

No. 7183

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

Guarantee Agreement—*Development Bank Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Teollistamisrahasto Oy). Signed at Washington, on 18 September 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 25 March 1964.

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

Contrat de garantie — *Projet concernant la Banque de développement économique* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Teollistamisrahasto Oy). Signé à Washington, le 18 septembre 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 25 mars 1964.

No. 7183. GUARANTEE AGREEMENT¹ (*DEVELOPMENT BANK PROJECT*) BETWEEN THE REPUBLIC OF FINLAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 18 SEPTEMBER 1963

AGREEMENT, dated September 18, 1963, 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 Teollistamisrahasto 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 seven million dollars (\$7,000,000), 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, 1961,² subject, however, to the modifications thereof set forth in Schedule 1³ 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.

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

¹ Came into force on 17 December 1963, upon notification by the Bank to the Government of Finland.

² See p. 354 of this volume.

³ See p. 372 of this volume.

Article II

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

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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 or any other institution acting as the Central Bank of the Guarantor.

Section 3.02. (a) The Guarantor and the Bank shall co-operate 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 imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

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

Section 3.05. The 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.

Section 3.06. The Guarantor covenants that it will not take, cause or permit to be taken, any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and affairs in accordance with sound financial and investment standards and practices, or with the performance by the Borrower of its obligations under the Loan Agreement.

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

Alternative address for cablegrams and radiograms :

Finlandia
Washington, D.C.

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.

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 R. R. SEPPÄLÄ
Authorized Representative

International Bank for Reconstruction and Development :
by George D. WOODS
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

(DEVELOPMENT BANK PROJECT)

AGREEMENT, dated September 18, 1963, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and TEOLLISTAMIS-RAHASTO OY (hereinafter called the Borrower), a company incorporated and existing under the laws of the Republic of Finland (hereinafter called the Guarantor).

WHEREAS (a) the Borrower has requested the Bank to make a loan to it in an amount in various currencies equivalent to seven million dollars (\$7,000,000) to assist the Borrower to provide loans to private industrial enterprises in the territories of the Guarantor;

(b) the issued capital stock of the Borrower is to be increased by an amount of two million Finnish markkas (Fmk 2,000,000) of Series A shares of the Borrower;

(c) certain lenders have agreed to make a loan to the Borrower in the amount of seven million five hundred thousand Finnish markkas (Fmk 7,500,000); and

WHEREAS the Bank has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth, such loan to be guaranteed as to payment of principal, interest and other charges by the Guarantor upon the terms of a Guarantee Agreement¹ of even date herewith between the Guarantor and the Bank;

NOW THEREFORE it is hereby agreed as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Schedule 1³ 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.

¹ See p. 346 of this volume.

² See above.

³ See p. 372 of this volume.

Section 1.02. Wherever used in this Agreement, or any Schedule thereto, the following terms shall have the following meanings unless the context otherwise requires :

(a) the term “ Finnish markka ” and the symbol “ Fmk ” shall mean the currency of the Guarantor;

(b) the term “ Articles ” shall mean the Articles of Association of the Borrower as amended from time to time;

(c) the term “ Qualified Project ” shall mean a specific development project in respect of which amounts shall be credited to the Loan Account pursuant to the provisions of Section 3.02;

(d) the term “ Qualified Enterprise ” shall mean an enterprise, referred to in Section 3.01, to which the Borrower shall have made or proposes to make, from the proceeds of the Loan, a loan for a Qualified Project;

(e) the term “ the 1963 Share Issue ” shall mean 2,000 Series A shares of the Borrower of the par value of Fmk 1,000 each to be issued by the Borrower in 1963;

(f) the term “ Debentures of 1956 ” shall mean the 6% debentures of the Borrower issued in 1956 and outstanding in the principal amount of Fmk 4,500,000;

(g) the term “ Debentures of 1963 ” shall mean the 5% debentures of the Borrower issued or to be issued in 1963 and outstanding in the principal amount of Fmk 5,500,000;

(h) the term “ Corporation ” shall mean the International Finance Corporation;

(i) the term “ Investment Agreement ” shall mean an agreement between the Corporation and the Borrower, in form satisfactory to the Bank, providing, among other things, for the subscription by the Corporation to shares of the 1963 Share Issue;

(j) the term “ Finnmark Loan Agreement ” shall mean the agreement by which certain lenders shall agree to grant to the Borrower a loan in the principal amount of Fmk 7,500,000;

(k) the term “ 5% Dividend Agreement ” shall mean the agreement by which shareholders of the Borrower shall agree to remove at an appropriate time the 5% dividend restriction in the Articles; and

(l) the term “ subsidiary ” shall mean any company of which a majority of the outstanding voting stock shall be owned, or which shall be 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.

