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LOAN NUMBER 8015-TU

# Loan Agreement

(Additional Loan for the  
Fourth Export Finance Intermediation Project)

between

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated April 5, 2011

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## **LOAN NUMBER 8015-TU**

### **LOAN AGREEMENT**

Agreement dated April 5, 2011, between TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. (“Borrower” or “TSKB”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to Part A of the Original Project (as defined in the Appendix to this Agreement). 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement: (a) the amount of one hundred eighty million Dollars (\$180,000,000); and (b) the amount of eighty seven million eight hundred thousand Euro, (EUR87,800,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“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 IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - TERMINATION**

- 4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower’s Representative is the President and Chief Executive Officer of the Borrower.

5.02. The Borrower's Address is:

T. Sinai Kalkınma Bankası A.Ş.  
Meclisi Mebusan Cad.  
No: 81 34427  
Fındıklı / İstanbul  
Turkey

Facsimile:

+90 (212) 334 52 34

5.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Ankara, Republic of Turkey, as of the day and year first above written.

TÜRKİYE SINAI KALKINMA BANKASI A.Ş.

By /s/ Halil Eroglu

Authorized Representative

By /s/ Orhan Beskok

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ulrich Zachau

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to: (a) support exports by providing medium- and long-term working capital and investment finance to private exporting enterprises; and (b) improve the ability of the financial sector to provide financial resources to firms through development of financial intermediaries.

The Project consists of Part A of the Original Project.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. Except as the Bank shall otherwise agree, the Borrower shall maintain, until the completion of the Project, the PIU, and ensure that the PIU functions at all times in a manner and with staffing and budgetary resources necessary and appropriate for Project implementation, and satisfactory to the Bank.
2. The Borrower shall maintain the Operational Manual in form and content satisfactory to the Bank, shall duly perform all its obligations under the Operational Manual and shall not assign, amend, abrogate or waive the Operational Manual without obtaining the prior approval of the Bank.
3. The Borrower shall, throughout the implementation of the Project, comply with the applicable prudential regulations of the Guarantor.
4. For the purposes of carrying out Part A of the Project, the Borrower shall:
  - (a) select Participating Banks and Leasing Companies as PFIs pursuant to criteria set forth in paragraph B.1 of this Section;
  - (b) relend to the PFIs the equivalent of the proceeds of the Loan allocated from time to time to Category (1) set forth in Section IV.A of this Schedule under Subsidiary Loan Agreements to be entered into between the Borrower and each such PFI, under terms and conditions which shall have been approved by the Bank, and which shall include without limitation, those set forth in Section I.B of this Schedule;
  - (c) ensure that, except as the Bank shall otherwise agree, the aggregate amount of all Sub-loans made or the aggregate amount of all Lease Financing provided to any one Beneficiary Enterprise, or group of connected Beneficiary Enterprises, from all PFIs shall not exceed the equivalent of \$10,000,000;
  - (d) monitor the overall execution of the Project and the carrying out by the PFIs of their obligations under their respective Subsidiary Loan Agreements in accordance with policies and procedures satisfactory to the Bank;
  - (e) take or cause to be taken all action necessary or appropriate on its part to enable the PFIs to perform in accordance with the provisions of their respective Subsidiary Loan Agreements all the obligations of the PFIs therein set forth, and not take or permit to be taken any action which would prevent or interfere with such performance;

- (f) exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Bank and the Guarantor and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, not assign, amend, abrogate or waive any such Agreement or any provision thereof; and
  - (g) use its best efforts to utilize all payments made by PFIs under the Subsidiary Loan Agreements (to the extent payments are not required to meet the Borrower's payment and repayment obligations to the Bank) to finance private exporting enterprises.
5. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines issued by the Bank on October 15, 2006, as revised January 2011, which are applicable to all IBRD loans and IDA credits and grants.

**B. Terms and Conditions of On-lending to PFIs**

The principal terms and conditions set forth in this Section I.B. shall apply for the purposes of paragraph 4 of Section I.A of this Schedule.

