

No. 9596

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

**Guarantee Agreement—Third Development Bank Project  
(with annexed Loan Regulations No. 4, as amended,  
and Loan Agreement between the Bank and the  
Teollistamisrahasto Oy—Industrialization Fund of  
Finland Ltd.). Signed at Washington on 24 January  
1969**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development  
on 4 June 1969.*

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

**Contrat de garantie — Troisième projet concernant la  
Banque de développement économique (avec, en annexe,  
le Règlement n° 4 sur les emprunts, tel qu'il a été  
modifié, et le Contrat d'emprunt entre la Banque  
et la Teollistamisrahasto Oy — Fonds finlandais  
d'industrialisation, S.A.R.L.). Signé à Washington  
le 24 janvier 1969**

*Texte authentique: anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développe-  
ment le 4 juin 1969.*

## GUARANTEE AGREEMENT <sup>1</sup>

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AGREEMENT, dated January 24, 1969, 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 - Industrialization Fund of Finland Ltd. (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, <sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to twenty-two million dollars (\$22,000,000), 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 as amended February 9, 1967, <sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 2 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.

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<sup>1</sup> Came into force on 5 March 1969, upon notification by the Bank to the Government of Finland.

<sup>2</sup> See p. 12 of this volume.

<sup>3</sup> See p. 12 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 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 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, D.C. 20008  
United States of America

Alternative address for cables :

Finlandia  
Washington, D.C.

For the Bank :

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

Alternative address for cables :

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.

*Section 5.03.* If the Loan Agreement terminates pursuant to Section 8.02 thereof, this Guarantee Agreement and all obligations of the parties hereunder shall terminate.

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 Olavi MUNKKI  
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP  
Vice President

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK  
TO BORROWERS OTHER THAN MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 598, p. 270.*]

## LOAN AGREEMENT

AGREEMENT, dated January 24, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and TEOLLISTAMISRAHASTO OY-INDUSTRIALIZATION FUND OF FINLAND LTD. (hereinafter called the Borrower), a company duly incorporated and existing under the laws of the Republic of Finland, and formerly known as Teollistamisrahasto Oy.

WHEREAS, by agreements dated September 18, 1963<sup>1</sup> and June 30, 1965,<sup>2</sup> respectively, between the Bank and the Borrower, the Bank made loans to the Borrower to finance part of the Borrower's program of providing loans to, and making other productive investments in, private industrial enterprises in Finland ;

WHEREAS, by guarantee agreements dated September 18, 1963<sup>1</sup> and June 30, 1965,<sup>2</sup> respectively, between the Republic of Finland (hereinafter called the Guarantor) and the Bank, the Guarantor guaranteed the obligations of the Borrower in respect of said loans on the terms and conditions set forth in said guarantee agreements ;

WHEREAS, the Borrower has requested the Bank to make a further loan for said program ; and

WHEREAS, the Bank is willing to make a third loan to the Borrower upon the terms and conditions hereinafter set forth but only on condition that the Guarantor guarantee such loan upon the terms and conditions set forth in a guarantee agreement<sup>3</sup> of even date herewith between the Guarantor and the Bank ;

NOW THEREFORE, the parties hereto hereby agree as follows :

*Article I*

## LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961 as amended February

<sup>1</sup> *United Nations, Treaty Series, Vol. 491, p. 345.*

<sup>2</sup> *Ibid.*, Vol. 550, p. 63.

<sup>3</sup> See p. 4 of this volume.

9, 1967,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof, set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4, as so modified being hereinafter called the Loan Regulations).

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in this Agreement have the following meanings:

(a) the term "sub-loan" means a loan made or proposed to be made by the Borrower out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(b) the term "Investment" means an investment, other than a sub-loan, made or proposed to be made by the Borrower out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(c) the term "investment Enterprise" means an enterprise to which the Borrower shall propose to make or shall have made a sub-loan, or in which it shall propose to make or shall have made an investment, in accordance with and as provided in Section 3.01 of this Agreement;

(d) the term "Investment Project" means a specific development project to be carried out by an Investment Enterprise, as approved by the Bank pursuant to Section 2.02 (b) of this Agreement, or in respect of which amounts shall have been credited to the Loan Account pursuant to Section 2.02 (c) of this Agreement;

(e) the term "Bank Loan Agreements" means the loan agreements dated September 18, 1963 and June 30, 1965, respectively, between the Bank and the Borrower, as the same have been or may be amended from time to time by agreement between the Bank and the Borrower;

