

Section I applies to all pledgors and Section II to third-party pledgors.

I TERMS AND CONDITIONS APPLICABLE TO ALL PLEDGORS

1 Definitions

Pledgor refers to a company which owns pledged property at the time of pledging and has signed the pledge agreement, or to a company or institution which, subsequent to signing the pledge agreement, has become the owner of the pledged property.

Pledging refers to an agreement on the basis of which a pledgor lodges its property (the pledge) with the creditor in security for the payment of its own obligation or that of another person, company or institution (the principal debt).

If the pledgor signs a pledge agreement before title to the pledge has transferred to the pledgor, pledging will take effect provided that (i) title to the pledge has transferred to the pledgor and the pledge is in the possession of the pledgee or the pledgee has been informed of pledging or (ii) the criteria for valid pledging have otherwise been fulfilled.

The act of pledging covers the value of the pledge and any return or yield from the pledge, such as interest income, dividend paid on shares and rental income from property that is pledged.

The act of pledging also covers property which is received in lieu of the pledged property or property obtained on the basis of it. If the assets pledged comprise shares, the pledge also covers the shares subscribed for in a share issue on the basis of a subscription right related to the shares lodged as a pledge.

At any time after the date of pledging, the bank has the right to notify, for example, the tenant/lessee of the pledge of rental income from a flat or property, or the dividend payer of the pledge of dividends.

Principal debt refers to the capital, interest, penalty interest or supplementary interest of one or several loans or the bank's other receivable, the bank's charges and fees, the bank's collection charges and other charges, costs arising from the liquidation of refinancing, and other payment obligations arising from the principal debt.

The principal debt may comprise a debt agreement, guarantee agreement, bank guarantee counter-obligation or some other obligation. If the principal debt is a credit limit type debt whose amount may vary up to an agreed limit, the pledge answers for the amount of this limit and any exceeded limits and related interest.

Third-party pledge refers to a pledge that secures the principal debt of a person, company or institution other than the pledgor.

Itemised pledge refers to a pledge that secures one or several principal debts specified in the pledge agreement.

General pledge refers to a pledge that secures all present and future principal debts of the debtor specified in the pledge agreement.

General pledge also covers the principal debts arising after the merger or demerger of the bank or the debtor institution or a change in the type of business entity. The bank has no obligation to notify of its merger or demerger. The pledgor has no right to limit its liability on the basis of change in the type of business entity, merger or demerger.

Deficiency pledge refers to a pledge that secures the part of the principal debt which cannot be recovered from the value of the primary pledge.

If the pledgor under deficiency pledge signs a deficiency pledge agreement before title to the primary pledge has transferred to the primary pledgor, the deficiency pledge will take effect once the primary pledgor has given the primary pledge to the primary pledgee and the pledge has taken effect.

Under the deficiency pledge, pledge liability does not increase even if any new loan were granted against the primary pledge or the primary pledge were replaced with another one, unless the deficiency pledgor gives their permission thereto.

Primary pledge is a pledge which on the basis of an agreement or by law serves as primary security for the principal debt.

Right of recourse refers to the right of a third-party pledgor to collect from a debtor the amount of money which has been recovered from the pledge owned by the third-party pledgor at the time of converting it into cash and which has been used to pay the principal debt, or the amount of money by which the third-party pledgor has repaid the principal debt in order to reduce its pledge liability.

2 Perfection of pledge and insuring the pledge

2.1 Perfection of pledge

The pledgor undertakes, based on the bank's instructions, to take all perfection measures related to the asset subject to a lien to establish valid pledging.

Furthermore, the pledgor undertakes, based on the bank's instructions, to sign all powers of attorney, supplementary agreements and other documents required by the bank and deliver them to the bank in an acceptable form.

2.2 Insuring the asset subject to a lien

The pledgor shall ensure that an asset subject to a lien has sufficient and comprehensive insurance cover on a scale in accordance with good practice in the sector, and pay the insurance premiums for the asset. The bank has the right to contact the insurance company and request information on insurance policies taken out on the asset subject to a lien.

