



Effective as of 14 Dec 2017

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

I Terms and conditions applicable to all pledgors

1. Extent of pledge liability and key concepts

1.1. Pledging refers to an agreement on the basis of which a pledgor lodges his/her property (the pledge) with the creditor in security for the payment of his/her own or another person's obligation (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 1) 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 2) the criteria for valid pledging have otherwise been fulfilled

Pledge liability is limited to the pledge's value and return. Such return or yield consists of, but is not limited to, interest income, dividend paid on shares, rental income from a flat, for which the shares entitling to possession are pledged, and the rental income from a mortgaged 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 the tenant/lessee or the dividend payer of pledging, for example, of rental income from a flat or property or dividends.

1.2. Principal debt refers to the capital, interest, penalty interest of one or several loans or the bank's other receivable, charges and fees based on the bank's list of service charges and fees and other charges and payment obligations.

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 payments under the credit facility agreement and any exceeded limits and related interest.

1.3. Pledge lodged in security for the pledgors own debt refers to a pledge under which the pledgor is the debtor alone or a jointly liable debtor with another person.

1.4. Third-party pledge refers to a pledge that secures the principal debt of a person other than the pledgor.

1.5. Private pledgor refers to a natural person who has lodged a third-party pledge. A person who is a member of a body of a debtor entity or its parent entity or a foundation, or a person who exercises ownership-based influence in a debtor entity or its parent entity is regarded as a pledgor other than the private pledgor. A person who has lodged a pledge in security for his/her own debt is not regarded as a private pledgor.

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

Under an itemised pledge, the pledgor is liable to the bank for the principal, interest, penalty interest, the bank's charges and fees, the bank's collection charges and fees in respect of the debtor's specified principal debt, and for any other payment obligations arising from the principal debt.

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

Under a general pledge, the pledgor is liable to the bank for the principal, interest, penalty interest, the bank's charges and fees, the bank's collection charges and fees in respect of the debtor's all principal debts, and for any other payment obligations arising from the principal debts.

Under a third-party pledge, the pledge liability of the general pledge is always limited to the upper limit of the monetary amount specified in the pledge agreement and to those principal debts which arise under the pledge agreement during the agreed period.

1.8. Deficiency pledge refers to a pledge that secures the part of the principal debt which cannot be, by law or otherwise, recovered from the

value of the primary pledge. A deficiency pledge secures the principal debt only if the bank cannot receive payment sufficient to cover 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 his/her permission thereto.

1.9. 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 his/her pledge liability.

2. Pledgor's duty to disclose information

The pledgor must notify the bank without delay of any change in his/her name and address. The bank will notify the pledgor of notifications related to the pledge in a permanent form.

Provision of information in permanent form refers to providing information on OP eServices or to a written notification to the address given to the bank or the Population Register Centre.

The pledgor is obliged to inform the bank of any changes related to the pledged asset, such as changes in its owner.

3. Insuring the asset subject to a lien

3.1. Obligation to insure

The pledgor shall ensure that an asset subject to a lien has sufficient insurance cover, 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.

3.2. Insuring real property subject to a lien

If real property, a parcel or share of real property stands as collateral security or a mortgage has been confirmed for usufruct, insurance that covers at least fire damage must be taken out on the property subject to a lien.

4. Custody and management of the pledge

4.1. Pledgor's obligations

The pledgor is obliged to

- 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 or maintenance charges; and
- fulfil other comparable obligations, such as registration fees, if any.

4.2. 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 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 3.1 and 4.1 if the pledgor has not ensured the fulfilment of his/her obligations.

5. Costs related to custody and management of the pledge

The pledgor shall pay 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 his/her obligations under Clauses 3.1 or 4.1 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.

In case the pledge becomes useless to the bank due to the payoff of loans, the pledge owner is obliged to collect the pledge from the bank upon the bank's notice. If the customer does not collect the pledge from the bank by the date notified by the bank, the bank shall have the right to open document custody for the bank and charge for it the amount based on its list of charges and fees.