(f) the term "Finnish Markka" and the symbol "Fmk" mean the currency of the Guarantor;

(g) the terms "Debentures I", "Debentures II", "Debentures III", "Debentures IV" and "Debentures V" respectively mean the debentures of the Borrower issued respectively in 1956, 1963, 1966, 1966 and 1967 and outstanding in the respective principal amounts of Fmk 4,500,000, Fmk 5,500,000, Fmk 10,000,000, Fmk 5,000,000 and Fmk 10,000,000;

(h) the term "Statement of Policies" means the policies and procedures of the Borrower adopted by the Borrower on September 3, 1963, as amended April 29, 1968;

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

Words importing the singular number include the plural number and *vice versa*.

<sup>1</sup> See p. 12 of this volume.

## 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-two million dollars (\$ 22,000,000).

*Section 2.02.* (a) The Bank shall open a Loan Account on its books in the name of the Borrower. Except as the Bank and the Borrower shall otherwise agree, the amount of the Loan shall be credited to the Loan Account in installments as provided in paragraphs (b) and (c) of this Section.

(b) Upon approval by the Bank of any Investment Project submitted to it for approval as in Section 3.03 (a) of this Agreement provided, there shall be credited, as of the date of dispatch of notice by the Bank to the Borrower relating thereto, such amount of the Loan as the Borrower shall have requested and the Bank shall have approved ; provided, however, that such amount of the Loan shall be the equivalent of the percentage provided for in Section 2.04 of this Agreement of the estimated cost of such Investment Project to be financed by the Borrower ; and provided further that no such amount shall be credited to the Loan Account in respect of an investment unless the Bank and the Borrower shall have agreed upon the terms and conditions thereof, including an amortization schedule therefor as required by Section 3.03 (a) of this Agreement.

(c) There shall also be credited, as of the date of dispatch of notice by the Bank to the Borrower relating thereto, in respect of any Investment Project for which the Borrower is to make or has made a sub-loan and for which no application has been submitted pursuant to Section 3.03 (a) of this Agreement and no credit has been made to the Loan Account pursuant to paragraph (b) of this Section, such amount of the Loan as the Borrower shall from time to time request ; provided, however, that such amount to be so credited in respect of any Investment Project shall not, when added to the estimated costs thereof to be financed by the Borrower out of funds other than the proceeds of the Loan, exceed with respect to such Investment Project such limit in respect of the estimated total cost thereof to be financed by the Borrower as shall from time to time be determined by the Bank ; and provided further that such amount shall, in any case, be the equivalent of the percentage provided for in Section 2.04 of this Agreement of the total amount of the loan made or to be made by the Borrower for such Investment Project.

(d) The Loan Account may, by agreement between the Bank and the Borrower, be reduced, as of the date of dispatch of notice by the Bank to the Borrower relating thereto by any amount credited thereto pursuant to paragraphs (b) or (c) of this Section. No such reduction before the Closing Date shall be deemed *ipso facto* to be a cancellation of any amount of the Loan.

*Section 2.03.* Each amount credited to the Loan Account in respect of an Investment 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 Agreement and shall be applied exclusively for the sub-loan for, or the investment in, the Investment Project in respect of which such amount was credited to the Loan Account.

*Section 2.04.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall be entitled to withdraw from the Loan Account such amounts as shall be the equivalent of fifty per cent (50 %) of such amounts as shall have been disbursed by the Borrower to an Investment Enterprise in respect of the costs of an Investment Project eligible for financing out of the proceeds of the Loan.

*Section 2.05.* Three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum is specified for the purpose of Section 2.02 of the Loan Regulations as the commitment charge payable on the unwithdrawn amount of the Loan.

*Section 2.06.* The Borrower shall pay interest at the rate of six and one-half per cent ( $6\frac{1}{2}$  %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.07.* 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 2.08.* Interest and other charges shall be payable semi-annually on March 1 and September 1 in each year.

*Section 2.09.* (a) The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to : (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments in respect of which amounts have been credited to the Loan Account pursuant to Section 2.02 of this Agreement and (ii) take into account any cancellation pursuant to Article V of the Loan Regulations, any reductions under Section 2.02 (d) and any repayments made by the Borrower under Section 2.10, except that payment due hereunder shall be made on March 1 and September 1 in each year. Such amendments of said Schedule 1 shall include amendments of the premiums on prepayment and redemption if required.

