

No. 6763

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

**Guarantee Agreement — *Power Expansion Projects — 1962*
(with annexed Loan Regulations No. 4 and Loan Agree-
ment between the Bank and the Mortgage Bank of
Finland Oy). Signed at Washington, on 15 August 1962**

Official text: English.

Registered by the International Bank for Reconstruction and Development on 5 June 1963.

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

**Contrat de garantie—*Projets d'expansion de la production
et de la distribution d'énergie électrique — 1962* (avec,
en annexe, le Règlement n° 4 sur les emprunts et le
Contrat d'emprunt entre la Banque et la Mortgage
Bank of Finland Oy). Signé à Washington, le 15 août
1962**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement le
5 juin 1963.*

No. 6763. GUARANTEE AGREEMENT¹ (*POWER EXPANSION PROJECTS — 1962*) BETWEEN THE REPUBLIC OF FINLAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 15 AUGUST 1962

AGREEMENT, dated August 15, 1962, between REPUBLIC OF FINLAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Mortgage Bank of Finland Oy (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

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

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 1 October 1962, upon notification by the Bank to the Government of Finland.

² See p. 186 of this volume.

³ See p. 184 of this volume.

⁴ See p. 200 of this volume.

Article II

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

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to Imatran Voima Oy will be inadequate to meet the estimated expenditures required for carrying out the construction or operation of the Project to be carried out by such company, to make arrangements, satisfactory to the Bank, promptly to provide such company or cause such company to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date; or (iv) any lien created by Suomen Pankki-Finlands Bank on any of its assets in the ordinary course of its business to secure a debt maturing by its terms not more than one year after the date on which it is incurred.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivisions, including Suomen Pankki-Finlands Bank.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall

furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

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

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

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

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

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Republic of Finland
Embassy of Finland
1900 Twenty-fourth Street, N.W.
Washington 8, D.C.
United States of America

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

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

Republic of Finland :

By Pentti UUSIVIRTA
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT

(POWER EXPANSION PROJECTS—1962)

AGREEMENT, dated August 15, 1962, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and MORTGAGE BANK OF FINLAND OY (hereinafter called the Borrower).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITION

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ subject, however, to the modifications thereof set forth in Schedule 3² to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the term "Beneficiary Enterprise" shall mean any entity to which the Borrower shall, pursuant to this Agreement, advance or agree to advance any portion of the Loan for the carrying out of a Project.

Article II

THE LOAN

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

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

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of _____ per cent (_____ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.³

¹ See p. 184 of this volume.

² See p. 200 of this volume.

³ According to the information provided by the Bank, the Agreement was signed with the blanks appearing in this Section; they have since been completed to read "five and three-fourths" and " $(5 \frac{3}{4})$ ".

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

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

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN ; EXCEPTIONS TO SECTIONS 3.02 AND 4.01 OF LOAN REGULATIONS

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Projects described in Schedule 2¹ to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them, and the methods and procedures for procurement of such goods shall be satisfactory to the Bank.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Projects.

Section 3.03. The Bank and the Borrower hereby agree that, as an exception to the second sentence of Section 3.02 of the Loan Regulations, any withdrawals on account of expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor shall be made in such currency or currencies as the Bank shall reasonably select.

Section 3.04. The Bank and the Borrower hereby agree that clause (b) of the second sentence of Section 4.01 of the Loan Regulations shall not apply to this Agreement and that, as an exception to clause (a) of such sentence, withdrawals may (subject to the provisions of the Loan Agreement) be made on account of expenditures prior to the Effective Date but subsequent to January 1, 1962.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

¹ See p. 198 of this volume.

Section 4.02. The Chairman of the Board of Directors and the Manager of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Projects to be carried out with due diligence and efficiency and shall cause each Beneficiary Enterprise to carry on its operations and maintain a sound financial position, all in conformity with sound engineering, business and financial practices.

(b) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Projects and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Projects, to record the progress of the Projects (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower and of each Beneficiary Enterprise and transactions between the Borrower and each Beneficiary Enterprise; shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect the Projects, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Projects, the goods, transactions between the Borrower and each Beneficiary Enterprise and the operations and financial condition and prospects of the Borrower and of each Beneficiary Enterprise.

Section 5.02. The Borrower shall relend the proceeds of the Loan to the respective Beneficiary Enterprises under agreements containing provisions satisfactory to the Bank and sufficient to protect the interests of the Borrower and the Bank. Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of such agreements. As security for loans granted by it, the Borrower shall obtain mortgages against lands, water rights, electric power properties or industrial properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, the Borrower may accept the guarantee of a bank or company of sound financial standing. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) the Borrower will deposit with the Finnish Bank Inspectorate the agreements entered into with the Beneficiary Enterprises, together with the mortgages or other instruments (including any guarantee agreements) given by or on behalf of the respective Beneficiary Enterprises as security for the loans received by them. The total

amount of the security so deposited may not at any time be less than the principal amount of the Loan outstanding.

Section 5.03. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

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

Section 5.04. Except as the Bank has heretofore and shall hereafter otherwise agree, the Borrower shall not borrow any amounts other than the Loan and loans provided for in other loan agreements between the Bank and the Borrower and shall not engage in operations other than the relending of the proceeds of the Loan and of such loans. For purposes of this Section, the issuance or sale by the Borrower to its shareholders of debentures which are junior to all its other liabilities, as contemplated by Section 14 of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended), shall not be deemed to be borrowing.

Section 5.05. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.07. The Borrower shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the

¹ See p. 178 of this volume.

Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and (in the case of imported goods) importation of the goods into the territories of the Guarantor and to delivery thereof to the sites of the Projects, and shall be for such amounts, as shall be consistent with sound commercial practice. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

(a) That the agreements referred to in Section 5.02 of this Agreement, in terms satisfactory to the Bank, shall have been duly executed and delivered by the parties thereto and shall have become effective in accordance with their respective terms.

(b) That a duly certified copy of this Loan Agreement shall have been deposited with the Finnish Bank Inspectorate pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended).

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

(a) That the agreements referred to in Section 7.01 (a) of this Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto

and have become effective and are valid and binding obligations of the respective parties thereto in accordance with their respective terms.

(b) That the respective Beneficiary Enterprises have full power and authority to construct and operate the respective Projects and have all necessary rights and powers in connection therewith and that all acts, consents, validations and approvals necessary therefor have been duly and validly performed or given.

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1966, or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Mortgage Bank of Finland Oy
Care of Suomen Pankki—Finlands Bank
Helsinki, Finland

Alternative address for cablegrams and radiograms :

Mortgage Bank of Finland
Helsinki

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

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

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

Mortgage Bank of Finland Oy :

By Åke WIHTOL
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
April 15, 1966	\$445,000	October 15, 1974	720,000
October 15, 1966	455,000	April 15, 1975	740,000
April 15, 1967	470,000	October 15, 1975	760,000
October 15, 1967	485,000	April 15, 1976	780,000
April 15, 1968	495,000	October 15, 1976	805,000
October 15, 1968	510,000	April 15, 1977	825,000
April 15, 1969	525,000	October 15, 1977	850,000
October 15, 1969	540,000	April 15, 1978	875,000
April 15, 1970	555,000	October 15, 1978	900,000
October 15, 1970	570,000	April 15, 1979	925,000
April 15, 1971	590,000	October 15, 1979	955,000
October 15, 1971	605,000	April 15, 1980	980,000
April 15, 1972	625,000	October 15, 1980	1,010,000
October 15, 1972	640,000	April 15, 1981	1,035,000
April 15, 1973	660,000	October 15, 1981	1,065,000
October 15, 1973	680,000	April 15, 1982	1,100,000
April 15, 1974	700,000	October 15, 1982	1,125,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½ of 1%
More than three years but not more than six years before maturity	1½%
More than six years but not more than eleven years before maturity	2½%
More than eleven years but not more than sixteen years before maturity	3½%
More than sixteen years but not more than eighteen years before maturity	4¾%
More than eighteen years before maturity	5¾%

SCHEDULE 2

DESCRIPTION OF THE PROJECTS

I. *Imatran Voima Oy Project*

The project to be constructed by Imatran Voima Oy will include an expansion of the existing thermal-electric power plant at Naantali near Turku in south west Finland. The works to be carried out will consist of an extension to the powerhouse to permit the in-

stallation of a 133 MW turbo-generator unit and associated boiler plant. The existing step-up substation will be extended by installation of a 156 MVA three phase transformer. All auxiliary equipment necessary for the operation and control of the new generating unit will be installed. The project also includes the construction of 226 kilometers of 220 kv transmission lines connecting the Naantali plant with substations at Pori and Virkkala and extensions to the existing substations at Kangasala, Hyvinkaa and Hikia.

It is expected that the Naantali plant will be completed by about June 1964 and that the transmission lines and substations will be completed by December 1965.

II. *City of Helsinki Project*

The project to be constructed by the Electric Power Administration of the City of Helsinki will include an expansion of the existing thermal-electric power plant at Hanaasaari in Helsinki. The works to be carried out will consist of extensions to the power house, the coal yard and the unloading pier and a fuel oil tank that will be constructed. A 90 MW turbo-generator unit and associated boiler plant will be installed. A 115 MVA three phase transformer will be installed and connected to the existing Suvilahti switching station by a 700 meter long 110 kv cable. All auxiliary equipment necessary for the operation and control of the new generating unit will be installed.

It is expected that the project will be completed by about November 1966.

III. *Kotkan Hoyryvoima Oy Project*

The project to be constructed by Kotkan Hoyryvoima Oy will include a thermal-electric power plant located at Kotka in southeast Finland. The works to be carried out will consist of a powerhouse, coal pier and storage yard, two fuel oil tanks, cooling water canals, fresh water pipeline and a substation. The plant will be equipped with an 80 MW turbo-generator unit and associated boiler plant. A 100 MVA, three phase transformer will be installed and connected by a 8.5 kilometer long 110 kv transmission line to the existing Kyminlinna substation. The plant will be equipped with all auxiliary equipment necessary for its operation and control.

It is expected that the project will be completed by about February 1966.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS NO. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be deemed to be modified as follows :

Each of the Forms of Bond set forth respectively in Schedule 1 and Schedule 2 shall be amended by insertion between the second and third paragraphs thereof of a new paragraph, as follows :

“[The Borrower] covenants that, as security for loans granted by it, [the Borrower] will obtain mortgages against lands, water rights, electric power properties or industrial

properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, [the Borrower] may accept the guarantee of a bank or company of sound financial standing. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) [the Borrower] will deposit with the Finnish Bank Inspectorate the agreements entered into, pursuant to the terms of the said Loan Agreement between [the Borrower] and the Bank, with ultimate beneficiaries of the proceeds of the Loan provided for in said Loan Agreement, together with the mortgages or other instruments (including any guarantee agreements) given by them or on their behalf as security for the loans received by them. The total amount of the security so deposited may not at any time be less than the principal amount outstanding of the Loan provided for in the said Loan Agreement between [the Borrower] and the Bank."
