CONFORMED COPY

LOAN NUMBER 1504 TUN

Loan Agreement

(Industrial Finance Project-BDET Component)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

BANQUE DE DEVELOPPEMENT ECONOMIQUE DE TUNISIE

Dated January 25, 1978
AGREEMENT, dated January 25, 1978, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANQUE DE DEVELOPPEMENT ECONOMIQUE DE TUNISIE (BDET) (hereinafter called the Borrower), a Société Anonyme established and operating under the laws of the Republic of Tunisia.

WHEREAS: (A) the Borrower has requested the Bank to assist in the financing, inter alia, of Part A of the Project described in Section 3.01 (a) of this Agreement for specific industrial development projects and the Bank is hereby agreeing to provide such assistance;

(B) The Republic of Tunisia (hereinafter called Tunisia or the Guarantor) has already taken measures aiming at the promotion of entrepreneurship in its territory, the creation and development of small- and medium-scale industrial enterprises and the decentralization of investments, through the establishment and operation of Fonds de Promotion et de Décénralisation Industrielle (FOPRODI);

(C) Tunisia intends to further strengthen the small-scale industry sector of its economy;

(D) By a loan agreement of even date herewith (hereinafter called the Tunisia Loan Agreement) between Tunisia and the Bank, the Bank has granted to Tunisia a loan (hereinafter called the Tunisia Loan) to assist, along with FOPRODI assistance and Agence de Promotion des Investissements (API) technical assistance, in the financing of new projects for small-scale industrial enterprises in Tunisia, in accordance with the FOPRODI Scheme, as set forth in Schedule 2 to the Tunisia Loan Agreement;

(E) Tunisia and BDET have requested the Bank to assist in the financing, inter alia, of Part B of the Project described in Section 3.01 (a) of this Agreement for the expansion of small-scale industrial enterprises in Tunisia (in order to complement the activities of the FOPRODI Scheme), and the Bank is hereby agreeing to provide such assistance;

WHEREAS the Guarantor, in consideration of the Bank entering into this Agreement with the Borrower, has agreed to guarantee the obligations of the Borrower in respect of such loan; and
WHEREAS the Bank has agreed, on the basis inter alia, of the foregoing, to make the Loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

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 March 15, 1974, 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 of the Bank, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, 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) "Part A of the Loan" means the portion of the proceeds of the Loan, which may amount to $28,000,000 and be withdrawn, from time to time, by the Borrower for the purpose of carrying out Part A of the Project.

(b) "Part B of the Loan" means the portion of the proceeds of the Loan, which may amount to $2,000,000 and be withdrawn, from time to time, by the Borrower for the purpose of carrying out Part B of the Project.

(c) "Sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of Part A of the Loan to an Investment Enterprise for an Investment Project and "free-limit sub-loan" means a sub-loan, as so defined, which qualifies as a free-limit sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement.

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

(f) "Investment Project" means a specific industrial development project to be carried out by an Investment Enterprise utilizing the proceeds of a sub-loan or investment.

(g) "SSE expansion sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of Part B of the Loan to a SSE Expansion for a SSE Expansion Project.

(h) "SSE expansion investment" means an investment, other than a SSE expansion sub-loan, made or proposed to be made by the Borrower out of the proceeds of Part B of the Loan in a SSE Expansion for a SSE Expansion Project.

(i) "SSE Expansion" means a small-scale industrial enterprise established prior to the date of this Agreement whose net fixed assets (before a SSE expansion investment and excluding working capital and assets in land) are valued at less than D100,000 in 1976 prices, to which the Borrower proposes to make or has made a SSE expansion sub-loan or in which it proposes to make or has made a SSE expansion investment.

(j) "SSE Expansion Project" means a specific development project in the small-scale industry sector estimated to cost not more than D200,000 in 1976 prices (including additional working capital) and whose investment cost per job created or maintained, estimated in 1976 prices, shall not exceed D4,600. Said Project shall be carried out by a SSE Expansion utilizing the proceeds of a SSE expansion sub-loan or SSE expansion investment.

(k) "Dinars" and "D" mean the currency of the Guarantor.

(l) "Foreign currency" means any currency other than the currency of the Guarantor.

(m) "Statuts" means the Articles of Incorporation of the Borrower, as the same may be amended from time to time with the approval of the Bank.