(b) The amortization schedules applicable to the Investment Projects shall provide for appropriate periods of grace, and, unless the Bank and the Borrower shall otherwise agree (i) shall not extend beyond fifteen years from the date when the corresponding amounts are credited to the Loan Account and (ii) shall provide for approximately equal aggregate semi-annual, or more frequent, payments of principal and interest or approximately equal semi-annual, or more frequent, payments of principal.

*Section 2.10.* Unless the Bank and the Borrower shall otherwise agree :

(a) (i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity, or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equal to the amount credited to the Loan Account and at the time outstanding in respect of such sub-loan or investment, or to such portion thereof, as the case may be, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.09 (a). The policy stated in Section 2.05 (c) of the Loan Regulations with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the maturity or maturities of the sub-loan or investment or portion thereof so repaid or disposed of.

### *Article III*

#### DESCRIPTION OF PROJECT ; USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The project for which the Loan is made is the financing by the Borrower of development in Finland through loans for productive purposes to privately owned and managed enterprises in Finland, and through other productive investments in such enterprises, for specific development projects, all in accordance with the Borrower's Articles of Association and Statement of Policies, as amended from time to time, and in furtherance of the corporate purposes of the Borrower as therein set forth.

*Section 3.02.* The proceeds of the Loan shall be applied exclusively to the cost of goods required to carry out Investment Projects in respect of which amounts shall have been credited to the Loan Account pursuant to the provisions of Section 2.02 of this Agreement. Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of :

- (a) expenditures made for any such Investment Project more than ninety days prior to the date on which the Bank shall have received in respect of such Investment Project : (i) the application in accordance with Section 3.03 (a) of this Agreement or, (ii) in the case of credits to the Loan Account under Section 2.02 (c) of this Agreement, the request for credit to the Loan Account in accordance with Section 3.03 (b) of this Agreement ; and
- (b) expenditures for an Investment Project in respect of which the Borrower shall have entered into commitments prior to December 1, 1968.

*Section 3.03.* (a) When submitting an Investment Project to the Bank for approval pursuant to Section 2.02 (b) of this Agreement, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, containing a description of such Investment Project, the terms and conditions of the proposed sub-loan or investment, including the amortization schedule proposed therefor, and such other information as the Bank shall reasonably request.

(b) When submitting a request to the Bank for credit to the Loan Account, pursuant to Section 2.02 (c) of this Agreement, the Borrower shall furnish to the Bank a brief description, in form satisfactory to the Bank, of the Investment Project in respect of with such request is made and of the terms and conditions of the proposed sub-loan, including the amortization schedule proposed therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Project and requests for credits to the Loan Account pursuant to the provisions of this Article shall be acceptable only if received on or before March 31, 1971.

#### *Article IV*

##### THE BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of 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 hereby 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.* 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 and personnel and in accordance with its Articles of Association and Statement of Policies, as amended from time to time.

*Section 5.02.* (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part with the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment :

(i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and management standards and maintain adequate records ; (ii) 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 the Investment Project ; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents ; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods ; (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise ; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between the currency of the Guarantor and the currency or currencies in which the Borrower shall be obligated to make repayment of the principal of the Loan and the Bonds and payment of interest and other charges thereon.

*Section 5.03.* (a) 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 Project, the Investment Enterprises, the Investment Projects, the sub-loans and investments, the subsidiaries, and the administration, operations and financial condition of the Borrower.

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

(c) The Borrower shall have its financial statements (balance sheet, statement of earnings and expenses and other related statements) certified annually by an independent accountant or accounting firm acceptable to the Bank in accordance with generally accepted accounting principles consistently applied and shall, promptly after their preparation and not later than 120 days after the close of the fiscal year of the Borrower to which they apply, transmit to the Bank certified copies of such statements and a signed copy of such accountant's or accounting firm's report.

*Section 5.04.* (a) The Bank and the Borrower shall cooperate fully to ensure 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 progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) 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 undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any subsidiary 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.* Subject to such exemptions as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement, 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 of 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 5.07.* 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 5.08.* 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 5.09.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not (i) amend its Articles of Association or Statement of Policies, (ii) sell, lease, transfer or otherwise dispose of its property and assets, except in the ordinary course of business or (iii) establish any subsidiary.