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 seven million dollars (\$7,000,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account as provided in Section 3.02.

(b) Any amount so credited to the Loan Account may, by agreement between the Bank and the Borrower, be reduced by any part thereof which will not be required for the Qualified Project in respect of which it was so credited. No such reduction shall be deemed *ipso facto* to be a cancellation of any portion of the Loan.

Section 2.03. Amounts credited to the Loan Account in respect of a Qualified Project may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations and this Agreement.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on amounts of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant to Article V of the Loan Regulations, or (b) the Loan Account is reduced in respect of such amounts pursuant to Section 2.02 (b) hereof.

Section 2.05. The Borrower shall pay interest on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same maturity. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

Section 2.06. 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 percent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.08. The Borrower shall repay the principal of each part of the Loan in accordance with an amortization schedule, including provisions for premiums on payment of principal in advance of maturity, to be agreed upon between the Bank and the Borrower for such part of the Loan at the time when the Loan Account is credited therewith, as such schedule may be amended from time to time by agreement between the Bank and the Borrower. Except as the Bank and the Borrower may otherwise agree, such amortization schedule shall not extend beyond 15 years from the time when the Loan Account is credited and shall conform substantially to the amortization schedule applicable to any loan made by the Borrower in respect of the Qualified Project for which such part of the Loan is to be used; provided, however, that payments due hereunder shall be made on the dates specified in Section 2.07 hereof.

*Article III*DESCRIPTION OF PROJECT; CREDITS TO LOAN ACCOUNT;
USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is a program by which the Borrower will contribute to the economic development of Finland by making loans to privately owned and managed enterprises for industrial purposes in Finland, and by providing other financial assistance to such enterprises, for specific development projects, all in accordance with the Articles, and in furtherance of the corporate purposes of the Borrower as therein set forth.

Section 3.02. The Loan shall be credited to the Loan Account in instalments as follows :

(a) In the case of each specific development project for which it has made or proposes to make a loan to an enterprise from the proceeds of the Loan, the Borrower shall, unless the Bank and the Borrower shall otherwise agree, submit to the Bank an application for approval of such project, such application to be in form satisfactory to the Bank and to contain a description and appraisal of such project and such other information as the Bank shall reasonably request. If the Bank shall approve such project there shall be credited to the Loan Account, in respect thereof, such part of the Loan as the Bank shall approve.

(b) Except as the Bank and the Borrower shall otherwise agree, no credit shall be made to the Loan Account later than a date 3 years after the Effective Date of this Agreement.

Section 3.03. The proceeds of each part of the Loan shall be used by the Borrower only for making loans to the Qualified Enterprise in respect of which such part of the Loan was credited to the Loan Account, and shall be applied exclusively to the cost of goods required to carry out the Qualified Project in respect of which such part of the Loan was so credited.

Section 3.04. Notwithstanding the provisions of Section 4.01 of the Loan Regulations, except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made from the Loan Account for amounts expended for the cost of a Qualified Project more than 90 days prior to the receipt by the Bank of the application for approval of such Qualified Project pursuant to Section 3.02 (a).

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.

Section 4.02. The Chairman and any one member of the Board of Directors of the Borrower or such person or persons as the Board of Directors of the Borrower 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 carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management, with qualified personnel and in accordance with the Articles.

(b) Except as the Bank and the Borrower shall otherwise agree, the statement of policies and procedures referred to in paragraph (e) of Section 7.01 shall not be amended and the policies and procedures set forth therein shall be observed and followed by the Borrower in its operations.

