

(Unofficial translation, amendments up to 643/2006 included)

Savings Bank Act

28.12.2001/1502

Chapter 1

General provisions

Section 1

This Act shall apply to savings banks. This Act shall also apply to limited-liability savings banks as provided in chapter 6 below.

A savings bank and a limited-liability savings bank are deposit banks referred to in the Act on Credit Institutions (1607/1993), the special purpose of which is to promote saving.

Section 2

A savings bank may be founded by at least ten corporations or foundations or at least twenty natural persons. A person declared bankrupt or enjoined from carrying on a business activity or a minor may not act as founder.

At least one of the founders shall be permanently resident or, if the founder is a legal person, have its registered office in the European Economic Area unless the Financial Supervision Authority grants an exemption therefrom. The exemption may be granted if it does not endanger the efficient supervision of the bank and the management of the bank in accordance with sound and prudent business principles.
(30.7.2004/703)

Section 3

The Memorandum of Association shall contain the following information:

- 1) the profession, nationality, place of residence and postal address of the founder;
- 2) the basic capital;
- 3) the period within which the basic capital shall be paid; as well as
- 4) the period and manner in which the meeting of establishment shall be held.

Section 4

A savings bank shall have bylaws which shall provide for the following:

- 1) the trade name of the bank;
- 2) the municipality in Finland in which the place of the registered office of the bank is located;
- 3) the amount of the basic capital and the basic fund, if any, or, if the basic capital or basic fund may be lowered or raised without amending the bylaws, its minimum and maximum amounts, in which case the minimum amount shall equal at least one-fourth of the maximum amount, as well as the nominal value of a basic fund share;
- 4) in case the Trustees of the bank are elected at the Meeting of the Savings Bank, the manner of convening the Meeting of the Savings Bank and the issues that may be handled at the meeting;
- 5) the number of Trustees and their term and retirement age, the procedure to be followed in the election of the Trustees and the conditions under which the depositors as well as the holders of basic fund shares may participate in the election, the powers of the Trustees, the period in which the Ordinary General Meeting of the Trustees shall be held as well as the person and manner of convening the meetings;
- 6) the duties of the Supervisory Board, the number of members and deputy members, if any, or their minimum and maximum number as well as their term and retirement age if the bank has a supervisory board;
- 7) the number of members and deputy members, if any, of the Board of Directors or their minimum and maximum number as well as their term and retirement age;
- 8) the right of a member or deputy member of the Board of Directors, the Managing Director and the deputy of the Managing Director to be involved in the management of another business undertaking;

9) the manner in which the supervision of the administration and management of the bank shall be arranged;

10) the manner in which the administration of the branches of the bank shall be arranged;

11) the persons entitled to sign the name of the bank;

12) the period by which the annual accounts shall be submitted to the auditors;

13) the number and term of the auditors and deputy auditors; as well as

14) the use of the surplus of the bank upon its dissolution.

Section 5

The application for authorization for a savings bank shall contain proof that the basic capital is subscribed to. The subscription of the basic capital shall be entered in the Memorandum of Association or in a subscription list containing a copy of the Memorandum of Association. The founders shall decide on the approval of a subscription.

Section 6

The establishment of a savings bank shall be decided on at a Meeting of Establishment.

The Meeting of Establishment:

1) shall be presented with the original Memorandum of Association by the founders; as well as

2) decide on the date of the election of the Trustees unless a provision thereon is included in the Memorandum of Association.

Section 7

The establishment of a savings bank shall be notified for registration within six months from the decision to establish a savings bank as separately provided for. The registration notification shall be accompanied by an affirmation of all the members of the Board of Directors of the savings bank that the basic capital prescribed has been paid.

Unless the savings bank is notified for registration within the period referred to in paragraph 1, its establishment shall expire. The establishment shall also expire if the registration of the bank is denied. The members of the Board of Directors shall be jointly and severally liable for the repayment of the amount of the basic capital subscribed to and the paid-up amount of the basic fund and the profit incurred therefrom after deduction of the costs incurred from the application for permission for establishment and registration.

Section 8

Prior to its registration, a savings bank may not acquire rights or undertake commitments or act as an applicant, plaintiff or respondent before a court of law or other authorities. The Board of Directors may, however, speak in matters relating to the establishment and authorization of the savings bank and otherwise undertake measures to collect the claims based on the subscription of the basic capital and basic fund.

Liability for measures taken on behalf of the savings bank prior to its registration shall lie jointly and severally with the persons who have participated in the measure or in a decision relating thereto. Liability based upon the Memorandum of Association of the savings bank or incurred after the Meeting of Establishment shall, however, be transferred to the savings bank upon its registration.

Section 9

The Meeting of the Trustees shall decide on the amendment of the bylaws of a savings bank on a proposal of the Board of Directors. If at least two-thirds of the Trustees are present at the meeting and if they unanimously concur with the proposal without amending it, the proposal shall be deemed approved. In other cases, the matter shall be transferred to be finally decided at a new Meeting of the Trustees to be held after one month at the earliest. An amendment to the bylaws which, at this meeting, is supported by at least two-thirds of the Trustees present at the meeting, shall be deemed approved by the Trustees.

A decision to amend the bylaws so that the right of basic fund shares already issued to the distribution of the profit of the savings bank is restricted shall require the consent of all the holders of the basic fund shares.

An amendment to the bylaws of the savings bank shall enter into force upon its registration.

Chapter 2

Own capital

Section 10

The restricted own capital of a savings bank shall consist of the basic capital and the reserve fund as well as of the possible revaluation fund and basic fund.

Section 11

The basic capital shall not be repaid. The basic capital may be used to cover the losses of the bank for which the unrestricted own capital shown on an adopted balance sheet, the reserve fund and the other funds or reserves for this purpose are not sufficient.