Eligibility Criteria

1. A Subsidiary Loan Agreement may be entered into with a Participating Bank or Leasing Company, duly established and operating in the territory of the Guarantor, in respect of which the Borrower shall have determined, and the Bank shall have agreed, that:
- (a) The Participating Bank, during the duration of its Subsidiary Loan Agreement, and except as the Bank shall otherwise agree:
    - (i) has total assets during each of the last two fiscal years exceeding \$500,000,000 equivalent on average;
    - (ii) is in compliance with applicable banking regulations and prudential regulations of the Guarantor as confirmed in the semi-annual financial reports submitted by the Participating Banks' management and duly certified by the Participating Bank's auditors at the end of each fiscal year of the Participating Banks; in such cases where the year end audits for the Participating Bank have already been completed and do not meet this requirement, then the Participating Bank shall submit a management letter confirming its compliance with prudential norms;
    - (iii) is operating pursuant to investment and lending policies and procedures acceptable to the Bank, the Borrower, and the Guarantor, and has undertaken to maintain said policies and procedures;
    - (iv) has agreed to submit to the Borrower not later than six (6) months after the end of each fiscal year, beginning with fiscal year 2010 an audit report which, unless the Bank shall otherwise agree: (aa) covers two (2) full years of its operations; (bb) is prepared by an independent and BDDK approved audit firm in accordance with International Auditing



- Standards and International Financial Reporting Standards; and (cc) contains an unqualified audit opinion;
- (v) has adequate organization, management, staff and other resources necessary for its efficient operation; and
  - (vi) applies appropriate procedures for appraisal, supervision, and monitoring of Sub-projects, including for the efficient evaluation and supervision of the procurement and environmental elements of Sub-projects.
- (b) the Leasing Company, during the duration of its Subsidiary Loan Agreement and except as the Bank shall otherwise agree:
- (i) has total Lease Financing receivables, during the last two fiscal years, exceeding \$30,000,000 equivalent on average, and has new Lease Financing volume during the last two (2) fiscal years exceeding \$20,000,000 equivalent on average;
  - (ii) is in compliance with applicable leasing regulations of the Guarantor, as confirmed in the semi-annual financial reports submitted by the Lease Companies' management and duly certified by the Lease Companies' auditors at the end of each fiscal year of the Lease Companies; in such cases where the year end audits for the Lease Companies have already been completed and do not meet this requirement, then the Lease Companies shall submit a management letter confirming its compliance with prudential norms;
  - (iii) is operating pursuant to investment and financial leasing policies and procedures acceptable to the Bank, the Borrower, and the Guarantor, and has undertaken to maintain said policies and procedures;
  - (iv) has agreed to submit to the Borrower not later than six (6) months after the end of each fiscal year, beginning with fiscal year 2010, an audit report which: (aa) covers two (2) full years of its operations; (bb) is prepared by an independent and BDDK approved audit firm in accordance with auditing and financial reporting standards approved by BDDK; and (cc) contains an unqualified audit opinion;
  - (v) has been profitable for at least two (2) out of the last three (3) years of its operations;
  - (vi) has adequate organization, management, staff and other resources necessary for its efficient operation; and
  - (vii) applies appropriate procedures for appraisal, supervision, and monitoring of Sub-projects, including for the efficient evaluation and supervision of the procurement and environmental elements of Sub-projects.