Section 5.02. (a) The Borrower shall maintain records adequate to record the progress of the Project and of each Qualified Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

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

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

(b) Any loan made by the Borrower to a Qualified Enterprise for a Qualified Project to be financed wholly or partly out of the proceeds of the Loan shall be made on terms whereby the Borrower shall obtain, by the written agreement of such Qualified Enterprise or other appropriate legal means, rights adequate to protect the interests of the Borrower and the Bank, including the right to require such Qualified Enterprise to carry out and operate the Qualified Project with due diligence and efficiency and in accordance with sound industrial and financial standards, including the maintenance of adequate records; the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of such Qualified Project; the right of the Bank and the Borrower to inspect such goods and the sites, works and construction included in such Qualified Project, the operation thereof and any relevant records and documents; the right to require that such Qualified Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practices, and that, except as the Bank shall otherwise agree, insurance covering marine and transit hazards on the goods financed out of the proceeds of the Loan shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in dollars; and the right to obtain all such information as the Bank and the Borrower shall reasonably request relating to the foregoing and to the operations and financial condition of such Qualified Enterprise. Such rights shall include appropriate

provision whereby further access by such Qualified Enterprise to use of the proceeds of the Loan may be suspended or terminated by the Borrower upon failure by such Qualified Enterprise to carry out the terms of such loan.

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

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, the Qualified Enterprises, the Qualified Projects, and the administration, operations and financial condition of the Borrower.

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

Section 5.05. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.07. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall take out or cause to be taken out and maintain or cause to be maintained such insurance, against such risks and in such amounts, as shall be consistent with sound business practices.

Section 5.08. The Borrower undertakes, that, except as the Bank shall otherwise agree, if the Borrower shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; 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 on demand or not more than one year after its date.

Section 5.09. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not (a) amend the Articles; or (b) sell, lease, transfer or otherwise dispose of its property and assets, except in the ordinary course of its operations as set forth in the statement of policies and procedures referred to in paragraph (e) of Section 7.01; or (c) establish any subsidiary.

Section 5.10. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not (i) take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Finnmark Loan Agreement or any right or obligation of the Borrower thereunder, (ii) amend the terms of the Debentures of 1956 or the Debentures of 1963 in any way which would result in an increased burden on the Borrower, or (iii) make any repayments in advance of the regular stated maturity under the Debentures of 1956, the Debentures of 1963, or the Finnmark Loan Agreement.

Section 5.11. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur any debt if, at the time or as a result thereof, the aggregate amount of debt incurred by the Borrower and then outstanding shall exceed an amount equal to three times the equity of the Borrower determined in accordance with sound accounting practices. For the purposes of this Section :

- (a) the term "debt" shall be deemed to mean all indebtedness of the Borrower, less the amount referred to in subparagraph (b) (ii) of this Section;
- (b) the term "equity" shall be deemed to mean the aggregate of (i) the unimpaired capital of the Borrower comprised of its series Class A shares and its series Class B shares outstanding, (ii) the amount at the time outstanding of the Debentures of 1956 and the Debentures of 1963 or any other loan which the Bank shall determine to be equity for the purpose of this Section, and (iii) the surplus and surplus reserves;
- (c) the equivalent in currency of the Guarantor of amounts in any other currency shall be determined on the basis of the rate of exchange at which such other currency may be obtained by the Borrower on the date of determination.

Section 5.12. Unless otherwise agreed between the Bank and the Borrower, if any Qualified Enterprise shall repay to the Borrower in advance of maturity a part or all of any indebtedness resulting from the relending of the proceeds of a part of the Loan, the Borrower shall repay, in advance of maturity, an equivalent amount of such part of the Loan. To any repayment by the Borrower in accordance with this Section, all the provisions of the Loan Regulations relating to repayment in advance of maturity shall apply.

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, or in Section 6.02 of this Agreement for the purposes of paragraph (j) 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 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.

Section 6.02. The following additional events are specified for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations :

(a) Any creditor shall, in accordance with the terms of any loan having an original maturity of one year or more, demand payment from the Borrower of any part of such loan prior to the agreed maturity thereof;

(b) A resolution shall be adopted for the dissolution or liquidation of the Borrower;

(c) The terms on which the Borrower shall have been exempted from the provisions of the Law of July 28, 1939, as amended, concerning the right of foreigners and certain bodies to own and exercise control over fixed property and shares, or the legislation referred to in Section 7.01 (g) of this Agreement, shall have changed without the approval of the Bank; and

(d) The 5% Dividend Agreement or the Finnmark Loan Agreement shall not be carried out in accordance with its terms by reason of default of any party thereto.