The reserve fund may be used to cover the losses of the bank for which the profit shown on the adopted balance sheet and the other funds or reserves for this purpose are not sufficient. The reserve fund may also be used to raise the basic capital and the basic fund as well as for a redemption provided for in section 71, paragraph 1.

The revaluation fund may be used only to raise the basic fund.

Section 12

The basic capital of a savings bank may be raised upon a decision of the Trustees by transferring funds thereto from the reserve fund up to a maximum proposed by the Board of Directors.

A raise of the basic capital shall be notified for registration without delay and at the latest within one year from the decision.

The basic capital shall be deemed raised when the raise is registered.

Section 13

A savings bank may, upon a decision of the Trustees, establish a basic fund if the bylaws of the bank so provide and if the own capital of the bank is at least one million euros.

A provision of the bylaws or an amendment thereto requiring the registration of the basic fund or a raise or lowering of a registered basic fund, shall be notified for registration and registered only simultaneously with the registration, raise or lowering of the basic fund.

A basic fund shall consist of basic fund shares, which shall be of the same nominal value.

The basic fund may be repaid only under section 113, paragraph 2 when the bank is dissolved or when the holder of a basic fund share has, under section 71, section 83, paragraph 2 or under section 89, paragraph 5 the right to redeem a basic fund share.

Section 14

All the basic fund shares of a savings bank shall produce equal rights in the bank. The bylaws may, however, provide that the basic fund shall contain different classes of basic fund shares or that they may be issued. The differences between the different classes of basic fund shares and the number of basic fund shares of the different classes shall be provided for at the same time.

The bylaws may provide that a basic fund share of a certain class may be converted into a basic fund share of another class in an order laid down therefor. The conversion shall, without delay, be notified for registration. A basic fund share shall be deemed converted when the registration is completed.

Section 15

The holder of a basic fund share shall be entitled to:

- 1) a bonus issue as provided for in section 32;
- 2) distribution of profit as provided for in section 41;
- 3) participate in the election of the Trustees in accordance with section 43, paragraph 3, if so provided for in the bylaws of the savings bank;
- 4) demand redemption of a basic fund share as provided for in section 71;
- 5) a share of the basic fund in accordance with the provisions of section 113 when the bank is dissolved;
- 6) together with other holders of basic fund shares, to convene the Meeting of the Trustees in accordance with section 44, paragraph 3 or to have a matter handled at the Meeting of the Trustees in accordance with section 44, paragraph 4 if the said holders together hold at least one-tenth of all the basic fund shares;
- 7) object to a decision of the Trustees in cases referred to in section 59; as well as to
- 8) object to the final settlement of the savings bank in cases provided for in section 115.

Section 16

A subscriber of a basic fund share shall be issued a basic fund certificate, which shall be made out to a named person and which may cover several basic fund shares. A basic fund certificate may only be issued to a holder of a basic fund share entered in the register of basic fund shares. A basic fund certificate may not be issued until the basic fund or its raise is registered and the basic fund share is fully paid.

A basic fund certificate shall state the trade name of the savings bank, the class of basic fund share, its serial number as well as the nominal value of the basic fund share. The basic fund certificate shall be dated and signed by the Board of Directors or a person authorized by the Board of Directors. The signature may be effected by machine or in other comparable manner.

Upon the request of the holder of a basic fund share, the Board of Directors shall, against a reasonable fee, execute a split of a basic fund certificate or combination of basic fund certificates.

Section 17

Prior to the issue of a basic fund certificate, a savings bank may issue an interim certificate made out to a named person, which may cover the right to one or several basic fund shares and which shall contain the condition that the basic fund certificate shall be issued only against the return of the interim certificate. An entry of payments made for the basic fund share shall be made on the certificate upon request.

Section 18

A basic fund certificate may be disposed of and acquired without restrictions. The right to subscribe to new basic fund shares may be separately disposed of after a decision to raise the basic fund has been made.

A savings bank or its subsidiary may not, for consideration, acquire basic fund shares in another savings bank or its own basic fund shares or those of its parent bank. An agreement against this prohibition shall be void.

The provisions of paragraph 2 and of section 24 a of the Act on Credit Institutions shall not prevent a savings bank, when receiving a limited company through merger in accordance with section 60, paragraph 3, from acquiring or taking as a pledge a basic fund share held by the limited company or from redeeming a basic fund share in accordance with section 71, paragraph 1 or from purchasing at an auction a basic fund certificate distrained for a claim on a savings bank. A basic fund share acquired by a savings bank shall, unless it has been cancelled by lowering the basic fund, be sold as soon as this can take place without incurring a loss. A basic fund share acquired in connection with a merger or in accordance with section 71 shall, however, be sold within two years from its acquisition.

Section 19

If a basic fund certificate or an interim certificate is disposed of or pledged, the provisions of sections 13, 14 and 22 of the Promissory Notes Act (622/1947) on nego-

tible promissory notes shall correspondingly be applied. In the application of the said provisions, the person who has possession of the basic fund certificate or interim certificate and who, according to an entry made on the certificate by the savings bank, is entered in the register of basic fund shares as holder shall be comparable to the person presumed to have the right indicated by a promissory note under section 13, paragraph 2 of the Promissory Notes Act.

Section 20

The Board of Directors of a savings bank shall keep a register of all the basic fund shares (*register of basic fund shares*) of the bank. The register shall contain the basic fund shares in numerical order, their dates of issue as well as the full names, occupations, citizenship and postal addresses of their holders.

An alphabetical register shall be kept of the holders of basic fund shares (*register of the holders of basic fund shares*), which shall contain the personal data referred to in paragraph 1 as well as the number of basic fund shares held by each.

If the basic fund contains shares of different classes, the register of basic fund shares and the register of the holders of basic fund shares shall indicate the class to which each basic fund share belongs.