The pledgor's failure to insure the pledged asset may justify termination as stipulated in the loan terms and conditions.

3 Custody and management of pledge

3.1 Pledgor's obligations

The pledgor is obliged to

- store the asset subject to a lien in its possession and the pledgor may not without the bank's prior written permission and during the validity of this pledge agreement sell, transfer or otherwise hand over the asset subject to a lien or any part of it;
- care for and manage the asset subject to a lien in such a way that its value does not diminish owing to insufficient care or otherwise owing to actions or neglect on the part of the pledgor;
- enter into agreements necessary to maintain the value of the pledge;
- make all payments related to the asset subject to a lien, such as rents, maintenance charges and other charges comparable thereto; and
- fulfil other comparable obligations, such as registration fees, if any.

3.2 Bank's actions in maintaining custody of the pledge

The bank is responsible for the proper custody of the pledge but not to care for or manage it.

The bank has the right but is not, without a separate agreement, under an obligation to

- take measures necessary to maintain the right of pledge and the value of the pledged asset, including opening an account and/or book-entry account;
- prevent the expiry of the pledged claim or some other right; and
- take measures as referred to in Clauses 2.1, 2.2 and 3.1 if the pledgor has failed in fulfilling its obligations.

3.3 Costs related to custody and management of the pledge

The pledgor shall pay and the pledge shall secure all costs arising from custody and management of the pledge. The bank has the right to debit the pledgor's account, or recover from the pledge, all charges incurred by the bank due to the pledgor's failure to fulfil its obligations under Clauses 2.1, 2.2 or 3.1 above.

The bank also has the right to debit the pledgor's account, or recover from the pledge, charges and fees for custody and care of the pledge according to its list of service charges and fees valid from time to time.

4 Use of a pledge for payment of the principal debt

If the debtor fails to pay an outstanding principal debt or part thereof, the bank shall have the right to use the pledge or proceeds from the pledge sold to pay the principal debt, expenses arising from selling the pledge (for example, real estate agent commission), charges and fees according to the bank's list of service charges and fees and the bank's collection charges and fees.

If a pledge has been lodged with the bank in security for commitments of two or more debtors or in security for more than one commitment of a single debtor, the bank shall have the right to determine the claim for which the pledge will be used to effect the payment.

If there is more than one pledge, the bank may determine the order in which they are used to pay the principal debt. The bank does not need to first convert the pledge lodged by the debtor into cash. A primary pledge shall nevertheless be converted into cash before a deficiency pledge or deficiency guarantee. Similarly, the bank may determine whether it will seek recovery of its claim from guarantors, if any, or any of them or whether it will first convert the pledges or any of them into cash.

If there is more than one pledgee and the funds received from the conversion are insufficient to cover all claims, the pledgees shall agree together how such funds are used for the claims.

4.1 Use of a deficiency pledge for payment of the principal debt

The bank has the right to use a deficiency pledge for payment of the principal debt after the primary pledge has been sold or if it has been discovered during execution that there is an obstacle to the sale of the primary pledge. The bank may also use a deficiency pledge to pay the principal debt if the deficiency pledgor, after the principal debt has fallen due for payment, has informed the bank that they do not demand sale of the primary pledge.

If, in the event of debt rescheduling for a private individual or a company's financial restructuring, the debtor retains their asset as a primary pledge, the bank may use the deficiency pledge to pay the principal debt or part thereof to the extent that a payment is not remitted in accordance with the repayment programme. In such a case, any funds that remain after the sale of the deficiency pledge will stand as pledge for the principal debt and the bank will have the right to open an account under the name of the pledgor to deposit the funds.