6. Use of a pledge for payment of the principal debt

If the debtor fails to pay an outstanding overdue amount 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 for pledging according to the bank's list of service charges and fees and the bank's collection charges and fees.

If the falling due for payment of the principal debt requires termination or other action to call the debt for repayment, the bank may use a third-party pledge to pay the principal debt when the debt has been called for repayment in respect of the debtor. If the debtor has been declared bankrupt or has filed for debt rescheduling or financial restructuring, or a temporary prohibition regarding the principal debt has been issued in such a procedure, the bank will not need to call the debt for repayment in respect of the debtor before the sale of the third-party pledge.

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 may also determine whether it will collect its claim from any possible guarantors or some of them or whether it will collect its claim under one or several pledges. However, the primary pledge must be used for payment of the principal debt before a deficiency pledge or deficiency guarantee.

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.

6.1. 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 pledgor, after the principal debt has fallen due for payment, has informed the bank that he/she does 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 his/her 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.

6.2. Sale of a pledge

The bank shall notify the pledgor after the principal debt or part thereof has fallen due that the pledge is to be sold unless the amount overdue is paid within one (1) month of the notification. However, notwithstanding the above the bank has the right to sell the pledge if observance of this

deadline apparently caused substantial loss due to a reduction in the value of the pledge.

The bank may sell the pledge if the overdue principal debt or part thereof remains unpaid in one month's time of the date of the aforementioned notification. If the pledge consists of the pledgor's shares giving the right to possess a flat used mainly as his/her home or of the capital value of the right-of-occupancy dwelling, under the Right-of-Occupancy Housing Act, used by the pledgor mainly as his/her home, the abovementioned deadline will be two (2) months.

If the pledge consists of entitlement based on life insurance, the bank may use the surrender value of the policy for payment of the principal debt, provided that the principal debt has first been demanded from the policyholder who has not paid the debt within two (2) months of presenting demand for payment.

Pledged funds deposited in an account with the bank may be used for payment of the principal debt as soon as the principal debt has fallen due, irrespective of what has been agreed on the withdrawal of funds and on termination.

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.

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 (e.g. 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.

Immovable property which stands as security will be converted into cash in the order as prescribed in the Execution Act.

7. Guarantors and third-party pledgor's right to a pledge lodged by debtor

The debtor's assets which stand as security for the principal debt at the time of payment also stand as pledge for the guarantor's claim under a right of recourse if the guarantor pays the principal debt or part thereof. Similarly, if the principal debt or part thereof is recovered from the deficiency pledge, the debtor's assets which stand as security for the principal debt at the time of payment also stand as pledge for the deficiency pledgor's claim under a right of recourse.

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 authorities.

9. 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 or part thereof, 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.

10. Payment of the principal debt and retention of a pledge

Despite the repayment of the principal debt, the pledge will always remain in force if the principal debt is withdrawn for recovery on the basis of the Act on the Recovery of Assets to a Bankruptcy Estate, a court decision or 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 debt payment for a longer time than three months.

11. Use of credit history

When granting and monitoring loans and accepting a pledge, the bank uses the personal credit data of the person making a commitment. Such credit history is available from the credit information register maintained by a credit reference agency (such as Suomen Asiakastieto Oy).

12. Force majeure

Either party is not liable for any loss arising from force majeure or unreasonable impairment of the party's operations resulting from a similar cause.



Either party shall notify the other party as soon as possible of a force majeure circumstance it has 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.

13. Jurisdiction and applicable law

A pledgor may bring an action against the bank concerning disputes that may arise from this pledge agreement in the district court of the jurisdiction of which the bank is domiciled or its management is mainly based or in the district court of the Finnish municipality in the jurisdiction of which he resides or has a permanent residence. If the pledgor is not a resident of Finland, any disputes will be submitted to the district court of the jurisdiction of which the bank is domiciled or its management is mainly based.