The register of basic fund shares and the register of the holders of basic fund shares shall be kept at the head office of the savings bank available for anyone. Anyone shall, after reimbursement of the bank for its costs, have the right to obtain a copy of all or part of the register of basic fund shares and the register of the holders of basic fund shares.

Section 21

An acquisition of a basic fund certificate notified to the savings bank by the acquirer together with reliable proof of the acquisition as well as proof of the payment of the asset-transfer tax laid down as well as other matters pertaining to the information entered in the register of basic fund shares and notified to the bank, shall, without delay, be entered in the register of basic fund shares and the register of the holders of basic fund shares. The entry shall be dated.

If the last disposal of a basic fund certificate entered in the basic fund certificate or interim certificate is in the form of a blank endorsement, the name of the new holder shall be entered in the basic fund certificate or interim certificate before the acquisition is entered in the registers. An entry of the registration and its date shall be made in a basic fund certificate or interim certificate presented to the bank.

The payment of a profit share and the issue of a new basic fund certificate by the savings bank shall be valid if it has been made to the owner or holder of rights entered in the register of basic fund shares unless the bank knew or should have known that the payment or issue of the new basic fund certificate was made to the wrong person.

Section 22

A person acquiring a basic fund certificate shall not have the right to exercise the rights belonging to its holder in the savings bank until he has been entered in the register of basic fund shares or until he has notified the bank of his acquisition and presented an account thereof.

Upon request, the savings bank shall enter in its register of basic fund shares anyone who, by means of a document, proves that he has, by virtue of a pledge, contract or other grounds, the right to a share of the profit distributed by the savings bank or to new basic fund shares upon a raise of the basic fund. The entry shall be struck from the register when proof of the termination of the right is presented.

Section 23

If payment is made to the holder of a basic fund share under section 113, paragraph 2 for the distributive share due to a basic fund share, an entry thereof shall immediately be made in the basic fund certificate. An entry shall likewise be made in the basic fund certificate if the basic fund certificate is cancelled or if its nominal value has been raised or lowered without consideration.

If a basic fund certificate is issued as a replacement in connection with the cancellation of another certificate, an entry to this effect shall be made in the basic fund certificate.

Section 24

If an entry is to be made in a basic fund certificate under this Act or if the certificate is to be exchanged for one or more basic fund certificates under a decision of the Meeting of the Trustees, the savings bank may withhold the share of the profit accruing to the certificate until the basic fund certificate is presented for the said purpose.

Section 25

The basic fund may be raised by the subscription of new basic fund shares or by raising their nominal value for consideration (*new issue*) or by issuing basic fund shares or by raising their nominal value without consideration (*bonus issue*).

Section 26

The Meeting of the Trustees shall decide on the raising of the basic fund on proposal by the Board of Directors as provided for in section 9. The decision pertaining to a new issue shall state:

- 1) the amount by which the basic fund shall be raised, or the minimum and maximum amounts of the raise;
- 2) the classes of new basic fund shares to be issued if the bank has basic fund shares of different classes;
- 3) the persons entitled to subscribe to the basic fund shares;
- 4) the period of subscription and the shorter period, which shall not be less than one month from the beginning of the subscription period, within which a person entitled to subscribe to basic fund shares shall exercise his right;
- 5) the nominal value of and the amount payable for a basic fund share;
- 6) the period within which the basic fund shares shall be paid; as well as
- 7) the principle under which the basic fund shares that have not been subscribed to within the period set shall be offered for subscription as well as the principle under which the basic fund shares shall be distributed in the case of an excess of subscriptions unless the right to decide upon these matters is delegated to the Board of Directors.

If the contents of the decision to raise the basic fund deviate from that stated in the notice to convene, those entitled to subscribe to the basic fund shares under the decision shall, without delay, be notified of the decision in the manner laid down for the notification of a notice to convene a Meeting of the Trustees. The notification shall also state the procedure for exercising the right of subscription. The subscription period shall not start to run before the notification has taken place.

The proposal of the Board of Directors for a decision to raise the basic fund shall be kept available for scrutiny at the head office of the savings bank for a minimum period of one week prior to the Meeting of the Trustees as well as made available for scrutiny at the Meeting of the Trustees. The proposal shall state the amount by which the basic fund shall be raised.

The following documents shall be appended to the proposal if the meeting does not handle the annual accounts:

- 1) copies of the documents of the latest annual accounts with an entry pertaining to the decision of the Meeting of the Trustees on the profit or loss;
- 2) a report of the Board of Directors on significant events affecting the position of the bank which have occurred after the issuing of the annual accounts; as well as
- 3) a report of the auditors and the Supervisory Board, if the bank has a Supervisory Board, on the account.

The raise of the basic fund shall be notified for registration without delay and at the latest within one year from the decision. The registration notification shall be supplemented by a confirmation of all the members of the Board of Directors of the bank that the amount paid for the raise to be registered is in possession of the bank as well as a certificate of the auditors thereon.

The registration shall be made on condition that the raise complies with the decision to raise the basic fund and that the amount of the raise has been fully paid to the savings bank.

The basic fund shall be deemed raised when the raise is registered.

Section 27

The subscription of basic fund shares shall take place by entering the subscription in a list containing the decision to raise the basic fund. Copies of the bylaws of the savings bank as well as of the documents to be kept available under section 26 shall be

appended to the subscription list or kept available for the subscribers at a location stated in the list.

Section 28

The amount payable for basic fund shares shall not be less than the nominal value of the basic fund share. The payment shall be made in cash.

When the basic fund is raised by means of a new issue, the new basic fund shares may be subscribed at a price lower than the nominal value of a basic fund share provided that the difference between the total of the nominal values of the new basic fund shares and the amount payable for the basic fund shares is transferred to the basic fund from a reserve fund or other fund for this purpose. If the difference exceeds one-fourth of the nominal value of the new basic fund shares, the decision shall be valid only when it is made in the order provided for in section 9.