*Section 5.10.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not (i) amend the terms of Debentures I, II, III and V or of any other loan which the Bank shall have determined, pursuant to Section 5.11 of this Agreement, to be equity for the purpose of said Section 5.11, in any way which would result in an increased burden on the Borrower, or (ii) make any repayments in advance of the regular stated maturities under Debentures I, II, III and V or any other loan which the Bank shall have determined, pursuant to Section 5.11 of this Agreement, to be equity for the purpose of said Section 5.11.

*Section 5.11.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurrence of any such debt, the consolidated debt of the Borrower and its subsidiaries then incurred and outstanding would be greater than three times the equity of the Borrower and all its subsidiaries determined in accordance with sound accounting practices.

For the purposes of this Section :

(a) The term “ debt ” means any debt incurred by the Borrower or a subsidiary maturing more than one year after the date on which it is originally incurred, including debts assumed or guaranteed by the Borrower or a subsidiary.

(b) The term “ incur ” with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement, on the date it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Finnish Markka debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term “ consolidated debt of the Borrower and its subsidiaries ” means the total amount of debt of the Borrower and all its subsidiaries, including such amounts in respect of the Borrower’s Series Class B shares as shall be payable before the date of the last maturity of any sub-loan or investment made by the Borrower out of the proceeds of the Loan or any of the loans provided for in the Bank Loan Agreements, but excluding : (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) the amounts referred to in paragraph (e) (ii) and (iii) of this Section.

(e) The term “ equity of the Borrower and all its subsidiaries ” means the consolidated capital and surplus of the Borrower and all its subsidiaries and consists of the aggregate of : (i) the total unimpaired capital, surplus and free reserves of the Borrower and all its subsidiaries after excluding such amounts in respect of the Borrower’s Series Class B shares as shall be payable before the date referred to in the foregoing paragraph (d), and such items of capital, surplus and free reserves as shall represent equity interests of the Borrower in any subsidiary or of any subsidiary in the Borrower or any other subsidiary ; (ii) such amounts of Debentures I,

II, III and V as shall at the time be outstanding and shall mature after the date of the last outstanding maturity of any sub-loan or investment made by the Borrower out of the proceeds of the Loan or any of the loans provided for in the Bank Loan Agreements ; and (iii) such amounts of any other loan or loans which the Bank shall determine to be equity for the purposes of this Section.

#### Article VI

##### REMEDIES OF THE BANK

*Sections 6.01.* (i) If any event specified in paragraph (a), 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 a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in Section 6.02 of this Agreement shall occur, or (v) 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.* Pursuant to paragraph (l) of Section 5.02 of the Loan Regulations, the following are specified as additional events for the purposes of said Section :

- (a) demand shall have been made for repayment in advance of maturity of any loan to the Borrower, having an original maturity of one year or more, by reason of any default specified in an agreement providing for any such loan ;
- (b) an order shall have been made or a resolution shall have been passed for the dissolution or liquidation of the Borrower ; and
- (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 rights of foreigners and certain bodies to own and exercise control over fixed property and shares, or the law 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 shall have changed without the approval of the Bank.

*Section 6.03.* The Bank and the Borrower hereby agree that for the purposes of each of the Bank Loan Agreements and this Loan Agreement, respectively, an event referred to in paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any such Agreement shall be deemed to be an event under paragraph (c) of Section 5.02 of the Loan Regulations No 4 of the Bank applicable to any other such Agreement.

*Article VII*

AMENDMENT OF BANK LOAN AGREEMENTS

*Section 7.01.* The Bank Loan Agreements are hereby amended by deleting the provisions of Section 5.11 of each Bank Loan Agreement, and substituting therefor the provisions of Section 5.11 of this Agreement.

*Article VIII*

MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1972 or such other date as shall be agreed upon between the Bank and the Borrower.

*Section 8.02.* The date of March 31, 1969 is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Section 8.03.* 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, D.C. 20433  
United States of America

Alternative address for cables :

Intbafrad  
Washington, D.C.

For the Borrower :

Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd.  
Lönrotinkatu 13, V krs.  
Helsinki 12, Finland

Alternative address for cables :

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 J. Burke KNAPP  
Vice President

Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd. :

