



August 1931

THE NATIONAL CITY COMPANY

NATIONAL CITY BANK BUILDING

NEW YORK

Berlin, N.W.7,
Unter den Linden 50;

July 3, 1931.

Governor Risto Ryti,
Finlands Bank,
Helsingfors.

Dear Governor Ryti:

I wish to confirm our recent telephone conversations to the effect that The National City Bank of New York jointly with Lee, Higginson & Company, is prepared to extend for a further period of six months the overdraft credit originally granted to the Republic of Finland as of July 18, 1930.

I am sending enclosed contract form which I have signed on behalf of The National City Bank of New York and Lee, Higginson & Company and which should be executed by yourself and by the Minister of Finance and the Permanent Secretary of the Ministry of Finance. At the same time, I am also enclosing letter addressed by the Republic of Finland to The National City Company and Lee, Higginson & Company confirming the understanding which we reached last January with regard to prospective long term financing. This letter should be signed by the Minister of Finance and the Permanent Secretary of the Ministry of Finance, it being of course understood that all documents will be signed together and I am delivering to you the signed Credit Agreement with the understanding that the letter addressed to us and Lee Higginson & Co. is signed by the Government.

You will note that the next to the last paragraph of the contract provides for a legal opinion by counsel mutually satisfactory to the Republic and to the lenders. In this connection, I am, therefore, sending copy of this letter, together with copies of documents, to Mr. Ilves, whom I would ask to give to you a full legal opinion in the matter prior to your delivery of the contract form for signature by the Government officials. In particular, Mr. Ilves should examine whether the new legislation covers a prolongation beyond the year 1931 of the time limit within which the Republic of Finland may repay short term foreign credits under the Finnish Marks 300,000,000 authority. I would also like to have Mr. Ilves cover the point previously raised by The National City Bank of New York, namely, that the present overdraft credit falls within the authorization granted by the Diet and that other short term foreign credits have not been taken up which would preclude the present financing.

W. H. H. 1

I would also ask you to confirm to me the understanding reached between us that Finlands Bank ^{will} take over a participation of 33 1/3% in the overdraft credit.

Please allow me to thank you most sincerely for your
co-operation in this matter.

With very best personal regards, I remain,

Very truly yours,

A handwritten signature in dark ink, appearing to read "Henry H. ...". The signature is written in a cursive style and is positioned above the typed name "Vice President".

Vice President

Copy to Mr. E. Ilves.

SECOND EXTENSION OF AGREEMENT, originally executed on the eighteenth day of July, 1930 and first extended on the 18th day of January, 1931, between THE REPUBLIC OF FINLAND (herein called the "Republic"), THE NATIONAL CITY BANK OF NEW YORK jointly with LEE, HIGGINSON & COMPANY (herein called the "Lenders") and FINLANDS BANK (herein called the "Bank").

WHEREAS the Republic has expressed the desire further to extend the said Agreement of July 18th, 1930, between the above parties beyond the maturity date of July 18th, 1931,

NOW, THEREFORE, all parties to the said AGREEMENT further agree that the said AGREEMENT and the undertakings under the said AGREEMENT are to continue in full force and effect up to and including January 18th, 1932, insofar as they are not modified by this SECOND EXTENSION OF AGREEMENT.

Overdrafts under the credit granted in accordance with the terms of the Agreement shall carry interest at the rate of 1% per annum in excess of the official discount rate of the Federal Reserve Bank of New York for ninety day eligible bills, at the time such overdrafts are running, with, however, a minimum interest rate of 4-1/2% per annum. Such interest shall be debited monthly.

In consideration of the SECOND EXTENSION of the said AGREEMENT, as above provided, the Republic agrees to pay to the Lenders at The National City Bank of New York, New York, on July 18th, 1931, a commission of Thirtyseven Thousand Five Hundred Dollars (\$37,500).

The legality of all proceedings in connection with this SECOND EXTENSION OF AGREEMENT is subject to the approval of Helsingfors Counsel mutually satisfactory to the Republic and to the Lenders. Before availing themselves of any of the privileges conferred by this SECOND EXTENSION OF AGREEMENT, the Republic and the Bank agree that the opinion of such Counsel will be obtained and delivered to the Lenders, to the effect that this Agreement is duly authorized by law and is valid and effectively binding on the Republic.

IN WITNESS WHEREOF, this SECOND EXTENSION OF AGREEMENT is signed and delivered, in four copies, in the City of Helsingfors the 18th day of July, 1931.

FOR THE REPUBLIC OF FINLAND

Kyösti Järvinen
Minister of Finance

Jean Anikka
Permanent Secretary

FOR FINLANDS BANK

Ernst Blom *Willy Sjöberg*
Managing Directors

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FOR THE NATIONAL CITY BANK OF NEW YORK AND LEE, HIGGINSON & COMPANY

Arthur H. Brown
Authorized Agent.

C O P Y.

Option Agreement.



Helsingfors, July 13th, 1931.

The National City Company
55 Wall Street,
New York.

and
Lee, Higginson & Company,
Boston.

Dear Sirs,

Reference is hereby made to a certain Agreement dated July 18, 1930 and to Second Extension of Agreement date July 13th, 1931, in accordance with the terms of which The National City Bank of New York and Lee, Higginson & Company have granted to the Republic of Finland (hereafter referred to as the "Republic") an overdraft credit in the maximum amount of \$ 7.500.000:-.

In consideration of your having arranged for the granting of the aforementioned overdraft credit and for the extension thereof, and in consideration of other valuable services performed by you, the Republic, acting through the undersigned, its Minister of Finance, Kyösti Järvinen, and its Permanent Secretary of the Ministry of Finance, Juho Airaksinen, hereby agree that it will duly sanction and create an issue or issues of Bonds of the Republic, as such issue or issues are more fully described in a certain Option Agreement dated July 18, 1930, executed by the Republic and addressed to The National City Company and Lee, Higginson & Company (hereinafter referred to as the "Purchasers") and to offer such issue or issues of Bonds for sale to the said Purchasers as, if and when market conditions improve sufficiently to permit successful sale of such Bonds it being understood, however, that the purchase price for said issue or issues of Bonds shall be mutually agreed upon between the Republic and the Purchasers in the light of market conditions existing at the time of issue, and, furthermore, that all other terms and conditions of the said Option Agreement of July 18, 1930 shall continue in effect, in particular those obligations assumed by the Republic under Article XIII to pay off out of proceeds of the said issue or issues of Bonds all overdrafts outstanding under the credit granted in accordance with the terms and conditions of the aforementioned Agreement and Second Extension of Agreement, and, in the event that the Republic shall negotiate the sale of an issue and/or issues of Bonds of an aggregate of \$ 20.000.000:- principal amount, to cause thereupon to be called for redemption the total outstanding issue of the Republic of Finland 7% External Loan Sinking Fund Gold Bonds.

The Government of the Republic of Finland
by Kyösti Järvinen Minister of Finance
by Juho Airaksinen Permanent Secretary.