The laws of Finland shall apply to this contractual relationship.



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:

14. Effects of changes in the principal debt or its collateral on pledge liability

14.1. 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 his/her written consent in order for such a change to bind on the pledgor.

Without the consent of the third-party pledgor, it is, however, possible to agree on an extension of the payment term or other changes in the terms and conditions of the principal debt which have a minor effect on the pledgor's liability and whose grounds are detailed in the agreement concerning the principal debt.

Minor changes to which the pledgor's consent is not required include deferring repayment instalments on the principal debt in such a way that the repayment holiday during the loan term totals a maximum of two (2) years, and/or changing the repayment period of the principal debt in such a way that the loan term is extended by a maximum of two (2) years if the principal debt's original loan term is ten (10) years or more. If the original loan term of the principal debt is less than ten (10) years, the repayment holiday may total a maximum of one (1) year and/or the extension of the loan term a maximum of one (1) year without the pledgor's permission. Changing the reference rate applicable to the principal debt is also regarded as a minor change in case the rate is changed to OP Prime or a Euribor rate.

14.2. General pledge

Under a general pledge, the terms and conditions of the principal debt may be changed without the pledgor's consent. However, the pledge liability will not exceed the upper monetary limit specified in the third-party pledge agreement.

15. Bank notifications to a pledgor and the pledgor's right to obtain information

15.1. Notification of delayed payments, and sale and surrender of collateral

The bank will inform the pledgor of any delayed payment of the principal debt or the debtor's bankruptcy within one month of the beginning of such delayed payment or bankruptcy, and of the sale of collateral related to the principal debt. The pledge secures penalty interest accrued on the overdue claim due to the bankruptcy from the date of bankruptcy declaration.

The bank will inform the pledgor if it surrenders the pledge owned by the debtor altogether without the bank receiving a payment for the pledge or a new pledge.

15.2. Notification to a general pledgor of granting a new loan

The bank will promptly notify a pledgor of granting a new loan against the general pledge.

Upon request, the pledgor has the right to receive from the bank a copy of the loan document by virtue of which the new loan has been granted to the debtor.

If the pledge is jointly owned by two or more individuals and the new loan is granted against the pledge only to some of the joint owners, the bank shall subsequently inform the other general pledge holders of granting this new loan.

15.3. Notifications of the credit limit type debt capital and exceeding the limit

The bank will inform a private pledgor of any unpaid debt capital of the credit limit type principal debt at six-month intervals.

If the debtor exceeds the agreed upper limit of this credit facility, the bank will send the pledgor a notification of the overdrawn amount. The pledgor will not be notified of an exceeded credit limit that has been agreed if this is due to the entry in the account of interest, penalty interest, the bank's charges and fees as well as other payment obligations under the principal debt agreement so as to constitute the bank's receivable.

15.4. Receipt of notification

When the bank sends the pledgor a message on OP eServices or to his/her address, the pledgor is considered to have received such a message no later than the seventh day of the date of sending the message.

16. Pledgor's right to receive information

Upon request, the third-party pledgor has the right to receive information from the bank on the principal debt and matters affecting the debtor's repayment capacity.

17. Third-party pledgor's right to limit his/her liability during the validity of the pledge

During the validity of the general pledge, the pledgor may notify the bank of the time after which the pledge will no longer secure principal debts. 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.

During the validity of a pledge, a private pledgor who has lodged a pledge in security for credit limit type debt may notify the bank of the time after which the pledge will no longer secure the principal debt. 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.

Such notification shall be made in permanent form.

Under an itemised pledge, the pledgor may not limit his/her liability after he/she has entered into a pledge agreement.

18. Surrender of collateral

The bank may surrender collateral or the other third-party pledge lodged in security for the principal debt without the pledgor's liability diminishing thereby. For a justified reason, the bank may surrender the pledge, owned by the debtor and lodged in security for the principal debt, without the third-party pledgor's permission even if the bank did not receive a payment for the debt or replacement collateral security. In such a case, the pledgor's liability does not diminish.