## Terms

2. The principal amount to be lent out of the proceeds of the Loan to a PFI under its respective Subsidiary Loan Agreement shall: (a) be denominated in Dollars or Euro; and (b) in the case of:
  - (i) Participating Banks be the equivalent of the aggregate amount of the principal of all Sub-loans to be made out of the proceeds of the Loan pursuant to the Subsidiary Loan Agreement providing for such Subsidiary Loan; and
  - (ii) Leasing Companies be the equivalent of the aggregate amount of the principal of all Lease Financing to be made out of the proceeds of the Loan pursuant to the Subsidiary Loan Agreement providing for such Subsidiary Loan.
3. Each Subsidiary Loan shall: (a) be charged semi-annually, on the principal amount thereof withdrawn and outstanding from time to time, interest at a rate equal to the rate payable under Section 2.04 of this Agreement plus the administrative costs of the Borrower and a credit risk margin acceptable to the Bank; and (b) be repaid in accordance with an amortization schedule calculated to have a maturity of not less than five (5) years, including a grace period of not less than two (2) years.
4. The right of a PFI to use the proceeds of its respective Subsidiary Loan shall be: (a) suspended upon failure of such PFI to perform any of its obligations under its respective Subsidiary Loan Agreement or to continue to be in compliance with any of the eligibility criteria set forth in Section I.B of this Schedule; and (b) terminated if such right shall have been suspended pursuant to subparagraph (a) hereof for a continuous period of sixty (60) days.

## Conditions

5. Each respective Subsidiary Loan Agreement shall contain provisions pursuant to which each respective PFI shall undertake to:
  - (a) carry out activities under the Project and conduct its operations and affairs in accordance with appropriate financial standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower, with qualified management and staff in adequate numbers, and in conformity with the investment and lending or financial leasing policies and procedures referred to in the Operational Manual, and provide, promptly as needed, the funds, facilities, services and other resources required for the purpose;
  - (b) (i) make Sub-loans or provide Lease Financing to Beneficiary Enterprises on the terms and conditions set forth in the Operational Manual, including, without limitation, the terms and conditions set forth in Section I.C of this Schedule;

- (ii) ensure that, except as the Bank shall otherwise agree, the aggregate amount of all Sub-loans made or the aggregate amount of all Lease Financing provided to any one Beneficiary Enterprise, or group of connected Beneficiary Enterprises, shall not exceed the equivalent of \$10,000,000;
  - (iii) exercise its rights in relation to each such Sub-loan or Lease Financing in such manner as to protect its interests and the interests of the Borrower, the Guarantor and the Bank, comply with its obligations under its respective Subsidiary Loan Agreement and achieve the purposes of the Project;
  - (iv) not assign, amend, abrogate or waive any of its agreements providing for Sub-loans, or Lease Financing, or any provision thereof, without the prior approval of the Borrower;
  - (v) appraise Sub-projects and supervise, monitor and report on the carrying out by the Beneficiary Enterprises of Sub-projects, in accordance with the Operational Manual and ensure that no Excluded Activities are included in any Sub-project;
  - (vi) ensure that each Sub-project shall comply with environmental review procedures set forth in the Operational Manual. To that end, PFIs shall require each Beneficiary Enterprise applying for a Sub-loan or Lease Financing to furnish evidence satisfactory to the Bank showing that the Sub-project in respect of which the application has been prepared in accordance with such procedures;
  - (vii) ensure that for Sub-projects which require an environmental mitigation plan, the Beneficiary Enterprise shall carry out such environmental mitigation plan in a timely manner, requiring such environmental mitigation plan to be in compliance with: (aa) environmental standards satisfactory to the Bank; and (bb) the applicable laws and regulations of the Guarantor relating to health, safety and environmental protection, and shall include adequate information on the carrying out of such environmental management plans in the progress reports referred to in subparagraph (c) (ii) of this paragraph; and
  - (viii) ensure that: (aa) goods and works to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of this Schedule; and (bb) such goods and works shall be used exclusively in the carrying out of the Sub-project.
- (c) (i) exchange views with and furnish all such information to the Bank or the Borrower, as may be reasonably requested by the Bank and the Borrower, with regard to the progress of its activities under the Project, the performance of its obligations under its respective Subsidiary Loan Agreement, and other matters relating to the purposes of the Project;