(n) "Statement of Policy" means the statement of lending and investment policy approved by the Directors of the Borrower on July 4, 1966, as the same may be amended from time to time with the approval of the Bank.
(o) "Prior Loan Agreement" means any outstanding loan agreement between the Bank and the Borrower dated before the date of this Agreement and "Prior Loan" means any loan provided for therein.

(p) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or 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.

(q) "Government Agreement" means, collectively and separately, Convention No. 1 and No. 2 dated November 16, 1965, No. 3 dated March 23, 1966, and Convention dated June 25, 1975, between the Guarantor and the Borrower as the same may be amended from time to time.

(r) "Director" means a member of the Board of Directors of the Borrower referred to under Title III of the Statutes.

(s) "Board of Directors" means the Board of Directors of the Borrower referred to under Title III of the Statutes.

(t) "Commercial Code" means the Guarantor's Code de Commerce as promulgated by the Guarantor's Law No. 59-129 of October 5, 1959, as the same may be amended from time to time.

(u) "FOPRODI" means the Fonds de Promotion et de Décentralisation Industrielle, a fund financed out of the Guarantor's budget established and operated under the Guarantor's Law No. 73-82 dated December 31, 1973 and Decree No. 74-793 dated August 16, 1974, as amended by Decree No. 77-855 dated October 20, 1977.

(v) "FOPRODI Agreement" means the agreement respectively entered or to be entered into between the Guarantor's Ministre des Finances and the Participating Banks, for the management of FOPRODI, and to be amended pursuant to Section 3.01 (b) (ii) of the Tunisia Loan Agreement.

(w) "Participating Banks" mean the following banking institutions established and operating under the laws of the Republic of Tunisia: Société Tunisienne de Banque (STB), Union Internationale de Banque (UIB), Banque Nationale de Tunisie (BNT), Banque du Sud (BS) and BDET, and any other financial institution which would accede to the FOPRODI Agreement.
"FOPRODI Scheme" means the on-lending and administrative arrangements for the project under the Tunisia Loan Agreement, set forth in Schedule 2 to said Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to thirty million dollars ($30,000,000).

Section 2.02. Except as the Bank and the Borrower shall otherwise agree:

(a) The Borrower may withdraw from the Loan Account for Part A of the Project, subject to the provisions of paragraphs (b), (c) and (d) of this Section,

(i) amounts disbursed (or, if the Bank shall so agree, required to meet expenditures to be made) by the Borrower under a sub-loan or investment to finance the reasonable foreign currency cost of goods and services required for the Investment Project and supplied to the Investment Enterprise from outside the Guarantor's territory, in respect of which the withdrawal is requested; and

(ii) the equivalent of seventy per cent (70%) of amounts disbursed (or, if the Bank shall so agree, required to meet expenditures to be made) by the Borrower under a sub-loan or investment to finance the reasonable cost of goods previously imported in Tunisia through normal trade channels, or produced in Tunisia to a substantial extent from components or raw materials so imported, and purchased by an Investment Enterprise to carry out an Investment Project;

provided, however, that no withdrawal shall be made in respect of a sub-loan or investment unless (A) the sub-loan or investment shall have been approved by the Bank, or (B) the sub-loan shall be a free-limit sub-loan for which the Bank shall have authorized withdrawals from the Loan Account.
(b) A free-limit sub-loan shall be a sub-loan for an Investment Project in an amount to be financed out of the proceeds of the Loan which shall not exceed the sum of D300,000 equivalent, when added to any other outstanding amounts financed or proposed to be financed out of the proceeds of the Loan or of any Prior Loan for such Investment Project, the foregoing amount being subject to change from time to time as determined by the Bank.

(c) No withdrawals shall be made on account of (i) expenditures made before the date of this Agreement or (ii) expenditures made by an Investment Enterprise in respect of a sub-loan subject to the Bank's approval or in respect of an investment if such expenditures shall have been made more than ninety days prior to the date on which the Bank shall have received in respect of such sub-loan or investment the application and information required by Section 2.03 (a) of this Agreement or, in respect of a free-limit sub-loan or a SSE expansion sub-loan or investment, more than ninety days prior to the date on which the Bank shall have received in respect of such free-limit sub-loan or such SSE expansion sub-loan or investment the request and information respectively required by Section 2.03 (b) or Section 2.03 (c) of this Agreement.

