (with special emphasis on the segregation of duties), workflows, internal controls and all financial management arrangements for the Project;
 - (f) guidelines and procedures for procurement consistent with the provisions of the Procurement Regulations;
 - (g) the requirements of the Anti-Corruption Guidelines;
 - (h) the coordination arrangements between the relevant parties for the day-to-day execution of the Project;
 - (i) the requirements and procedures for Project monitoring, evaluation, reporting, and communications, including specifically, the frequency and content of environmental and social monitoring reports; and
 - (j) the detailed eligibility criteria and implementation procedures of the Enhanced Internship Program.
2. The Borrower, through MoTI, shall carry out the Project in accordance with the arrangements, procedures and guidelines set forth in the POM, provided, however,

that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The POM, and any provision thereof, shall not be assigned, amended, abrogated or waived, nor shall be permitted to be assigned, amended, abrogated or waived, without the prior written consent of the Bank; the POM may only be amended in consultation with, and after the written approval of, the Bank.

C. Enhanced Internship Program.

For purposes of carrying out Part 2.2 of the Project, the Borrower, through MoTI, shall implement an Enhanced Internship Program including through the selection and provision of mentorship, to eligible participants under said program, who meet the eligibility criteria set forth in the Project Operations Manual, which shall include, *inter alia*, last-year female university students, in the fields of transportation, logistics, engineering or related fields, who are based in Ankara.

D. Environmental and Social Standards.

1. The Borrower, through MoTI, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MoTI, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower, through MoTI, shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower, through MoTI, shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through MoTI, shall, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower, through MoTI, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Annual Work Plan and Budget, and Annual Procurement Plan.

1. The Borrower, through MoTI, shall:
 - (a) prepare and furnish to the Bank not later than thirty (30) days after the Effective Date in the first year of implementation, and thereafter, November 15 of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; (ii) a proposed

financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing, including evidence satisfactory to the Bank confirming that the corresponding budgetary allocation to cover for counterpart financing and VAT expected for the following year, as per the Annual Procurement Plan, has been made; (iii) any training activities that may be required under the Project including (A) the type of training, (B) the purpose of the training, and (C) the cost of the training; and an Annual Procurement Plan setting out the packaging, estimated cost, applicable procurement method and market approach, Bank's review requirements, and timeline for each procurement package expected to be launched the following year.

- (b) afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Procurement Plan and Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with the Annual Procurement Plan, and the Annual Work Plan and Budget as shall have been approved by the Bank; and
- (c) not make or allow to be made any change to the approved Annual Procurement Plan and Annual Work Plan and Budget without the Bank's prior written approval.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed Inclusive of Taxes (except VAT)
(1) Goods, works, non-consulting services, and consulting services under Part 1.1 of the Project	589,200,000	73.11%
(2) Consulting services under Part 1.3 of the Project	14,600,000	73.11%
(3) Goods, non-consulting services, consulting services and Operating Costs under Part 2.1 the Project	3,600,000	73.11%
TOTAL AMOUNT	607,400,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, and
 - (b) for payments under Categories (1) and (2), unless and until the TCDD Collaboration Agreement referred to in Section I.A.5. of Schedule 2 to this Agreement has been entered into in form and substance acceptable to the Bank.
2. The Closing Date is December 31, 2030.

Section IV. Other Undertakings

1. For purposes of Category (1), in the withdrawal table set forth in Section III.A. of this Schedule, the Loan amount allocated in said Category (1) shall finance Eligible Expenditures in respect of Part 1.1 of the Project, in accordance with the percentage set forth therein until Loan disbursements have reached said Loan amount, and thereafter, any Eligible Expenditure incurred by the Borrower in excess of said Loan amount shall be financed by the Borrower which, without limitation to Section 5.03 of the General Condition, shall provide or cause to be provided, promptly as needed, the funds required for said Part of the Project.

