Pledge Agreement

1 Pledger XX Bank

2 Pledge

Non-marketable credit claims granted by the pledger which meet the eligibility and other legal requirements defined in the Bank of Finland’s collateral management rules and on which the pledger has submitted the required information to the Bank of Finland, using the form ‘notification of pledge concerning credit claims’ or the specified electronic format. The pledged credit claims, including their terms and conditions, shall be governed by Finnish law.

3 Amount of debt

1. The intraday credit given to XX Bank in TARGET2- Suomen Pankki.

2. Any possible debit balance in the PM account at the end of a business day, specified as marginal lending in accordance with the Bank of Finland monetary policy rules and/or any marginal lending granted in order to fulfil the minimum reserve requirement.

3. Any monetary amounts relating to monetary policy operations executed as collateralised loans or margin requirements in repurchase agreements.

4 Pledgee

Bank of Finland

5 Commitment

XX Bank shall pledge the above-mentioned collateral to the Bank of Finland as security for credit granted by the Bank of Finland as determined above, the valuation haircut applied to the pledged assets, the interest calculated on the credit and any collection charges.

6 Terms of the pledge

The pledger shall endorse negotiable promissory notes subject to section 11 of the Act on Promissory Notes (622/47) and submit them, inclusive of any collateral that may be attached to them, to the Bank of Finland.
The pledger shall provide the debtor with an ex ante notification of using ordinary promissory notes subject to section 26 of the Act on Promissory Notes for collateral purposes. The pledger undertakes to submit the notification in compliance with procedures agreed with the debtor and to send a copy to the Bank of Finland.

The pledger undertakes to comply with the operative procedures for use of credit claims as collateral, as defined in the Bank of Finland's collateral management rules. If the relationship between pledger and debtor changes so as to affect the eligibility of the pledged assets, the pledger shall notify the Bank of Finland immediately; in no case later than the following banking day. Such changes are, for instance, early, partial or full repayment of a credit claim, changes in the debtor's credit standards or material changes in credit claim conditions.

The pledger shall continue to receive from the debtor payments of interest and principal on the pledged credit claim, unless otherwise specifically notified by the Bank of Finland.

7 Administration of the pledge

The Bank of Finland shall preserve with due diligence any negotiable promissory notes pledged to its benefit, including attached collateral and other documentation, but is not obligated to take any administrative measures in this regard. The pledger undertakes to preserve with due diligence any ordinary promissory notes pledged to the benefit of the Bank of Finland, including attached collateral and other documentation.

8 The Bank of Finland's right to take verification measures and disclose information to the Eurosystem

In order to verify the existence of credit claims pledged to the Bank of Finland and the accuracy of their details, the Bank of Finland shall have the right to undertake verifications on the pledger’s premises, or commission a financial supervision authority or external auditor to carry out such verifications. If the pledger employs an Internal Ratings Based (IRB) approach for credit risk – in addition to assessing credit claims – to ascertain the eligibility of negotiable debt instruments that are not publicly rated, the right of verification shall also apply to information on the issuers of such debt instruments.

The Bank of Finland shall have the right to disclose information on pledged credit claims to Eurosystem central banks. If the pledger assesses its credit claims and/or some of its negotiable debt instruments for collateral purposes employing an IRB
approach for credit risk, the Bank of Finland shall have the right to disclose information on the approach and resulting assessments to Eurosystem central banks.

The Bank of Finland shall have the right to disclose information on an IRB approach for credit risk to be used for assessing credit claims, and on the accuracy of assessments generated by such an approach, to the financial supervision authority of the EU country which has given permission to employ the approach for capital adequacy calculations.

The pledger undertakes to ensure that, under any circumstances, the Bank of Finland shall have the right to disclose any information referred to in this section.

9 Realisation of a pledge

If XX Bank in any respect fails to fulfil the obligation for which the collateral has been pledged, the Bank of Finland shall have the right, without hearing the pledger, to convert the pledge into a monetary amount in such manner as to protect the interests of the parties involved.

XX Bank undertakes to provide the Bank of Finland with all documents needed for realisation of the pledge.

10 Force majeure

A party to this agreement shall not be liable for damages incurred by unreasonable difficulties in the operations of the party due to an incident of force majeure or similar cause. A party to this agreement shall be obligated to notify the other party of an incident of force majeure as soon as possible.

11 Place of jurisdiction and governing law

Any disputes arising from this pledge shall be settled at the Helsinki district court. This agreement shall be governed by Finnish law.

Date

Bank of Finland          XX Bank