(d) The Borrower may withdraw from the Loan Account, for Part B of the Project up to an aggregate amount of $2,000,000 equivalent, amounts disbursed under a SSE expansion sub-loan or SSE expansion investment for goods and services acceptable to the Bank for a SSE Expansion Project for which the Bank shall have authorized withdrawals from the Loan Account, all in accordance with Section 2.03 (c) of this Agreement; provided, however, that for each SSE Expansion Project, withdrawals from the Loan Account shall not exceed D100,000 in 1976 prices or the equivalent of 50% of the estimated total cost of the SSE Expansion Project, whichever amount is smaller.

Section 2.03. (a) When presenting a sub-loan (other than a free-limit sub-loan) or an investment to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with (i) a description of the Investment Enterprise and an appraisal of the Investment Project, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; (ii) the proposed terms and conditions of the sub-loan or investment, including the schedule of amortization of the sub-loan or of repayment to the Bank of the amount of the Loan to be used for the investment;
and (iii) 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 a free-limit sub-loan shall contain (i) a summary description of the Investment Enterprise and the Investment Project, including a description of the expenditures proposed to be financed out of the proceeds of the Loan; and (ii) the terms and conditions of the sub-loan, including the schedule of amortization therefor.

(c) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of Part B of the Project, shall contain a statement specifying: (i) the name of the investor and the economic sub-sector to which the SSE Expansion Project belongs as well as its location; (ii) the number of jobs to be created or maintained; (iii) the total estimated cost of the SSE Expansion Project including additional working capital requirements; (iv) a summary list of goods and services to be procured for the SSE Expansion Project; (v) the amount and terms and conditions of the SSE expansion sub-loan or SSE expansion investment including the schedule of amortization therefor, as well as the amount, terms and conditions of other sources of financing; and (vi) an assessment of technical assistance needs and proposed arrangements to meet them.

(d) Except as the Bank and the Borrower shall otherwise agree, applications and requests made pursuant to the provisions of paragraphs (a), (b) and (c) of this Section shall be presented to the Bank on or before December 31, 1979.

Section 2.04. The Closing Date shall be December 31, 1981 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and nine-tenths per cent (7.90%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.
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) require that: (1) the goods and services to be financed out of the proceeds of the Loan shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of services, of their quality and the competence of the parties rendering them and (2) such goods and services shall be used exclusively in the carrying out of the Investment Project; (iii) inspect, by itself or jointly with representatives of the Bank if the Bank shall so request, such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) require that: (1) the Investment Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (2) without any limitation upon the foregoing, such insurance shall cover 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, any indemnity thereunder to be made payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) 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 to the benefits to be derived from the Investment Project; and (vi) suspend or terminate the right of the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its contract with the Borrower.

(b) The Borrower: (A) shall exercise its rights in relation to each Investment Project in such manner as to: (i) protect the interests of the Bank and the Borrower, (ii) comply with its obligations under this Agreement, and (iii) achieve the purposes of the Project; and (B) except as the Bank shall otherwise agree, shall not abrogate or waive any of its rights with respect to a sub-loan or investment.

(c) The Borrower shall present to the Bank, for its prior approval, any substantial changes proposed to be made by the Borrower in respect of the repayment provisions of any sub-loan.
For the purposes of this Section and of Section 3.03, the terms sub-loan, investment, Investment Enterprise and Investment Project also include the terms SSE expansion sub-loan, SSE expansion investment, SSE Expansion and SSE Expansion Project.

Section 3.03. Without limitation or restriction on the generality of the provisions of Section 3.02 of this Agreement, the Borrower undertakes that, unless the Bank shall otherwise agree:

(a) any sub-loan or investment (which terms shall, for the purpose of this Section also include sub-loans or investments which are not made out of the proceeds of the Loan) will be made on terms whereby the Borrower shall obtain, by written contract with the Investment Enterprise or by other appropriate legal means, rights adequate to: (i) require the Investment Enterprise (including, but without limitation, a newly established Investment Enterprise) to furnish the Borrower as soon as available but in any case no later than March 31 in each year, copies of its provisional financial statements to be prepared in accordance with sound accounting principles consistently applied, and to be in such detail as the Borrower shall have reasonably requested; and (ii) require the Investment Enterprise (including but without limitation a newly established Investment Enterprise) to furnish the Borrower as soon as available but in any case no later than June 30 in each year, copies of its financial statements as certified in accordance with the provisions of the Commercial Code; and

(b) it shall not abrogate or waive any of its rights with respect to a sub-loan or investment referred to under paragraph (a) of this Section.