- (ii) prepare and submit to the Borrower quarterly reports on Sub-loan and Lease Financing disbursements and repayments, and annual reports on the progress made in achieving the objectives outlined in the business plans submitted with the Sub-loan and Lease Financing applications; and
  - (iii) promptly inform the Bank and the Borrower of any condition which interferes or threatens to interfere with the progress of its activities under its respective Subsidiary Loan Agreement.
- (d)
- (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition; and
  - (ii) furnish to the Bank such information concerning said records and accounts as the Bank shall from time to time reasonably request.
- (e) except as the Bank and the Borrower may otherwise agree: (i) open and thereafter maintain on its books, in accordance with its normal financial practices and on conditions satisfactory to the Bank, separate accounts to which it shall credit, as the case may be, each payment of: (A) interest or other charges on, or repayment of principal payments under, any Sub-loan; and (B) lease payments under any Lease Financing, in all cases promptly upon receipt thereof; and (ii) utilize all amounts so credited to said separate accounts, to the extent they are not yet required to meet said PFI's payment or repayment obligations to the Borrower under its respective Subsidiary Loan Agreement, exclusively to finance additional development projects to further the development of the Guarantor's export sector; and
- (f) assume the credit risk of each Sub-loan or Lease Financing, as the case may be.

**C. Terms and Conditions of Sub-loans and Lease Financing**

The provisions of this Section I.C shall be for the purposes of paragraph 5 (b) of Section I.B of this Schedule.

1. (a) Each Sub-loan shall be made on terms and conditions, including those relating to the maturity, foreign currency denomination, interest rate and other charges determined in accordance with the Participating Bank's investment and lending policies and practices, provided, however, that the interest rate to be charged on the principal amount thereof withdrawn and outstanding from time to time, shall equal at least the rate of interest applicable from time to time to the Subsidiary Loan pursuant to Section I.B.3 of this Schedule plus the administrative costs and an appropriate credit risk margin.
- (b) Each Lease Financing shall be made on terms and conditions, including those relating to the duration and schedule of lease payments and other charges determined in accordance with the Leasing Company's investment and financial leasing policies and practices, provided, however, that each lease payment in such schedule shall consist in part of an amortization component, which component shall be calculated as if: (A) the Lease Financing were a loan for the

amount of the leased vehicles' equipment's and/or machinery's value; (B) each lease payment were a payment of interest and principal under such loan; and (C) each amortization component were the principal amount included in each such payment of interest and principal. The interest rate to be charged on the principal amount of the Lease Financing withdrawn and outstanding from time to time, shall equal at least the rate of interest applicable from time to time to the Subsidiary Loan pursuant to Section I.B.3 of this Schedule plus the administrative costs and an appropriate credit risk margin.

2. No expenditures for a Sub-project by a PFI shall be eligible for financing out of the proceeds of the Loan:
  - (a) unless the first two Sub-loans or Lease Financing by the said PFI (other than PFIs which participated in the credit line facility under Loan 7213-TU, Loan 7295-TU and Loan 7538-TU) for such Sub-projects shall have been approved by the Bank and such expenditures shall have been made not earlier than one hundred eighty (180) days prior to the date on which the Borrower shall have received the application and information required under paragraph 3 (a) of this Section in respect of such Sub-loan or Lease Financing; or
  - (b) unless the Sub-loan or Lease Financing by the said PFI for such Sub-project shall have been, respectively, a free-limit Sub-loan or free-limit Lease Financing for which the Bank has authorized withdrawals from the Loan Account and such expenditures shall have been made not earlier than one hundred eighty (180) days prior to the date on which the Borrower shall have received the request and information required under paragraph 3 (a) of this Section in respect of such free-limit Sub-loan or free limit Lease-Financing. For the purposes of this Agreement: (i) a "free-limit Sub-loan" shall be a Sub-loan, other than the first two Sub-loans by each PFI, and other than any Sub-loan to a Beneficiary Enterprise in an amount exceeding the sum of \$5,000,000 equivalent (when added to all other free-limit Sub-loans financed or proposed to be financed out of the proceeds of the Loan to the same Beneficiary Enterprise), the foregoing amount being subject to change from time to time as determined by the Bank; and (ii) a "free-limit Lease Financing" shall be a Lease Financing, other than the first two Lease Financing by each PFI, and other than any Lease Financing to a Beneficiary Enterprise in an amount exceeding the sum of \$5,000,000 equivalent (when added to all other free-limit Lease Financing financed or proposed to be financed out of the proceeds of the Loan to the same Beneficiary Enterprise), the foregoing amount being subject to change from time to time as determined by the Bank; or
  - (c) in the event that the expenditures are for any of the Excluded Activities.
3. (a) When presenting a Sub-loan or Lease Financing (other than a free-limit Sub-loan or a free-limit Lease Financing) to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with:

- (i) an appraisal of the Beneficiary Enterprise and of the Sub-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 Lease Financing, including the schedule of amortization of the Sub-loan or schedule of lease payments under the Lease Financing;
    - (iii) evidence of compliance with the Operational Manual and specifically with the environmental review procedures set forth in the Operational Manual; and
    - (iv) such other information as the Bank shall reasonably request.
  - (b) Each Sub-loan or Lease Financing shall be approved on the basis of evaluation guidelines adopted by the Borrower satisfactory to the Bank.
4. (a) Sub-loans or Lease Financing shall be made to the Beneficiary Enterprises which each shall have established and maintained during the duration of its respective Sub-loan or Lease Financing to the satisfaction of the Borrower that:
- (i) it is a Private Enterprise;
  - (ii) it is an exporter as defined in the Operational Manual; and
  - (iii) it has a satisfactory financial structure and the organization, management, staff and financial and other resources required for the efficient carrying out of its operations, including the carrying out of the Sub-project.
- (b) For purposes of this paragraph, an enterprise shall be considered to be a “Private Enterprise” when more than fifty percent (50%) of the shares or other equity interest thereof is held by persons or companies other than the Guarantor, any agency or subdivision thereof, or any local governmental authority, or entities controlled by the Guarantor or such agencies or subdivisions.
5. The Sub-loans or Lease Financings shall be made for Sub-projects which are each determined, on the basis of an appraisal carried out in accordance with procedures acceptable to the Bank set forth in the Operational Manual, to:
- (a) be technically feasible and economically, financially and commercially viable;
  - (b) be targeted towards generation of exports consistent with the Beneficiary Enterprise’s export growth projections;
  - (c) be in compliance with the requirements pertaining to environmental protection applicable under the laws and regulations of the Guarantor and the environmental review procedures set forth in the Operational Manual; and

- (d) not be supporting any of the Excluded Activities.
6. Sub-loans and Lease Financing shall be made on terms whereby the PFI shall obtain, by written contract with the Beneficiary Enterprise or by other appropriate legal means, rights adequate to protect its interests and those of the Bank, the Borrower, and the Guarantor, including the right to:
- (a) require the Beneficiary Enterprise to carry out and operate the facilities financed under the Sub-project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, the provisions of Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, and to maintain adequate records;
  - (b) without limitation to the generality of the provisions of the preceding paragraph (a), require the Beneficiary Enterprise to carry out and operate the Sub-project with due regard to applicable social impact, ecological, environmental and pollution control standards and in accordance with the provisions of the Operational Manual;
  - (c) for Sub-projects which need an environmental mitigation plan, require the Beneficiary Enterprise to carry out such environmental mitigation plan in a timely manner;
  - (d) require: (i) that the goods and works to be financed out of the proceeds of the Sub-loans and Lease Financing shall be procured in accordance with the provisions of Section III of this Schedule; and (ii) that such goods and works shall be used exclusively in the carrying out of the Sub-project;
  - (e) 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 Sub-project, the operation thereof, and any relevant records and documents;
  - (f) require that: (i) the Beneficiary 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 (ii) 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 Sub-loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Beneficiary Enterprise to replace or repair such goods;
  - (g) 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 Beneficiary Enterprise and to the benefits to be derived from the Sub-project; and
  - (h) suspend or terminate the right of the Beneficiary Enterprise to the use of the proceeds of the Sub-loan or the Lease Financing upon failure by such Beneficiary Enterprise to perform its obligations under its contract with the PFI.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than June 30, 2015.

### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

## **Section III. Procurement**

### **A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines.

### **B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.



2. **Established Private or Commercial Practices.** Contracts for goods or works estimated to cost the equivalent of \$10,000,000 or less per contract may be awarded in accordance with the established private or commercial practices which have been found acceptable to the Bank.

**C. Review by the Bank of Procurement Decisions**

Except as the Bank shall otherwise determine by notice to the Borrower, all contracts procured on the basis of International Competitive Bidding shall be subject to Prior Review by the Bank. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Loan Allocated (Expressed in Dollars)</b>	<b>Amount of the Loan Allocated (Expressed in Euro)</b>	<b>Percentage of Expenditures to be Financed (exclusive of taxes)</b>
(1) Sub-loans and Lease Financing	179,550,000	87,580,500	100%
(2) Front-end Fee	450,000	219,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Collar Premium	0	0	Amounts payable pursuant to Section 2.07 (c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>180,000,000</b>	<b>87,800,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed EUR 17,560,000 equivalent for the Euro Tranche of the Loan and \$36,000,000 equivalent for the Dollar Tranche of the Loan may be made for payments made prior to this date but on or after July 1, 2010 for eligible expenditures under Category (1); and
  - (b) under Category (1) unless the Sub-loan or the Lease Financing has been made in accordance with criteria and procedures set forth in the Operational Manual and on terms and conditions referred to in paragraph B of Section I of this Schedule 2.
2. The Closing Date is December 31, 2014.

### SCHEDULE 3

#### Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each June 15 and December 15  Beginning June 15, 2018 through June 15, 2038	2.38%
On December 15, 2038	2.42%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of

withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, as revised January 2011.
2. “BDDK” means *Bankacilik Düzenleme ve Denetleme Kurumu*, the Banking Regulation and Supervision Agency of the Guarantor established pursuant to the Banking Law No. 4389 dated June 18, 1999 (Official Gazette No. 23734, dated June 23, 1999).
3. “Beneficiary Enterprise” means an enterprise satisfying the appropriate criteria as set forth in paragraph 4 of Section I.C of Schedule 2 to this Agreement to which the Borrower proposes to make or has made a Sub-loan or a Lease Financing.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Dollar Tranche of the Loan” means the amount of the Loan specified in Section 2.01 (a) of this Agreement.
6. “Environmental Framework” or “EF” means the environmental framework prepared by the Borrower, and satisfactory to the Bank, updated and disclosed at the Bank’s Infoshop on January 26, 2011, which is an integral part of the Operational Manual, describing the rules, guidelines and procedures to assess environmental impacts and defining measures to reduce, mitigate or offset adverse environmental impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time with the Bank’s prior written approval.
7. “Euro Tranche of the Loan” means the amount of the Loan specified in Section 2.01 (b) of this Agreement.
8. “Excluded Activities” means, collectively:
  - (a) Any of the activities listed, or activities that produce and/or use materials listed, in the Operations Manual and which are classified and referred to as part of the negative list in said manual.
  - (b) An investment that is classified as a Category A Sub-project.
  - (c) An investment that entails land acquisition or involuntary resettlement.
  - (d) An investment that involves the use or potential pollution of international waterways (or detailed design and engineering studies of such investment), as more specifically described in the Operations Manual.