The funds obtained for the basic fund shares in excess of their nominal value shall be transferred to the reserve fund.

Section 29

Unless the amount payable for basic fund share is paid in time and within one month, at the latest, from a payment order issued by the Board of Directors, the Board of Directors may declare the basic fund share forfeited. The payment order, which shall indicate the consequence of default, shall be sent to the debtor if his address is known to the savings bank. In other cases, the order shall be published in a newspaper with local circulation at the location of the registered office of the bank.

The Board of Directors may grant a basic fund share declared forfeited together with the liability to pay to another person or, if the establishment or raise of the basic fund has not been registered, cancel it.

If a basic fund share is declared forfeited or if full payment is not obtained from the new subscriber either, the subscriber of the basic fund share declared forfeited shall pay the savings bank one-tenth of the full payment of the basic fund share as compensation.

Section 30

If the minimum number of basic fund shares in accordance with the decision to raise the basic fund is not subscribed within the period of subscription, the decision to raise has expired. A decision concerning the amendment of the bylaws of a savings bank made on condition that the basic fund is raised, shall likewise expire. Any amounts paid for the basic fund shares subscribed shall in that case be immediately refunded.

Section 31

If the notification of the raise of the basic fund is not made within the time limit prescribed in section 26 or if the registration is denied, the provisions of section 30 shall be complied with.

The basic fund shares shall produce a right to the distribution of profit and other rights in the savings bank from the day on which the raise is registered unless otherwise provided for in the decision to raise the basic fund. This right shall, however, arise one year from the registration at the latest.

Section 32

A bonus issue may be effected by using the reserve fund, the revaluation fund or other funds for this purpose.

A decision concerning a bonus issue shall state the amount which shall be transferred to the basic fund in accordance with paragraph 1, the number and class of the new basic fund shares as well as, if the nominal value of basic fund shares is to be raised, the new nominal value of the basic fund certificates.

Section 33

If the person who, on the basis of a bonus issue, is entitled to a new basic fund certificate, has not demanded the basic fund certificate within five years from the registration of the decision to raise the basic fund, the savings bank may request him to accept the basic fund certificate at the risk of forfeiture. If the name and address of the

person entitled to the basic fund certificate are known to the bank, the request shall be sent to him as well as published in a newspaper with local circulation at the location of the registered office of the bank. Unless the person entitled to a basic fund certificate announces himself within one year from the request, the new basic fund certificate may be sold on his behalf at a public auction or through a stock exchange. After the sale has taken place, the person entitled to the basic fund certificate shall only be entitled to the monies accrued through it after the costs incurred by the request and sale have been deducted. Monies not withdrawn within four years from the sale shall be transferred to the bank.

Section 34

The Meeting of the Trustees or the Supervisory Board authorized by it may decide on the taking of a debt security loan on condition that the creditors shall have the right to exchange all or part of their debt certificates for basic fund shares of the savings bank (*convertible loans*) or to subscribe to new basic fund shares for consideration (*option loan*). In the latter case, it may be ordered that the creditors shall be issued a special certificate signed in the way provided for in section 16, paragraph 2, which contains the conditions of the subscription as well as a provision that the certificates shall be assigned to the savings bank when subscribing to basic fund shares (*option certificate*).

Section 35

A decision to take a loan shall state the amount or maximum amount of the loan, the period of time and the conditions for the exchange of debt certificates or subscription of basic fund shares as well as the rights of the holders of debt certificates or option certificates in case the capital of the basic fund is raised or lowered prior to the exchange of the debt certificates or the subscription of basic fund shares or in case a new debt certificate loan or option loan is issued or the savings bank is dissolved or its operations cease due to a merger. The decision shall also contain the other conditions of the loan unless they are left to be decided upon by the Board of Directors.

The provisions of sections 26 and 27 shall, where applicable, be applied to a proposal and a decision of the Meeting of the Trustees concerning the taking of a loan.

Under the conditions for the exchange of debt certificates the amount payable on the debt certificates may not be lower than the total nominal value of the basic fund shares for which the debt certificates may be exchanged except when the difference is covered by a payment payable in connection with the exchange.

Section 36

Under the conditions of an option loan the subscription of new basic fund shares shall take place by entering the subscription in a list containing the decision of the Meeting of the Trustees to take the loan. Copies of the bylaws as well as of the documents of the latest annual accounts with an entry pertaining to the decision of the Meeting of the Trustees on the profit or loss shall be appended to the subscription list or kept available for the subscribers at a location stated in the list.

The provisions of sections 28-30 above shall correspondingly be applied to the paying of basic fund shares.

Section 37

After the period of subscription of the loan has expired, the savings bank shall, without delay, notify for registration the amount by which the basic fund may be raised by exchanging the debt certificates or by a new issue as well as the period within which the exchange of the debt certificates or the subscription of basic fund shares may take place.

After the period set for the exchange or the subscription of basic fund shares has expired, a notification on the number of basic fund shares issued against debt certificates or subscribed to in compliance with the conditions of the option loan shall, without delay, be submitted for registration. If the period for the exchange or the subscription of basic fund shares is longer than one year, a notification shall be filed, without undue delay, after the close of the financial period during which debt certificates have been exchanged or basic fund shares subscribed to.

With regard to the exchange of debt certificates, the registration shall be made on condition that the savings bank has received at least the total nominal value of the basic fund shares notified and, with regard to the new issue, on condition that the new basic fund shares have been paid in full. The registration notification shall be supplemented by a confirmation of all the members of the Board of Directors of the bank that the amount paid for the raise to be registered is in possession of the bank. The application shall also be supplemented by a certificate of the auditors of the bank stating that the provisions on the payments above have been complied with.

The basic fund shall be deemed raised by the total nominal value of the basic fund shares notified when the raise has been registered.