Section 3.04. (a) The Borrower shall furnish to the Bank at regular intervals 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 and investments, the SSE Expansions, the SSE Expansion Projects, the SSE expansion sub-loans and investments and, where appropriate, the benefits to be derived from the foregoing.

(b) Within six months following the last withdrawal from the Loan Account in respect of the sub-loans, investments, and SSE expansion sub-loans and investments, or by such later date as the
Bank shall request, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operations of the Investment Projects and SSE Expansion Projects, their costs and the benefits derived and to be derived from them, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.

Section 3.05. The Borrower shall duly perform all its obligations in agreements under which funds have been lent or otherwise put at the disposal of the Borrower by the Guarantor or its agencies or others for relending, investment or management. The Borrower shall promptly inform the Bank of any action which would have the effect of assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

Section 3.06. If 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 such obligations shall or can be applicable thereto, as though such obligations were binding upon such subsidiary.

Section 3.07. (a) The Borrower undertakes that it shall not make a sub-loan (which term shall, for the purpose of this Section, also include sub-loans which are not made out of the proceeds of the Loan) unless the Borrower has obtained adequate security to secure such sub-loan.

(b) Without limitation or restriction on the generality of the provisions of the foregoing paragraph (a) of this Section, the Borrower undertakes that it shall not make a sub-loan for hotels, vacation villages or other tourism or recreational facilities unless such loan has been secured by a valid mortgage or a timetable for the mortgage validation process has been approved by the Board of Directors and set forth in the agreement in respect of said sub-loan.

Section 3.08. The Borrower shall prepare and present to the members of the Board of Directors and to the Bank, by March 31, 1978 or such later date as may be agreed between the Bank and the Borrower, a plan of action acceptable to the Bank, for its supervision division concerning the strengthening of staff and the improvement of supervision procedures and information flows and
encompassing a comprehensive and detailed work program. Immediately thereafter, the Borrower shall take appropriate measures to put this plan of action into effect, taking into account the recommendations of the Bank.

Section 3.09. The Borrower undertakes in respect of the project defined in the Tunisia Loan Agreement:

(a) to perform such functions as are described in paragraph 6 of Schedule 2 of the Tunisia Loan Agreement;

(b) to enter into a FOPRODI Agreement with the Guarantor; and

(c) to establish a special unit adequately staffed to perform the functions referred to in sub-paragraph (a) above and to process SSE expansion sub-loans and investments under the Loan.

ARTICLE IV

Financial Covenants

Section 4.01. The Borrower shall maintain procedures and records adequate to monitor and record the progress of the Project and of each Investment Project (including its cost and the benefits to be derived from it) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower.

Section 4.02. (a) The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements), and separately, the records referred to in paragraph (b) of this Section, for each fiscal year audited in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank and to all members of the Board of Directors, as soon as available but in any case not later than five months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and said records and the audit thereof as the Bank shall from time to time reasonably request.
(b) For the purposes of Part B of the Project, the Borrower shall (i) maintain separate records on its operations concerning small-scale enterprises in such form and in such detail as the Bank shall reasonably request; and (ii) furnish such records to the Bank at its request.

Section 4.03. (a) The Borrower represents that at the date of this Agreement no lien exists on any of its assets as security for any debt, except as otherwise currently reported or disclosed in writing by the Borrower to the Bank.