- (e) An investment that involves the construction of a new dam or will rely on the performance of an existing dam or a dam under construction.
9. “Free-limit Lease Financing” means a Lease Financing proposed to be provided in an amount less than the threshold specified for prior Bank review under Section I.C.2 (b) of Schedule 2 to this Agreement, for a Sub-project which qualifies to be approved by the Borrower in the absence of such prior review pursuant to the provisions of such paragraph.
10. “Free-limit Sub-loan” means a Sub-loan proposed to be made in an amount less than the threshold specified for prior Bank review under Section I.C.2 (b) of Schedule 2 to this Agreement, for a Sub-project which qualifies to be approved by the Borrower in the absence of such prior review pursuant to the provisions of such paragraph.
11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
12. “International Financial Reporting Standards” or “IFRS” mean the accounting standards issued or endorsed by the International Accounting Standards Board.
13. “Lease Financing” means a financing provided or to be provided by a Leasing Company out of the proceeds of the Loan allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of Schedule 2 to this Agreement, for purposes of financing the lease of (with the option to purchase) vehicles, equipment and/or machinery for purposes of carrying out a Sub-Project, involving the periodical payment to such Leasing Company of a lease payment consisting in part of an amortization component as set forth in Section I.C.1 of Schedule 2 to this Agreement.
14. “Leasing Company” means a private leasing company registered according to the applicable laws and regulations of the Guarantor and selected by the Borrower pursuant to criteria set forth in Section I.B.1 of Schedule 2 to this Agreement.
15. “Loan 7213-TU” means Second Export Finance Intermediation Loan provided by the Bank to the Borrower (TSKB) pursuant to the Loan Agreement between the Bank and TSKB dated February 20, 2004.
16. “Loan 7295-TU” means Third Export Finance Intermediation Loan provided by the Bank to the Borrower (TSKB) pursuant to the Loan Agreement between the Bank and TSKB dated November 9, 2005.
17. “Loan 7538-TU” means the Fourth Export Finance Intermediation Project provided by the Bank to the Borrower (TSKB) pursuant to the Loan Agreement between the Bank and TSKB dated May 28, 2008.
18. “Loan Tranche” means any of the Dollar Tranche or the EUR Tranche of the Loan.
19. “Original Loan Agreement” means the Loan Agreement for the Fourth Export Finance Intermediation Project between the Borrower and the Bank, dated May 28, 2008 (Loan 7538-TU).

20. “Original Project” means the Project described in the Original Loan Agreement.
21. “Operational Manual” means the manual dated April 15, 2008, updated and adopted by the Borrower on February 2, 2011 setting out the operational and administrative procedures for PFIs, in respect of the preparation, approval, processing, financing, implementation and supervision of Sub-loans and Lease Financings, as said manual may be amended from time to time with the approval of the Bank.
22. “Participating Bank” means a private commercial bank registered according to the applicable laws and regulations of the Guarantor and selected by the Borrower pursuant to criteria set forth in paragraph 1 of Section I.B of Schedule 2 to this Agreement.
23. “Participating Financial Institution” or “PFI” means any or each Participating Bank or Leasing Company.
24. “PIU” means the Project Implementation Unit of the Borrower established under Loan 7295-TU.
25. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
26. “Sub-loan” means a loan made or proposed to be made by a Participating Bank, out of the proceeds of the Loan allocated from time to time to Category (1) of the table set forth in Section IV.A of Schedule 2 to this Agreement, for purposes of financing all or a portion of the expenditures incurred by a Beneficiary Enterprise for goods and works under a Sub-Project.
27. “Sub-Project” means a specific project, selected in accordance with paragraph 5 of Section I.C. of Schedule 2 to this Agreement, which is proposed to be carried out by a Beneficiary Enterprise, in whole or in part through the utilization of the proceeds of a Sub-loan or a Lease Financing.
28. “Subsidiary Loan Agreement” means an agreement entered or to be entered into between the Borrower and a PFI pursuant to Section I.A.4 of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the Subsidiary Loan Agreement; and “Subsidiary Loan Agreements” means more than one such Subsidiary Loan Agreement.
29. “Subsidiary Loan” means any loan made pursuant to a Subsidiary Loan Agreement.