Section 38

A basic fund certificate may not be issued before the raise has been registered in accordance with section 37, paragraph 4.

New basic fund shares shall produce a right to the distribution of profit and other rights in a savings bank from the day on which the raise is registered in accordance with section 37, paragraph 4 unless otherwise provided for in the terms of the loan. Such a right shall, however, arise at the latest within one year from the exchange or the date on which the basic fund shares have been paid in full.

Section 39

The lowering of the basic capital and the basic fund shall be governed by the provisions of section 26, where applicable. The decision to lower shall be valid only when the amount of lowering is used to cover a loss shown on an adopted balance sheet for which the reserves, the unrestricted own capital and the reserve fund are not sufficient.

The lowering of the basic fund shall be effected by lowering the nominal value of the basic fund shares. The bylaws shall be accordingly amended.

Section 40

A decision to lower the basic capital, the reserve fund and the basic fund to cover adopted losses shall be notified for registration within one month or it shall lapse.

Upon lowering the basic capital, the reserve fund or the basic fund to cover adopted losses, a decision on the distribution of profit may, during three years following the registration of the lowering, be made only by permission of the registration authority unless the said own capital items have not been raised with at least the amount of the lowering. The permission of the registration authority shall be governed by the provisions of section 73, paragraph 3 and section 74, where applicable. The provisions of the said provisions on a creditor shall not, in applying this paragraph, apply to depositors.

Section 41

Unless otherwise provided for in section 40, paragraph 2 or in section 38 or 81 of the Act on Credit Institutions, an amount proposed by the Board of Directors may be distributed as profit of the savings bank on the basic fund certificates and capital loans not exceeding the sum total of the profit shown on the balance sheet adopted for the latest financial period and the other unrestricted own capital of the savings bank, deducted by the loss shown on the balance sheet, by the other non-distributable items referred to in paragraph 2, by the amount of the reserves referred to in chapter 5, section 15 of the Accounting Act (1336/1997) entered in the annual accounts of the savings bank and of the difference between the actual and planned depreciations entered in the unrestricted own capital in the annual accounts as well as by an amount which, in accordance with the law or the bylaws, shall be entered in the reserve fund or otherwise left undistributed. Only profit and other unrestricted own capital accrued after the establishment of the basic fund may be distributed as dividend on the basic fund shares.

Any profit of a savings bank which is not used to raise the reserve fund or to distribute a dividend on the basic fund shares or capital loans or which is not added to the unrestricted own capital of the savings bank, may, by the decision of the Trustees, up to an amount proposed by the Board of Directors, be used to promote saving or for other purposes of public benefit. Without an authorization of the Financial Supervision Authority, profit funds may not, however, be used for the promotion of saving or for other purposes of public benefit referred to in this paragraph before a rescue loan, granted by

the Guarantee Fund of the Savings Banks provided for in chapter 6 of the Act on Credit Institutions, has been repaid with interest.

Even if a distribution of profit were allowed under paragraphs 1 and 2, a savings bank that is the parent company of a group, may not distribute any profit exceeding the sum total of the profit shown on the consolidated balance sheet adopted for the latest financial period and the other unrestricted own capital of the group, deducted by the loss shown on the consolidated balance sheet, by the other non-distributable items referred to in paragraph 2, by the amount of the reserves referred to in chapter 5, section 15 of the Accounting Act entered by the undertakings belonging to the group in their annual accounts and of the difference between the actual and planned depreciations entered in the unrestricted own capital in the consolidated annual accounts, as well as by the amount which shall be entered in the reserve fund or otherwise left undistributed under the law or the bylaws.

Chapter 3

Administration

Section 42

The administration of a savings bank shall be managed by Trustees, who are representatives of the depositors and holders of basic fund shares, if any, as well as by a Board of Directors and a Managing Director. The bank may also have a Supervisory Board.

The Trustees shall elect the Board of Directors, which shall elect the Managing Director. If a savings bank has a Supervisory Board, it shall be elected by the Trustees; the Supervisory Board shall elect the Board of Directors as well as its Chairman and Deputy Chairman and, if the bylaws so provide, the Managing Director.

At least one of the founders shall be permanently resident or, if the founder is a legal person, have its registered office in the European Economic Area unless the Financial Supervision Authority grants an exemption therefrom. The exemption may be granted if it does not endanger the efficient supervision of the bank and the manage-

ment of the bank in accordance with sound and prudent business principles.
(30.7.2004/703)

The provisions of this Act on a member of the Board of Directors and the Managing Director shall correspondingly be applied to a deputy member and a deputy to the managing director.

Section 43

The Trustees of a savings bank shall be elected in the manner prescribed in the bylaws of the bank at the Meeting of the Savings Bank or at the Meeting of the Trustees or by absentee voting.

Depositors who fulfill the conditions of the bylaws laid down in accordance with section 4, subparagraph 5 shall always have the right to vote in the election of the Trustees. A depositor shall have one vote.

The bylaws of a savings bank may grant the holders of basic fund shares the right to participate in the election of the Trustees. If the right to vote is granted, each holder of a basic fund share shall have one vote unless the right to exercise more voting rights is provided for in the bylaws.

The number of Trustees shall be at least twelve. The term of a Trustee shall be provided not to exceed six years and it shall be so arranged that not more than half of the Trustees retire simultaneously. A Trustee may not be a member of the Supervisory Board or the Board of Directors or a Managing Director of the same bank.

The majority of the Trustees of the bank shall at the time of the election be depositors of the bank with voting rights.

A retiring Trustee shall retain his position until he has been replaced by a new Trustee elected in accordance with the law. If a Trustee should resign or die or forfeit his representative capacity before the end of his term, a new Trustee shall be elected to replace him for the rest of the term in the following election of Trustees.