SCHEDULE 3

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each March 15 and September 15 Beginning March 15, 2031 through March 15, 2037	7.14%
On September 15, 2037	7.18%

APPENDIX

Section I. Definitions

1. “AIIB” means Asian Infrastructure Investment Bank.
2. “AIIB Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, an amount of \$250,000,000 to be provided by the AIIB to assist in financing Parts 1.1, 1.3 and 2.1 of the Project.
3. “AIIB Co-financing Agreement” means the agreement to be entered into between the Borrower and AIIB providing for AIIB Co-financing.
4. “Annual Procurement Plan” means the annual procurement plan referred to in Section I.E of Schedule 2 of this Agreement.
5. “Annual Work Plan and Budget” means the annual work plan and budget referred to in Section I.E of Schedule 2 of this Agreement.
6. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
7. “AYGM” means the Directorate-General of Infrastructure Investments under MoTI, mandated, pursuant to Article 485 of Presidential Decree No. 1 (dated July 10, 2018), *inter alia*, to design and construct public railways, logistics centers, ports, and airports, and to deliver rail and road access connections to major ports, airports, industrial facilities, organized industrial zones, and mining areas, or any legal successor or successors thereto.
8. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
9. “Co-financier” means AIIB or IsDB.
10. “Enhanced Internship Program” means the internship program referred to in Section I.C. of Schedule 2, to be implemented within MoTI, in a manner acceptable to the Bank, under Part 2.2 of the Project.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 4, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes

of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

12. “Environmental and Social Instruments” means the Borrower’s environmental and social instruments, acceptable to the Bank, as specified in the ESCP.
13. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
14. “Financial Management Manual” means the Borrower’s manual for the financial management of the Project described in Section I.B.1.(e) of Schedule 2 to this Agreement; all terms of which shall be acceptable to the Bank.
15. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
16. “IsDB” means Islamic Development Bank.
17. “IsDB Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, an amount equivalent to \$250,700,000 to be provided by the IsDB to assist in financing Part 1.2 of the Project.
18. “IsDB Co-financing Agreement” means the agreement to be entered into between the Borrower and IsDB providing for IsDB Co-financing.
19. “Ministry of Transport and Infrastructure” or “MoTI” means the ministry of the Borrower of the same name, or any legal successor or successors thereto, acceptable to the Bank.

20. “Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Borrower; such costs may include, as relevant, based on an Annual Work Plan and Budget and agreed by the Bank, for the following: (a) travel, accommodation, and *per diem* associated with training, workshop, and study tour participants and trainers, and other training-related miscellaneous costs; (b) office supplies; (c) office rental; (d) vehicle rental; (e) office and equipment maintenance and repair; (f) communications; (g) translation and interpretation; (h) travel and Project supervision; (i) publication fees; (k) ownership of intellectual property rights; and (l) other miscellaneous expenses directly associated with the Project and agreed by the Bank and the Borrower; said Operating Costs excludes the salaries and benefits of civil servants of the Borrower.
21. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
22. “Project Implementation Unit” or “PIU” means the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.
23. “Project Operations Manual” or “POM” means the Project Operations Manual referred to in Section I.B of Schedule 2 to this Agreement, as the said manual may be amended from time to time, with the prior written approval of the Bank, and such term includes any schedules to the POM.
24. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
25. “Target Line” means the Divriği-Kars-Georgia border railway line.
26. “TCDD Collaboration Agreement” means the collaboration agreement to be entered into between the Borrower, through MoTI and TCDD, in a manner acceptable to the Bank, and referred to in Section I.A.5. of Schedule 2 to this Agreement.
27. “Trans-Caspian Middle Corridor” means a multimodal trade corridor linking Asia and Europe through rail and short sea shipping connections.
28. “Turkish State Railways” or “TCDD”, also referred to as *Türkiye Cumhuriyeti Devlet Demiryolları*, means the Turkish government-owned national railway infrastructure manager responsible for the ownership and maintenance of railway infrastructure, and the planning of new lines, or its legal successor or successors thereto.
29. “VAT” means value added tax.

Section II. Modifications to the General Conditions

1. Section 3.01 (*Front-end Fee; Commitment Charge; Exposure Surcharge*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07(b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

(b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07(c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.”

2. Section 3.04 (*Prepayment*) is modified to read as follows:

“Section 3.04. *Prepayment*

(a) After giving not less than forty-five (45) days’ notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

(b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.”

3. In paragraphs originally numbered 75 and 81 of the Appendix, the terms “Loan Payment” and “Payment Date” respectively are modified to read as follows:
 - “75. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
 - “81. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable.”
4. Definitions in paragraphs 4 (Allocated Excess Exposure Amount); 53 (Exposure Surcharge); 99 (Standard Exposure Limit) and 105 (Total Exposure) of the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.