

Athens, July 19th, 1968

By Air Mail-Express

Confidential No 126016

Union Bank of Switzerland  
General Management  
Zurich, Switzerland

Dear Sirs,

Credit facility of Sw. Francs 175,000,000 by the Union Bank of Switzerland to the Bank of Greece against 3,000,000 British gold sovereigns

I have pleasure in referring to the recent discussions held in Zurich between our two banks, to the subsequent conversations over the telephone and your two telex messages of July 1st 1968, by virtue of which it was agreed that the Union Bank of Switzerland would make available the above-mentioned credit facility to the Bank of Greece.

The transaction would be carried out, on an overdraft basis, on the following lines:

1. The Union Bank of Switzerland would make available to the Bank of Greece a credit of up to Swiss Francs 175 million (one hundred thirty five million Swiss Francs) against shipment by the latter to the former of up to 3,000,000 (three million) British gold sovereigns (of old and/or new mint). Only the "good delivery" coins will be included in the deposit while those "unfit" for sale in the international market will be held by the Union Bank of Switzerland separately and at the disposal of the Bank of Greece.
2. The Bank of Greece would be able to avail themselves of the credit facility in proportion to the equivalent of each consignment of gold sovereigns to the Union Bank of Switzerland.
3. The Union Bank of Switzerland will open a special account in Swiss Francs in the name of the Bank of Greece under the heading "Sovereigns Loan Account Number Four". The amounts drawn by the Bank of Greece, under this credit facility, would be brought to the debit of this special account.
4. The debit balances in the Bank of Greece "Sovereigns Loan Account Number Four" will be subject to a 9.25 per cent interest per annum.
5. The credit would be repayable in three equal annual instalments, the first of which is to become due, at the latest, three years

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after receipt by the Union Bank of Switzerland of the first shipment of gold coins. The remaining two instalments will become due, respectively, one and two years after maturity date of the first instalment.

6. The Bank of Greece will retain the right to repay, before maturity, the total or part of any outstanding balance in the "Sovereigns Loan Account Number Four". To this end, the Bank of Greece may use either the proceeds of sale of gold sovereigns (from those dispatched to the Union Bank of Switzerland) and/or other foreign exchange resources.

7. The Bank of Greece will retain the right to decide as to whether and under what terms any quantity of gold sovereigns (from those dispatched to the Union Bank of Switzerland) may be sold in the international market. The proceeds of any such sale will be brought to the credit of the "Sovereigns Loan Account Number Four" of the Bank of Greece.

8. The Bank of Greece will retain the right to reclaim at any time any unsold sovereigns upon payment to the Union Bank of Switzerland of their corresponding outstanding balance in the "Sovereigns Loan Account Number Four" plus the respective interest accrued as per paragraph 4 above.

9. Should at final maturity there still remain a debit balance in the "Sovereigns Loan Account Number Four", the Bank of Greece authorizes the Union Bank of Switzerland to sell, at prices prevailing at the time in the international gold coin markets, the sovereigns dispatched to and deposited with the latter under this transaction, and to apply the proceeds of such sale to the settlement of the said debit balance.

10. The gold sovereigns dispatched by the Bank of Greece to the Union Bank of Switzerland, under this transaction, will be kept by the latter free of any charges. Any taxes, fees or other charges incurred outside Switzerland in connection with this transaction will be borne by the Bank of Greece. Any taxes, fees or other charges incurred by the Union Bank of Switzerland within Switzerland will be borne by the Union Bank of Switzerland.

We take this opportunity to confirm that with our consignment of 200,000 sovereigns on 10th July we have dispatched to you a total of 3,000,000 coins. Against this, the Union Bank of Switzerland have extended credits to the Bank of Greece amounting to Sv. Francs 103,200,000 (one hundred three million two hundred thousand). There remains, therefore, an unused balance of credit facilities in the amount of Sv. Francs 31,800,000 (thirty one million eight hundred thousand).

Please be kind enough to add your confirmation to the above.

Thanking you once again for the spirit of cooperation you have always shown,

We remain,

Yours sincerely

  
Evang. A. Kiliades  
Manager