Section 44

The Trustees of a savings bank shall elect a chairman and at least one deputy chairman from among them for one year at a time. The Trustees shall convene at a Meeting at least once a year.

A notice to convene at the Meeting of the Trustees shall be issued at the earliest four weeks and, unless the bylaws provide for a longer period, at the latest one week prior to the meeting. If the making of a decision in a matter handled at the Meeting of the Trustees is postponed to a continuation meeting, it shall be convened with a separate notice if the meeting is held later than within four weeks. If, in accordance with the bylaws, the prerequisite of the validity of a decision is that it shall be made at two Meetings of the Trustees, a notice to convene the latter meeting may not be issued before the previous meeting is held. The decision of the previous meeting shall be mentioned in the notice to convene.

An Extraordinary General Meeting of the Trustees shall be held when the Chairman or Deputy Chairman of the Trustees or the Supervisory Board or the Board of Directors of the bank deems it necessary or when demanded in writing from the Board of Directors for the handling of a specified issue by an auditor of the bank or by one-third of the Trustees or by depositors, eligible to vote in the election of the Trustees, corresponding to at least one-third of the number of Trustees, or by holders of basic fund shares representing at least one-tenth of all the basic fund shares. The notice to convene the meeting shall be issued within 14 days of the date of the demand presented by the depositors or holders of basic fund shares. If the notice to convene is not issued within the said period, the County Government shall, on the application of a depositor or a holder of a basic fund share authorize the applicant to convene the meeting at the expense of the bank.

The depositors referred to in paragraph 3 above or the holders of the basic fund shares shall be entitled to have a matter handled at the Meeting of the Trustees if so demanded in writing from the Board of Directors so well in advance that the matter may be stated in the notice to convene.

Section 45

The Meeting of the Trustees shall have a quorum when a minimum of one-third of the Trustees and at least six Trustees are present at the meeting.

Unless a qualified majority is required under this Act or the bylaws, the decision of the Meeting of the Trustees shall be the opinion which is supported by more than half of those present or, in the case of a tie, the opinion supported by the chairman. In an election, the person who gets the majority of the votes, shall be deemed elected. The Meeting of the Trustees may, however, prior to an election decide that the person who gets more than half of the votes cast shall be elected. In the case of a tie, the election shall be decided by drawing lots.

A Trustee of a savings bank may only personally exercise his voting right and other right of action at the Meeting of the Trustees.

Section 46

It shall be the duty of the Trustees of a savings bank to supervise that the bank is managed with skill and care and in compliance with the law and the bylaws.

Unless the matter belongs to the Supervisory Board under section 48, the Trustees of a savings bank shall:

- 1) elect and dismiss the members of the Supervisory Board and the Board of Directors;
- 2) annually elect the auditors;
- 3) decide on the remunerations to be paid to the Trustees, the members of the Supervisory Board and the Board of Directors as well as to the auditors;
- 4) confirm the general instructions concerning the operations of the bank in issues of great importance and relating to the policy of the bank;
- 5) confirm the instructions for registering the decisions of the Supervisory Board, and the Board of Directors;
- 6) decide on the establishment of a basic fund on the proposal of the Board of Directors;
- 7) decide on the distribution of profit to the basic fund shares on the proposal of the Board of Directors;
- 8) decide on the implementation of a basic fund issue on the proposal of the Board of Directors;
- 9) handle the annual report of the bank, adopt the profit and loss account and balance sheet of the bank as well as the consolidated annual accounts, if any, as well as

decide on measures called for by the profit or loss shown on the adopted balance sheet or the consolidated balance sheet of a parent bank;

10) decide on the discharge from liability of the members of the Supervisory Board and the Board of Directors, the delegates and the Managing Director; as well as

11) handle other matters presented by the Board of Directors.

Section 47

The bylaws of a savings bank may provide that a Supervisory Board be appointed. A Supervisory Board shall comprise at least five members. The Supervisory Board shall elect a chairman and at least one deputy chairman from among its members for one year at a time.

A dated and signed consent for the task shall be obtained from a member and deputy member of the Supervisory Board prior to the election.

Section 48

The Supervisory Board shall supervise the management of the savings bank by the Board of Directors and the Managing Director and issue to the Meeting of the Trustees its report on the annual accounts and the audit report. The Board of Directors and the Managing Director shall give the Supervisory Board and its member the information they consider necessary for their task. A member of the Supervisory Board shall request the said information at a meeting of the Supervisory Board. The bylaws may stipulate that the Supervisory Board shall decide on matters which concern a significant reduction or extension of the operations of the savings bank or an essential change in the organization of the bank. The Supervisory Board may issue instructions to the Board of Directors in matters which are extensive or important in principle.

The Supervisory Board shall elect the Board of Directors and determine the fee payable to the members of the Board of Directors unless otherwise stipulated in the bylaws. The bylaws may also stipulate that the Supervisory Board shall engage the Managing Director and the other highest executives as well as decide on their salaries and benefits. The right of the Supervisory Board to demand that a Meeting of the Trustees be convened as well as to convene a Meeting of the Trustees shall be governed by

the provisions of section 44. The Supervisory Board may not be given duties other than those referred to in this Act.

A Trustee, member of the Board of Directors and the Managing Director may not act as members of the Supervisory Board. The provisions of section 49, paragraphs 2 – 4, section 52, paragraphs 2 and 3 and section 53 on the Board of Directors, its members and deputy members shall otherwise apply to the Supervisory Board, its members and deputy members, where applicable.

Section 49

The Board of Directors of a savings bank shall comprise at least three members. The term of a member of the Board of Directors shall be stipulated in the bylaws. The term may be either fixed or until further notice. The term shall end at the close of the meeting deciding on the election of a new member unless otherwise provided for in the bylaws or unless otherwise decided upon in the election of a new member. A dated and signed consent for the task shall be obtained from a member and deputy member of the Board of Directors prior to the election.