Article VII

EFFECTIVE DATE; TERMINATION

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

(a) That the 1963 Share Issue shall have been duly and validly subscribed in a manner satisfactory to the Bank and fully paid in cash at par;

(b) That the Finnmark Loan Agreement, in form and substance satisfactory to the Bank, shall have been duly executed and delivered by the parties thereto and shall have become fully effective in accordance with its terms;

(c) That the Articles and the terms of the Debentures of 1956 shall be in form and substance satisfactory to the Bank;

(d) That the 5% Dividend Agreement, in form and substance satisfactory to the Bank, shall have been duly executed and delivered by the parties thereto and shall have become fully effective in accordance with its terms;

(e) A statement of the Borrower's policies and procedures in form previously furnished to and approved by the Bank shall have been duly adopted by the Borrower;

(f) That the Borrower shall have been exempted on terms satisfactory to the Bank, from the provisions of the Law of July 28, 1939, as amended, concerning the right of foreigners and certain bodies to own and exercise control over fixed property and shares;

(g) Legislation shall have been enacted satisfactory to the Bank permitting the amounts paid by the Borrower from profits to retire the Class B shares of the Borrower to be deducted from the Borrower's annual taxable income;

(h) That the terms of the Debentures of 1963 and the resolution of the Borrower relating thereto shall have been agreed and shall be satisfactory to the Bank; and

(i) The Borrower shall certify to the Bank that, as of a date to be agreed between the Borrower and the Bank, there has been no material adverse change in its condition since the date of this Agreement.

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 1963 Share Issue shall have been subscribed and fully paid in cash at par;

(b) That the Articles shall have been duly and validly adopted, that the 1956 Debentures shall have been duly and validly amended, and that all acts, consents and approvals necessary therefor have been duly and validly performed or given; and

(c) That the Finnmark Loan Agreement and the 5% Dividend Agreement shall each have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and that each of said agreements constitutes a valid and binding obligation of the parties thereto in accordance with their terms.

Section 7.03. A date 90 days after the date of this Loan 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 June 30, 1967, or such other date as shall be agreed upon between the Bank and the Borrower.

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

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.

For the Borrower :

Teollistamisrahasto Oy
Lönnotinkatu 13, V krs.
Helsinki, Finland

Alternative address for cablegrams and radiograms :

Terasto
Helsinki

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 George D. WOODS
President

Teollistamisrahasto Oy :
By Klaus CASTREN
Authorized Representative

SCHEDULE 1

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 :

(a) By the deletion of Sections 2.01, 2.02 and 2.03.

(b) By the deletion of paragraphs (a) and (b) of Section 2.05 and the substitution thereof of the following paragraphs :

“(a) The principal of each part of the Loan withdrawn from the Loan Account shall be repayable in accordance with the amortization schedule agreed upon between the Bank and the Borrower in respect of such part of the Loan pursuant to Section 2.08 of the Loan Agreement.

“(b) The Borrower shall have the right, upon payment of all accrued interest and payment of the premiums specified in the applicable amortization schedule, and upon not less than 45 days' notice to the Bank, to repay in advance of maturity (i) all of the principal amount of any part of the Loan at the time outstanding or (ii) all of the principal amount of any one or more maturities of any part of the Loan, provided that on the date of such prepayment there shall not be outstanding any portion of such part of the Loan maturing after the portion to be prepaid. However, if Bonds shall have been delivered pursuant to Article VI in respect of any portion of any part of the Loan to be prepaid, the terms and conditions of pre-

payment of that portion of such part of the Loan shall be those set forth in Section 6.16 and in such Bonds.”

(c) By the addition to Section 2.05 of the following new paragraph as paragraph (d) :

“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 2.05 and Section 6.16 of these Regulations.”

(d) By the addition to Section 3.02 of the following new sentence :

“The foregoing is subject to the exception that withdrawals on account of expenditures in the currency of the Guarantor shall be made in such currency or currencies as the Bank shall reasonably select.”

(e) By the deletion of paragraph (a) of Section 3.03 and the substitution thereof of the following paragraph :

“(a) The principal of each part of the Loan shall be repayable in the several currencies withdrawn from the Loan Account and the amount repayable in each currency shall be the amount withdrawn in that currency. The foregoing provision is subject to one exception, namely : if withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the portion of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase.”

(f) By the deletion of paragraph (c) of Section 3.03 and the substitution thereof of the following paragraph :

“(c) Except as the Bank and the Borrower shall otherwise agree, the portion of the Loan to be repaid, under the provisions of this Section, in any particular currency shall be repayable in such installments, not inconsistent with the installments set forth in the amortization schedule applicable to the part of the Loan in respect of which the repayment is made, as the Bank shall from time to time specify.”