4.2 Sale of a pledge

The bank may convert the pledge into cash without hearing the pledgor and calling the debt for separate repayment in respect of the pledgor, without seeking a judgement or ruling or without going through the formalities provided for in the law other than those in mandatory law, when the principal debt of part of it has fallen due for payment.

The pledge may be sold in the manner deemed appropriate by the bank. The pledge will be sold in a manner that is as appropriate as possible for the parties involved but in such a way that the bank's claims are not at risk.

Pledged funds at the bank are considered to be due for immediate payment regardless of what has been agreed on the withdrawal of the funds and termination. In such a case, the bank has the right to immediately debit the account to the amount of its claim. Then the amount of interest shall be paid on the deposit as agreed in the account agreement from the deposit date until the deposit termination date.

The bank may, without hearing the pledgor, familiarise itself with the asset subject to a lien and show it to prospective buyers and take all measures required for such showing (for example with the assistance of a caretaker, house manager or official, enabling entry into the flat with pledged shares entitling its holder to possession of the flat). Before such measures, the bank will inform the pledgor thereof.

5 Guarantor's right to a pledge lodged by the debtor

If, in addition to the pledge lodged by the debtor, collateral for the principal debt is a guarantee and the guarantor pays the principal debt or part thereof, the debtor's assets standing as collateral for the principal debt at the time of payment are, in accordance with the terms and conditions of guarantee, also a pledge for the guarantor's claim under a right of recourse.

6 Pledgor's duty to disclose information

The pledgor must notify the bank without delay of any change in its name and address.

7 Bank's right to transfer or divide a pledge

The bank has the right to transfer or divide a pledge in connection with the transfer of the principal debt and to agree with the transferee on how the pledge covers the bank's and the transferee's claim following the transfer of the claim. The pledgor's liability will not increase as a result of such a transfer or division.

8 Tax consequences regarding a pledge

The pledgor is responsible for all tax consequences related to the pledge and for payment of charges imposed by the relevant authorities.

9 Recovery to a bankruptcy estate

Despite the repayment of the principal debt, the pledge will remain in force if the principal debt is withdrawn for recovery to a bankruptcy estate on the basis of the provisions under the Act on the Recovery of Assets to Bankruptcy Estates, the Restructuring of Enterprises Act or the Act on the Adjustment of the Debts of a Private Individual, or on the basis of a court ruling or for some other similar reason. The bank shall always have the right to retain the pledge for three (3) months if debt payment may be withdrawn due to the recovery. For a justified reason, the bank may retain the pledge after payment of the principal debt for a longer time than three months.

10 Force majeure

Neither party shall be liable for any loss arising due to unreasonable impairment of the party's operations as a result of force majeure or corresponding causes.

Either party shall notify the other party as soon as possible of a force majeure circumstance encountered. If the force majeure event applies to the bank, the bank may announce the matter in a national daily newspaper or on its website.

11 Jurisdiction and applicable law

Any disputes that may arise out of or in connection with this pledge shall be submitted to the general court of first instance of the bank's domicile or to another competent court in Finland.

The laws of Finland shall apply to this contractual relationship unless otherwise stipulated in these terms and conditions or unless otherwise separately agreed.

However, the provisions of the Act on Guaranties and Third-Party Pledges (361/1999) shall not apply to this pledge.

II TERMS AND CONDITIONS APPLICABLE TO THIRD-PARTY PLEDGORS

In addition to the aforementioned terms and conditions, the following terms and conditions shall apply to third-party pledgors:

12 Effects of changes in the principal debt on pledge liability itemised pledge

If a change increasing the debtor's liability is included in the terms and conditions of the principal debt, the bank must request the pledgor who has lodged a third-party pledge to give its written consent in order for such a change to bind the pledgor.

Without the pledgor's consent, however, it is possible to agree on such a change to the terms and conditions of the principal debt with a minor effect on the pledgor's liability, and on changes in the debt repayment plan.