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

19. Third-party pledgor's right to a pledge lodged by the debtor

19.1. 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 his/her 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 his/her 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 his/her permission thereto.



19.2. Pledgors right of recourse

If the proceeds of the sold pledge are used for payment of the debt or the pledgor has amortised the principal debt with the bank's express consent in order to reduce his/her liability, the debtor's assets which stand as security for the principal debt at that particular time also stand as pledge for the 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 pledgor's permission. If the debtor's assets also serve as collateral for the bank's other claim, the bank has a better right than the pledgor to the assets lodged by the debtor as a pledge.

In the case of a deficiency pledge, the bank has a better right to a primary pledge only if the principal debt has been paid only in part or if the primary pledge has also been lodged as security, prior to entering into a deficiency pledge agreement, for the bank's other claim, or if the issuer of the deficiency pledge has given his/her permission to the bank having a better right to the pledge in respect of a new loan too.

If the pledgor has amortised the principal debt, he/she must, in order to safeguard his/her right to the pledge lodged by the debtor in security for the principal debt, inform the bank thereof in writing and present a necessary statement concerning such payment.

19.3. 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.

20. Early payment by a third-party pledger

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 he/she repays the debt.

If the bank has the right to cancel the principal debt on the basis of the debtor's breach of contract (such as delayed payment), the third-party pledgor may repay the principal debt early.

Payments made by the pledgor will diminish the pledge liability only if he/she has expressly agreed with the bank on early payments or if the principal debt is paid back in full.



INFORMATION FOR PLEDGORS

The purpose of this document is to provide pledgors with general information on pledging and the rights and obligations of pledgors vis-à-vis the bank as a lender. The terms and conditions of an individual pledge can be found in the pledge agreement.

1. Definition of pledging

Pledging means that a pledgor offers his assets to a lender in security for repayment of a loan. If the debtor does not repay his/her loan as agreed, the lender may recover the amount of the debt outstanding under the pledge.

An itemised pledge applies to one or several debts specified in the pledge agreement.

The agreement on a general pledge does not specify for what debts the pledge secures. The pledge secures all present and future principal debts of the debtor. The debtor may take out new loans and the pledge will also secure them.

2. Pledgor

Either a natural person or a legal person, such as a company, association or foundation, may act as a pledgor.

A private pledgor refers to a natural person who has lodged a pledge in security for another person's debt. No exceptions to the provisions protecting private pledgors may be made by the contract terms and conditions.

However, the owner or director of a debtor company or its parent company is not regarded as a private pledgor. These include the managing director, a member of the board of directors, a general partner or a person who owns at least a third of the debtor company or its parent company.

3. What does a pledge secure?

A pledge secures the principal, interest on the principal and charges and fees. If the reference interest rate or the exchange rate of a non-euro loan changes, the pledge liability will change accordingly. The loan terms and conditions are binding on the pledgor.

4. Pledge in security for another person's debt

It is strongly recommended that people should consider carefully before they lodge a pledge in security for another person's debt.

Under a pledge lodged in security for another person's debt, the pledgor's liability is limited to the value of the pledge and its return. The pledge agreement may also include a provision stipulating the maximum pledge liability. The pledgor does not answer for the debt through his/her other assets or income.

A natural person lodging a general pledge in security for another person's debt is protected by limiting his/her pledge liability in terms of amount and time. The pledgor and the bank agree on the maximum amount which may be collected under the pledge. This amount must be fixed (e.g. 100,000 euros). Any interest and other associated costs are included in this amount unless the parties involved have agreed on a separate maximum amount. Setting a time limit for the pledge liability is usually based on a provision whereby the pledge secures only loans taken out before the agreed deadline. In such a case, exceeding the deadline does not annul the pledgor's liability but determines what debts are included in the pledge.