The Board of Directors of a savings bank shall elect a chairman and a deputy chairman from among its members for one year at a time unless otherwise provided for in the bylaws or unless otherwise decided upon in the election of the Board of Directors. In case of a tie of votes in the Board of Directors, the election of the chairman shall be decided by drawing lots. The Managing Director of a savings bank may be the chairman of the Board of Directors only if the bank has a Supervisory Board.

It shall be the duty of the chairman to ensure that the Board of Directors is convened when necessary. The chairman shall convene the Board of Directors if so requested by a member of the Board of Directors or by the Managing Director. Even if the Managing Director is not a member of the Board of Directors, he shall have the right to be present and to be heard at the meetings of the Board of Directors unless otherwise decided by the Board of Directors in a specific case.

Minutes shall be kept of a meeting of the Board of Directors and signed by the chairman of the meeting and by at least one member elected therefor by the Board of Directors. A member of the Board of Directors and the Managing Director shall have

the right to have their dissenting opinions recorded in the minutes. The minutes shall be numbered consecutively and stored in a reliable manner.

Section 50

A member of the Board of Directors may resign from his task before the end of his term. The Board of Directors and, if the resigning member was not elected at a Meeting of the Trustees, also the Supervisory Board shall be notified of the premature resignation. The notice to resign shall be dated and signed. A member of the Board of Directors may be dismissed by the party that has elected him.

If the position of a member of the Board of Directors becomes vacant during the term or if a member of the Board of Directors loses his competence to the said position referred to in section 42 and if there is no deputy member, it shall be the duty of the remaining members of the Board of Directors to see to it that a new member is elected for the remainder of the term. If the election is to be performed by the Meeting of the Trustees and the Board of Directors with its remaining members and deputy members has a quorum, the election may be postponed to the following The Meeting of the Trustees at which the members of the Board of Directors would also otherwise be elected.

Section 51

Upon undertaking their duties, a member of the Board of Directors and the Managing Director shall, for entry in a special list, notify the Board of Directors of the number of all the shares and participations that they hold in companies belonging to the same group as the bank. Changes in the holding of shares and participations shall likewise be notified within one month. The above provisions also apply to shares and participations held by a minor under the guardianship of the person liable to make the notification and changes therein. The list shall be kept at the registered office of the savings bank available to anyone. Anyone shall, after having compensated the bank for the costs, have the right to obtain a copy of all or part of the list.

Section 52

The duty of the Board of Directors of a savings bank shall be the management of the operations of the bank in compliance with the law and the bylaws of the bank.

The Board of Directors shall have a quorum when more than half of its members are present unless a larger number is required in the bylaws.

Unless a qualified majority is required in accordance with the bylaws, the decision of the Board of Directors shall be the opinion supported by more than half of those present or, in the case of a tie, the opinion supported by the chairman.

Section 53

A Trustee, member of the Board of Directors or the Managing Director of a savings bank shall not participate in the handling of an issue concerning an agreement between himself and the savings bank. Nor may he participate in the handling of an issue concerning an agreement between the savings bank and a third person if it is likely to give him an essential benefit which may be in conflict with the interests of the savings bank. The provisions of this section on an agreement shall correspondingly be applied to a trial or other right of action.

Section 54

The Board of Directors shall represent the savings bank and sign its trade name.

The bylaws may stipulate that a member of the Board of Directors or the Managing Director shall have the right to sign the trade name or that the Board of Directors may grant this right to its member, the Managing Director or to another person. The provisions of section 42, paragraph 3 and section 53 on the Managing Director shall apply to a person who has the right to sign the trade name and who is not a member of the Board of Directors or the Managing Director.

The right to sign the trade name may be restricted by stipulating that two or more persons shall only together have the right to sign the trade name. No other restriction may be entered in the Trade Register.

The Board of Directors may at any time withdraw an authorization issued by it to sign the trade name.

Section 55

A Meeting of the Trustees may not make a decision which is likely to result in an unjust benefit to the holder of a basic fund share or another person at the cost of the bank, a depositor or another holder of basic fund shares.

The Board of Directors, the Managing Director or another representative of the savings bank as referred to in section 54 may not undertake a measure which is likely to result in an unjust benefit to the holder of a basic fund share or another person at the cost of the bank, a depositor or another holder of basic fund shares.

A representative of the savings bank may not comply with a decision made by the Meeting of the Trustees or another body of the bank which is void due to non-compliance with this Act or the bylaws.

Section 56

The duties of the Managing Director of a savings bank shall include the management of the day-to-day administration of the bank in accordance with the instructions and orders given by the Board of Directors. The Managing Director may undertake measures which, in view of the scope of operations of the bank and their nature, are unusual and extensive, only if the Board of Directors has authorized him thereto or if it is not possible to wait for a decision of the Board of Directors without causing essential detriment to the operations of the bank. In the latter case, the Board of Directors shall be notified of the measure as soon as possible.

The Managing Director shall be entitled to represent the bank in a matter which, under paragraph 1, belongs to his duties.

The provisions of this Act on the Managing Director shall correspondingly apply to his deputy.

Section 57

A summons shall be deemed served upon a savings bank when it has been served upon a member of the Board of Directors, the Managing Director or another person who alone or together with another person has the right to sign the trade name.

Section 58

An act undertaken on behalf of the savings bank by a representative of the savings bank as referred to in section 54 shall not bind the bank if:

- 1) the representative has acted against a restriction of competence laid down in this Act;
- 2) the representative has acted against a restriction based on section 54, paragraph 3; or if
- 3) the representative has exceeded his authority and the party at whom the act was directed knew or should have known that the authority was being exceeded.

In a case referred to in paragraph 1, subparagraph 3, the fact that the restrictions on authority have been registered and published cannot, by itself, be deemed sufficient proof of the fact that the person at whom the act was directed knew or should have known that the authority was being exceeded.