(b) The Borrower undertakes that, except as the Bank shall otherwise agree: (i) if any lien shall be created on any assets of the Borrower or any subsidiary 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 that in the creation of any such lien express provision will be made to that effect at no cost to the Bank; and (ii) if any statutory lien shall be created on any assets of the Borrower or of any subsidiary as security for any debt, the Borrower shall grant, at no cost to the Bank, an equivalent lien satisfactory to the Bank to secure the payment of the principal of, and interest and other charges on the Loan; provided, however, that the foregoing provisions of this paragraph shall not apply to: (A) 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 (B) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 4.04. Except as the Bank shall otherwise agree, the Borrower shall: (a) conduct its operations and affairs in such manner as shall be necessary to maintain, at all times, its debt/equity ratio within the limit referred to in Section 4.06 of this Agreement; and (b) if such ratio shall, for reasons beyond the Borrower's control, be temporarily exceeded, promptly take all such reasonable action as shall be necessary or advisable to bring such ratio within such limit.

Section 4.05. The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower which, in the judgment of the Bank, would materially affect the Borrower's ability to meet its financial obligations.

Section 4.06. 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 incurring of such debt, the consolidated debt of the Borrower and all its subsidiaries then incurred and outstanding would be greater than eight times the consolidated capital and surplus of the Borrower and all its subsidiaries. For the purposes of this Section:

(a) "debt" means any debt incurred by the Borrower or any subsidiary maturing more than one year after the date on which it is originally incurred, including the amount of any advances made to the Borrower by the Guarantor to the extent and as long as any such advances are not converted into the Borrower's equity capital;

(b) debt shall be deemed to be incurred: (i) under a loan contract or agreement (including the Loan Agreement and any Prior Loan Agreement) on the date and to the extent the amount of the loan is drawn down and outstanding 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 but only to the extent that the guaranteed debt is outstanding;

(c) whenever in connection with this Section it shall be necessary to value in terms of Dinars debt payable in foreign currency, such valuation shall be made at the prevailing lawful rate of exchange at which such foreign currency is, at the time of such valuation, obtainable by the Borrower for the purposes of servicing such debt;

(d) "consolidated debt of the Borrower and all its subsidiaries" means the total amount of debt of the Borrower and its subsidiaries, excluding any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary; and

(e) "consolidated capital and surplus of the Borrower and all its subsidiaries" means the aggregate of: (i) the unimpaired paid-up capital, surplus and free reserves (excluding the provisions for possible losses referred to under Section 4.10 of this Agreement) of the Borrower and its subsidiaries after excluding therefrom such amounts as shall represent equity interests of the Borrower in any subsidiary or of any subsidiary in the Borrower or any other subsidiary; and (ii) the amount of the grant made by the Guarantor pursuant to the Government Agreement.
Section 4.07. The Borrower shall take such steps satisfactory to the Bank as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies (including Dinars) used in its operations.

Section 4.08. 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 administration, operations and financial condition of the Borrower and its subsidiaries, and the Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the administration, operations and financial condition of the Borrower and its subsidiaries, and the progress of the Project.

Section 4.09. The Borrower shall enable the Bank's representatives to inspect the records referred to in Section 4.01 of this Agreement and any relevant documents.

Section 4.10. The Borrower shall make adequate provision to cover its possible losses on account of any of its operations (including, but without limitation, sub-loans and investments), and shall maintain at all times its provisions for such possible losses at sufficient levels, all in accordance with sound financial practices.

Section 4.11. Except as the Bank shall otherwise agree, the Borrower shall not make a sub-loan or investment (including, for the purposes of this Section, any sub-loan or investment which is not made out of the proceeds of the Loan) if the aggregate amount of any such sub-loan or investment shall exceed 25% of the consolidated capital and surplus of the Borrower and all its subsidiaries (as those terms are defined in paragraph (e) of Section 4.06 of this Agreement).

Section 4.12. The Borrower shall closely monitor its lending operations (including, but without limitation, sub-loans and investments) which have been rescheduled and in case more than 15% of the Borrower's loan portfolio is affected by such reschedulings in any given fiscal year, the Borrower shall furnish a special report on rescheduled lending operations to the members of the Board of Directors.

Section 4.13. Except as the Bank shall otherwise agree, the Borrower undertakes that the annual rate of interest to be charged
by the Borrower: (a) on its long-term lending operations (including without limitation sub-loans other than SSE expansion sub-loans), shall be (after any rebate which may be granted by the Guarantor) maintained at least at one percentage point above the average annual lending rate charged by Tunisian commercial banks on their medium-term industrial lending operations at the time of making the sub-loans; and (b) on its SSE expansion sub-loans, shall not be less than the average annual lending rate charged by Tunisian commercial banks on their medium-term lending operations at the time of making the SSE expansion sub-loan.