Unless the pledge liability is limited as stated above, the pledge secures only debts for which the pledge was lodged when they were granted or which had arisen prior to entry into the pledge agreement and which were at that time known to the pledgor.

In addition to the limit set for the amount and time in the pledge agreement, the person who has lodged a general pledge in security for another person's debts always has the right to fix the date after which his/her pledge will not secure any debt that arises. 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. It is strongly recommended that this notification be made in writing. The limitation does not diminish the pledgor's liability for debts, including interest and associated costs, that have arisen before the entry into force of the limitation.

A limitation set by a single pledgor does not diminish other pledgors' liability.

5. Pledge in security for another person's credit line type debt



With respect to a pledge in security for credit limit type debt, such as an account with credit facility, a private pledgor may limit his/her pledge liability by fixing the date after which his/her pledge will no longer secure any debt that arises. The limitation does not diminish the pledgor's liability for debt, including interest and associated costs, that have arisen before the entry into force of the limitation. 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. It is strongly recommended that this notification be made in writing.

A limitation set by a single private pledgor does not diminish other pledgors' liability.

6. Deficiency pledge in security for another person's home loan

A pledge lodged by a private pledgor in security for another person's debt will always stand as a deficiency pledge if the loan has mainly been granted for the purpose of buying or renovating a home or a holiday home and if the home or holiday home stands as collateral for the loan. In such a case, the home stands as a primary pledge. The primary pledge secures only the portion of the debt which the proceeds from the sale of the debtor's home are insufficient to cover.

A home is regarded mainly as property intended for permanent residence or leisure-time residence, which may be real property or, for example, shares entitling their holder(s) to possession of his/her flat/house. Such a home does not need to be in the debtor's own use.

In the case of real property as collateral, the contracts of pledge pledged as collateral for the home loan stand as the primary pledge. Real property may also be encumbered by contracts of pledge taking priority over these, whose holders have a better right to the sale price of the real property.

A primary pledge may also stand as collateral for other debts. If the debtor's home also first stands as collateral for other debts, the proceeds from the sale of his/her home may be primarily used to pay those debts.

If a state guarantee, as referred to in the Act on State Guarantees for Owner-occupied Housing Loans, stands as collateral for the home loan, the home always primarily stands as collateral for the state-guaranteed loan.

7. Changing the loan terms and conditions

Changing the loan terms and conditions to the detriment of the pledger requires the pledgor's permission.

However, his/her permission is not required for extension of the repayment period deemed usual or for otherwise minor changes in the loan terms and conditions. Neither is permission required if a general pledge is involved or the change has been specified in the terms and conditions governing the loan or the pledge.

On the basis of the debt relationship, the amount recovered under the pledge upon default may not exceed that collected from the debtor. If the bank releases the debtor or any of the debtors from repayment of some portion of the debt, the pledge will also be released in the same proportion. However, reducing the debt amount or releasing the debtor from his/her payment obligation as a result of debt rescheduling affirmed by the court will not diminish the pledgor's liability.

8. Disclosing information in the case of lodging a pledge in security for another person's debt

Before the bank makes a loan decision, it will analyse the debtor's repayment capacity. The bank mainly obtains information on such capacity from the debtor himself/herself and the credit information register. The debtor's repayment capacity is determined by his/her income, expenditure, debts and other commitments.

The bank will notify the pledgor of the information affecting the debtor's repayment capacity before signing a pledge agreement.

The bank will notify the pledger of any delayed payment of the debt in security for which the pledge has been lodged. If the bank has not notified of such delayed payment within a month, it may charge interest or penalty interest on the delayed amount collectible from the pledge only for the period following sending the notification.

As long as the pledge stands as collateral for the debt, the pledgor may ask the bank to provide information on the debt and on how the debtor repays his/her debt. Moreover, a private pledgor also has the right to receive, upon request, from the bank information on the debtor's other debts and commitments and on other



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matters relevant to the debtor's repayment capacity. This right applies to matters and the debtor's credit information known to the bank. The information requested must be of relevance for the assessment of risks exposed by the pledgor. The bank will charge the pledgor for disclosing such information based on its list of service charges and fees.