By Pekka MALINEN  
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>
March 1, 1971 .....	420,000	March 1, 1979 .....	705,000
September 1, 1971 .....	435,000	September 1, 1979 .....	725,000
March 1, 1972 .....	450,000	March 1, 1980 .....	750,000
September 1, 1972 .....	465,000	September 1, 1980 .....	775,000
March 1, 1973 .....	480,000	March 1, 1981 .....	800,000
September 1, 1973 .....	495,000	September 1, 1981 .....	825,000
March 1, 1974 .....	510,000	March 1, 1982 .....	850,000
September 1, 1974 .....	530,000	September 1, 1982 .....	880,000
March 1, 1975 .....	545,000	March 1, 1983 .....	910,000
September 1, 1975 .....	560,000	September 1, 1983 .....	940,000
March 1, 1976 .....	580,000	March 1, 1984 .....	970,000
September 1, 1976 .....	600,000	September 1, 1984 .....	1,000,000
March 1, 1977 .....	620,000	March 1, 1985 .....	1,035,000
September 1, 1977 .....	640,000	September 1, 1985 .....	1,065,000
March 1, 1978 .....	660,000	March 1, 1986 .....	1,100,000
September 1, 1978 .....	680,000		

\* To the extent that any portion 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.....	1 %
More than three years but not more than six years before maturity.....	2 <sup>1</sup> / <sub>4</sub> %
More than six years but not more than eleven years before maturity ...	3 <sup>3</sup> / <sub>4</sub> %
More than eleven years but not more than fifteen years before maturity..	5 <sup>1</sup> / <sub>4</sub> %
More than fifteen years before maturity .....	6 <sup>1</sup> / <sub>2</sub> %

## SCHEDULE 2

### 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, as amended February 9, 1967, shall be modified as follows :

(a) Section 2.01 shall be deleted.

(b) The first sentence of Section 2.05 (b) shall not apply to any repayment by the Borrower in accordance with paragraph (a) of Section 2.10 of the Loan Agreement.

(c) The following subparagraph (d) shall be added to Section 2.05 :

“(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 paragraph (b) of Section 2.05 and in Section 6.16 of these Regulations.”

(d) The second sentence of Section 4.01 shall read as follows :

“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.”

(e) The words “Investment Projects” shall be substituted for the word “Project” in the second sentence of Section 4.03.

(f) Section 5.03 shall be deleted and replaced by the following new 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 amount of the Loan for a continuous period of thirty 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 or to make withdrawals, from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled.”

(g) Section 5.05 shall be deleted and replaced by the following new 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 : (i) any cancellation pursuant to this Article of amounts credited to the Loan Account and any reduction of the Loan Account pursuant to Section 2.02 (d) of the Loan Agreement, which shall have been made in respect of any portion of the Loan credited to the Loan Account, shall be applied *pro rata* to the several maturities which reflect such portion of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any such maturity shall not exceed the amount of such maturity remaining after deducting therefrom the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank ; and (ii) any cancellation pursuant to this Article of any amount of the Loan not credited to the Loan Account shall be applied *pro rata* to the principal amounts of the several maturities of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any maturity of the Loan shall not exceed the amount of such maturity remaining after deducting the principal amount of any part or parts of the Loan reflected in such maturity.”

(h) Section 6.04 shall be deleted and replaced by the following new Section :

“SECTION 6.04. *Interest on Bonds: Service Charge.* Bonds shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the portion of the Loan represented by such Bonds. If the rate of interest on any Bond shall be less than the rate of interest on the portion 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 portion of the Loan at a rate equal to the difference between the interest rate on such portion 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.”

(i) Paragraph (a) of Section 6.11 shall be deleted and the following paragraph shall be substituted therefor :

“(a) Bonds representing a portion 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 portion of the Loan.”

(j) Paragraph (b) of Section 6.16 shall be deleted and the following paragraph shall be substituted therefor :

“(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the portion 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 such portion of the Loan represented by such Bond.”

(k) The first sentence of paragraph (h) of Section 7.04 shall be deleted and the following sentence shall be substituted therefor :

“ The Arbitral Tribunal shall afford to all parties a fair hearing, shall render its award in writing and shall state the reasons upon which it is based. ”

(l) Paragraph 4 of Section 10.01 shall be deleted and the following paragraph shall be substituted therefor :

“ 4. 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 an Investment Project. ”

(m) Paragraph 10 of Section 10.01 shall be deleted and the following paragraph shall be substituted therefor :

“ 10. 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. ”

(n) Paragraph 11 of Section 10.01 shall be deleted and the following paragraph shall be substituted therefor :

“ 11. The term ‘ Project ’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower. ”

(o) The first sentence of paragraph 12 of Section 10.01 shall be deleted and the following shall be substituted therefor :

“ 12. The term ‘ goods ’ means equipment, supplies and services required by Investment Enterprises to carry out Investment Projects financed out of the proceeds of the Loan. ”