ARTICLE V
Remedies of the Bank

Section 5.01. For the purposes of Section 6.02 of the General Conditions the following additional events are specified:

(a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;

(b) a change shall have been made in the Statuts without the Bank's consent, if such change shall materially and adversely affect the operations or financial condition of the Borrower;

(c) a change shall have been made in the Statement of Policy without the Bank's consent, if such change shall materially and adversely affect the operations or financial condition of the Borrower;

(d) a resolution shall have been passed for the dissolution or liquidation of the Borrower;

(e) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would materially and adversely affect the conduct of the Borrower's business or the Borrower's financial condition or the efficiency of the Borrower's management and personnel or the carrying out of the Project; and

(f) a default shall occur under the Tunisia Loan Agreement other than in respect of the payment of principal, interest or any other charge required thereunder.
Section 5.02. For the purposes of Section 7.01 of the General Conditions the following additional events are specified:

(a) the event specified in paragraph (a) or paragraph (d) or paragraph (f) of Section 5.01 shall occur; and

(b) the event specified in paragraph (b) or paragraph (c) or paragraph (e) of Section 5.01 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

ARTICLE VI

Effective Date; Termination

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

(a) the unit referred to in paragraph (c) of Section 3.09 of this Agreement has been established to the satisfaction of the Bank; and

(b) all conditions precedent to the effectiveness of the Tunisia Loan Agreement have been fulfilled subject only to the effectiveness of this Agreement.

Section 6.02. The date of April 25, 1978 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Amendments to Prior Loan Agreements

Section 7.01. The parties to this Agreement hereby agree that the provisions of Sections 4.04, 4.06, 4.10, 4.11 and 4.12 of this Agreement shall be applicable to any Prior Loan Agreement, with the same force and effect as if they were fully set forth therein.

ARTICLE VIII

Miscellaneous

Section 8.01. The following addresses are specified for the purposes of Section 11.01 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

Cable address: INTBAFRAD
Telex: 440098 (ITT),
Washington, D.C. 248423 (RCA) or
64145 (WUI)

For the Borrower:

Banque de Développement Economique de Tunisie
68, Avenue Habib Bourguiba
Tunis, Tunisia

Cable address: SNITUN
Telex: 12382 TN
Tunis

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names 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 /s/ Maurice P. Bart
Acting Regional Vice President
Europe, Middle East and North Africa

BANQUE DE DEVELOPPEMENT ECONOMIQUE DE TUNISIE

By /s/ Ali Hedda
Authorized Representative
# SCHEDULE 1

## Amortization Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Payment of Principal (expressed in dollars)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 1 and December 1</td>
<td></td>
</tr>
<tr>
<td>beginning June 1, 1982 through June 1, 1990</td>
<td>1,665,000</td>
</tr>
<tr>
<td>On December 1, 1990</td>
<td>1,695,000</td>
</tr>
</tbody>
</table>

* 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

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:

<table>
<thead>
<tr>
<th>Time of Prepayment</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not more than three years before maturity</td>
<td>1.80%</td>
</tr>
<tr>
<td>More than three years but not more than five years before maturity</td>
<td>3.05%</td>
</tr>
<tr>
<td>More than five years but not more than nine years before maturity</td>
<td>5.45%</td>
</tr>
<tr>
<td>More than nine years but not more than eleven years before maturity</td>
<td>6.70%</td>
</tr>
<tr>
<td>More than eleven years before maturity</td>
<td>7.90%</td>
</tr>
</tbody>
</table>
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SCHEDULE 2

Modifications of the General Conditions

For the purposes of the Loan 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 of the Loan and the application of such prepayment in addition to, or in substitution for, those set forth in paragraph (b) of Section 3.05."

(2) The words "Investment Projects or SSE Expansion 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 paragraph (d) of Section 2.03 of the Loan Agreement no applications or requests permitted under paragraph (a), paragraph (b) or paragraph (c) of such Section shall have been received by the Bank in respect of any portion of the Loan, 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, or (d) the Bank shall have received notice from the Guarantor pursuant to Section 6.07 with respect to an amount of the Loan, the Bank may by notice to the Borrower terminate the right of the Borrower to submit such applications or requests 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."