Under a general pledge, the bank will inform the private pledgor separately of any new loan raised by the debtor. Alternatively, it is possible to agree that the bank will inform the private pledgor of the debts under the pledge at least six months' interval.

In the case of the credit limit type debt, the bank will inform the private pledgor of the amount of debt at six months' interval.

9. Recovering the debt under a pledge

The bank may recover the debt under a pledge as soon as the debt has fallen due. The debt falling due may result from the expiry of the agreed loan term or from the fact that the loan has been called in owing to default.

The bank is under no obligation to first collect the debt from the debtor. Furthermore, the bank is under no obligation to recover the debt under other collateral securities, with the exception of a deficiency pledge.

The bank has the right collect payment under a deficiency pledge only after the debtor's home has been sold or it has been discovered during execution that there is an obstacle to the sale of the home. The issuer of a deficiency pledge may pay off the debt in order to prevent the sale of the debtor's home or penalty interest.

The bank must notify the pledge owner in advance of the sale of the pledge. If the overdue debt remains unpaid in one month's time of the notification, the bank may sell the pledge. If the pledge consists of shares in a housing cooperative giving the right to possess the pledgor's home, the deadline is two months.

The pledgor may agree with the bank that instead of the sale of the pledge the pledgor will pay the bank the market price of the pledge in payment for the debt.

10. Payment of a called-in loan according to the original terms and conditions

A private pledgor may amortise the loan in accordance with the loan terms and conditions that were effective

before termination although the loan has been called in due to delayed payment, provided that the pledgor pays the creditor the outstanding debt and lodges sufficient security for the unpaid principal.

11. Pledgor's right of recourse

If the proceeds from the sold pledge are used for payment of the debt or the pledgor amortises the debt in order to reduce his/her liability, the pledgor who has lodged a pledge in security for another person's debt has the right to recover from the debtor the amount he/she has paid to the bank, including interest and costs (right of recourse). The pledgor should retain all receipts and vouchers for this purpose.

A debt may be secured by several pledges and guarantees. If the pledge owned by the person who has lodged the pledge in security for another person's debt is sold, the pledge owner receives the right to the pledge lodged by the debtor after the bank's claims.

The pledgor has no right to pledges other those lodged by the debtor or the right to collect payment from the guarantor.

12. Effects of debt rescheduling and financial restructuring on pledges

In the case of debt rescheduling and financial restructuring, the bank's right to recover its claim from the debtor using the pledge lodged by the debtor is determined by the affirmed repayment programme.

The bank may recover the debt according to its previous terms and conditions from the pledge other than that lodged by the debtor even if the loan terms and conditions applicable to the debtor were changed in debt rescheduling or financial restructuring.

If the debtor retains his/her collateralised assets in debt rescheduling or financial restructuring, the bank may demand only the portion of the debt under the deficiency pledge for which no payment is accrued under the repayment programme. However, if the pledge lodged by the debtor has to be sold, the bank may demand payment under the deficiency pledge in accordance with the previous terms and conditions. Nevertheless, the deficiency pledge does not cover any penalty interest that would accrue during the repayment programme on the debt which the debtor has been ordered to pay.



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13. Death of a debtor or pledgor

The bank will retain its right to a pledge despite a debtor's or pledgor's death. If the debtor dies, the bank will have the right to call in the loan and sell the pledge or agree with the decedent's estate on servicing the debt.

14. Company as a debtor

If a company, entity or foundation acts as the debtor, its owners, members or representatives are not primarily personally liable for the debt. Only partners of a general partnership and general partners of a limited partnership are personally liable for their company's debt. A person working under a sole proprietorship is personally liable for all the debts of his/her business through all of his/her assets.