(g) By the deletion of the second sentence of Section 4.01 and the substitution thereof of the following sentence :

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.”

(h) By the deletion of the second sentence of Section 4.03 and the substitution thereof of the following sentence :

“Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures for Qualified Projects.”

(i) By the deletion of Section 5.03 and the substitution therefor of the following Section :

“SECTION 5.03. *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 portion of the Loan for a continuous period of 30 days, or (b) by the Closing Date any portion of the Loan shall not have been credited to the Loan Account or shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request credits to the Loan Account and to make withdrawals from the Loan Account, as the case may be, with respect to such portion of the Loan. Upon the giving of such notice such portion of the Loan shall be cancelled.”

(j) By the deletion of Section 5.05 and the substitution therefor of the following Section :

“SECTION 5.05. *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article shall be applied *pro rata* to the several remaining maturities of the principal amount of such part of the Loan as set forth in the amortization schedule applicable thereto, after deducting from the principal amount of each maturity the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and the Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank.”

(k) By the insertion of the words “of each part” after the word “amount” in Section 6.01.

(l) By the substitution of the words “the part of the Loan represented by such Bonds” for the words “the Loan,” whenever they occur in Section 6.02.

(m) By the deletion of Section 6.04 and the substitution therefor of the following Section :

“SECTION 6.04. *Interest on Bonds; Service Charge.* Each Bond shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the part of the Loan represented by such Bond. If the rate of interest on any Bond shall be less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such part of the Loan at a rate equal to the difference between the interest rate on such part of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable.”

(n) By the deletion of Section 6.05 and the substitution therefor of the following Section :

“SECTION 6.05. *Currency in Which Bonds are Payable.* The Bonds shall be payable as to principal and interest in the several currencies in which the part of the Loan represented by such Bonds is repayable. Each Bond delivered pursuant to any request under Section 6.03 or under Section 6.11 shall be payable in such

currency as the Bank shall specify in such request except that the aggregate principal amount of Bonds representing a part of the Loan and payable in any currency shall at no time exceed the outstanding amount of such part of the Loan repayable in such currency.”

(o) By the deletion of Section 6.06 and the substitution therefor of the following Section :

“SECTION 6.06. *Maturities of Bonds.* The maturities of the Bonds shall correspond to the maturities of the principal amounts of the several parts of the Loan represented thereby as set forth in the amortization schedules applicable thereto. The Bonds delivered pursuant to any request under Section 6.03 or under Section 6.11 shall have such maturities as the Bank shall specify in such request except that the aggregate principal amount of Bonds of any maturity shall at no time exceed the corresponding installment of the principal amount of the part of the Loan represented by such Bonds.”

(p) By the insertion of the words “ of the part ” after the word “ amount ” in the last sentence of Section 6.09.

(q) By the deletion of sub-paragraph (a) of Section 6.11 and the substitution therefor of the following:

“ (a) Bonds representing a part of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such part of the Loan.”

(r) By the deletion of sub-paragraphs (a) and (b) of Section 6.16 and the substitution therefor of the following sub-paragraphs :

“ (a) Bonds shall be subject to redemption prior to their maturity by the Borrower in accordance with their terms, at a redemption price equal to the principal amount thereof plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof plus as a premium the percentages of said principal amount specified in the amortization schedule applicable to the part of the Loan represented by such Bonds.

“ (b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid at such date on the principal amount of the Loan represented by such Bond.”

(s) By the deletion of paragraph 4 of Section 10.01 and the substitution therefor of the following paragraph :

“ The term ‘ Loan ’ means the loan provided for in the Loan Agreement, and the term ‘ part of the Loan ’ means the portion of the Loan credited to the Loan Account in respect of a Qualified Project.”

(*t*) By the deletion of paragraph 10 of Section 10.01 and the substitution therefor of the following paragraph :

“ The term ‘ Loan Account ’ means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement.”

(*u*) By the deletion of the first sentence of paragraph 12 of Section 10.01 and the substitution therefor of the following sentence :

“ The term ‘ goods ’ means equipment, supplies and services required for the Qualified Projects financed out of the proceeds of the Loan.”

(*v*) By the addition of a new paragraph 19 of Section 10.01 to read as follows :

“ 19. References to the singular number shall include the plural and vice versa.”