Without the pledgor's consent, the commitment regarding the principal debt, amortised or to the same amount as before, can be renewed one or several times for the same or another period, and the pledge agreement will remain effective in relation to the renewed principal debt commitment until the debt has been paid off.

General pledge

Under a general pledge, the terms and conditions of the principal debt may be changed without the pledgor's consent.

13 Third-party pledgor's right to limit their liability during the validity of the pledge

Itemised pledge

A third-party pledgor who has committed themselves to an itemised pledge (including a pledge lodged to secure a credit limit type debt) may not unilaterally limit their liability after they have entered into a pledge agreement.

General pledge

Under a third-party pledge, the pledgor may during the validity of the general pledge notify the bank in writing of the time after which the pledge will no longer secure any principal debts that may arise. The limitation will enter into force as soon as the pledgor's notification has arrived at the bank, unless a later time is stated in the notification.

14 Bank notifications to a pledgor

The bank is under no obligation to notify the pledgor of any delayed repayments of the principal debt, in accordance with section 4, subsection 2 of the Act on Guaranties and Third-Party Pledges (361/1999).

15 Surrender of collateral

The bank may surrender (i) the pledge owned by the debtor given in security for the principal debt without consent from the pledgor of the third-party pledge even if the bank did not receive payment from the debt or a new collateral security to replace the collateral and (ii) a guarantee given in security for the principal debt or another third-party pledge without the liability of the pledgor of the third-party pledge diminishing.

If the collateral is a deficiency pledge, surrendering a primary pledge will not increase the third-party pledgor's liability unless it has given its consent to the surrender of the pledge.

16 Third-party pledgor's right of recourse and right to a pledge lodged by the debtor

16.1 Right of recourse in respect of the debtor

A pledgor that has lodged a third-party pledge has the right to receive from the debtor the amount used for the payment of the principal debt that was obtained in converting the pledge into cash, or the amount of money by which the pledgor has repaid the principal debt in order to reduce the amount of its pledge liability.

16.2 Right to a pledge lodged by the debtor

If the proceeds of the sold pledge are used for payment of the debt or the third-party pledgor has amortised the principal debt with the bank's express consent in order to reduce its liability, the debtor's assets which stand as security for the principal debt at that particular time also stand as pledge for the third-party pledgor's claim under a right of recourse, in which case the bank has no right to surrender the pledge to the debtor without the third-party pledgor's permission. In other respect, the bank may surrender the pledge without the third-party pledgor's liability diminishing thereby. If the debtor's assets also serve as collateral for the bank's other claim, the bank has a better right than the third-party pledgor to the assets lodged by the debtor as a pledge.

16.3 Granting a new loan against the pledge lodged by the debtor

The bank has the right to grant a new loan against the pledge lodged by the debtor without a third-party pledgor's permission. The bank has a better right than the third-party pledgor to a pledge lodged by the debtor, also in respect of the new loan.

In the event that the third-party pledge is a deficiency pledge, the bank will have a better right to the pledge lodged by the debtor in the case of a new loan only if the third-party pledgor has given their permission thereto.

If the third-party pledge has been sold and the resulting proceeds have been used for payment of the principal debt or the third-party pledgor has otherwise amortised the principal debt in such a way that its liability decreases, the bank will have a better right to the pledge in the case of a new loan only if the third-party pledgor has given their permission thereto.

16.4 Bank's right to transfer any return on the pledge owned by the debtor

The bank has the right to transfer any return on the pledge of the debtor upon maturity and rights related to the pledge to the debtor without the third-party pledgor's liability diminishing thereby.

17 Early calling of the principal debt for repayment

Without the bank's permission, the pledgor has no right to call for early repayment of the principal debt on the basis of the debtor's breach of contract.

18 Early payment by a third-party pledgor

A third-party pledgor has the right to repay an undue principal debt if the debtor had the right to repay the debt early. If the debtor were to pay charges to the bank for the repayment of the principal debt, the third-party pledgor must pay the same charges in case it repays the debt.