Section 59

If a decision of the Trustees of a savings bank has not been made in due order or if it is otherwise against this Act or the bylaws of the bank, the holder of a basic fund share, the Board of Directors, a member thereof or the Managing Director may bring an action against the bank to have the decision declared invalid or amended.

The action shall be brought within three months from the making of the decision. If the holder of a basic fund share referred to in paragraph 1 has had an acceptable reason for a delay and if it were clearly unreasonable for him that the decision remain valid, action may be brought within one year from the making of the decision at the latest. Unless the action is brought in the period of time prescribed, the decision shall be deemed valid.

The provisions of paragraph 2 shall not apply:

1) if the decision is such that under the law the Trustees may not make it even unanimously;

2) if, under the law or the bylaws of the savings bank, the consent of all the holders of basic fund shares is required for the decision and such consent has not been given; or

3) if a notice to convene has not been delivered or if the provisions in force on the notice to convene have been essentially violated.

A decision of a court by which the decision of the Meeting of the Trustees is declared invalid or amended, shall be valid also in respect of those holders of basic fund shares who have not joined in the action.

A court may amend the decision of the Meeting of the Trustees only if it is possible to establish what the contents of the decision should have been.

Chapter 4

Merger

Section 60

The provisions of this chapter shall be applied to a merger where a savings bank (*the savings bank being acquired*) merges in another savings bank (*the acquiring savings bank*) so that the assets and liabilities of the savings bank being acquired are transferred to the acquiring savings bank without a liquidation procedure.

The merger may take place so that:

1) the acquiring savings bank and one or more savings banks being acquired are merged (*absorption merger*); or so that

2) at least two savings banks being acquired merge by forming together an acquiring savings bank (*combination merger*).

Without prejudice to the provisions of paragraph 1, one or more limited companies may merge in a savings bank if the acquiring savings bank owns all the shares of the limited bank being acquired (*a subsidiary merger*). The provisions of this chapter on a savings bank being acquired shall apply, where applicable, also to a limited company referred to in this paragraph unless otherwise provided for below.

Section 61

In the case of a combination merger, the authorization referred to in section 10 of the Act on Credit Institutions shall be applied for the savings bank to be established. The application relating to the authorization shall, in addition to that provided for in the Act on Credit Institutions, be appended with the permission to implement the merger granted by the registration authority referred to in section 73. In a combination merger, the draft terms of merger shall replace the Memorandum of Association of the savings bank to be established.

If the aggregate amount of the basic capitals and reserve funds of the savings banks participating in the merger falls below that provided for in section 13 of the Act on Credit Institutions, the initial capital of the savings bank to be established shall be at least the sum total of the basic capitals and reserve funds of the savings banks participating in the merger.

Section 62

The holder of a basic fund share of the savings bank being acquired may be offered basic fund shares of the acquiring savings bank as consideration. The consideration may also be cash, other assets and commitments.

An option right, convertible loan or other right issued by the savings bank being acquired and corresponding to the right of a holder of a basic fund share shall be redeemed at the market price unless otherwise agreed or provided for in the bylaws.

Section 63

A merger may be carried out even if the savings bank being acquired has been placed in liquidation if it has not yet begun to distribute the assets to the purpose provided for in the bylaws.

Section 64

The Boards of Directors of the savings banks participating in the merger shall prepare draft terms of merger in writing, which shall be dated and signed.

The draft terms of merger shall specify:

1) the trade names, company identification numbers, addresses and places of the registered offices of the savings banks participating in the merger;

2) in the case of an absorption merger, a proposal for the amendment of the bylaws of the acquiring savings bank, and in the case of a combination merger, a proposal for the bylaws of the savings bank to be established as well as for the manner in which the members of the Board of Directors and the Supervisory Board and the auditors of the savings bank to be established shall be elected;

3) a proposal on the consideration for the holders of the basic fund shares of the savings bank being acquired and the holders of a right referred to in section 62, paragraph 2;

4) an account of the capital loans as well as of commitments referred to in section 74, paragraph 1, subparagraphs 2 and 3 of the Act on Credit Institutions whose creditors may object to the granting of the permission referred to in section 73;

5) the number of basic fund shares in the acquiring savings bank and its parent company held by the savings bank being acquired and its subsidiary undertaking, their aggregate nominal value and their acquisition cost as entered in the balance sheet itemized by classes of shares;

6) in the case of an absorption merger, the proposal for the new issue, granting of option rights, taking of a convertible loan and conveyance of the own basic fund shares necessary for the payment of the consideration as well as, in the case of a combination merger, the proposal on the basic capital and possible basic fund capital of the acquiring savings bank;

7) a proposal on the time and other terms for the distribution of the consideration;

8) an account of the special benefits and rights to be granted to a member of the Supervisory Board and Board of Directors of a savings bank participating in the merger, its Managing Director, auditor and an auditor authorized by the Central Chamber of Commerce acting as an independent expert;

9) an account of the reason for the merger as well as of the grounds on the basis of which the possible consideration is to be determined and of essential evaluation problems relating thereto;

10) an account of the position of the depositors of the savings bank being acquired in the acquiring savings bank after the merger; as well as

11) a proposal on the planned date for the registration of the implementation of the merger.

Unless otherwise provided for in this chapter, the proposals referred to in paragraph 2, subparagraph 6 shall, where appropriate, be governed by the provisions of chapter 2 of this Act on a new issue, the granting of option rights and the taking of a convertible loan.

The account referred to in paragraph 2, subparagraph 9 need not be included in the draft terms of merger if all the holders of the basic fund shares and the Trustees of the savings banks participating in the merger consent to the fact that the account shall not be prepared.

The provisions of paragraph 2, subparagraphs 3, 6 and 7 and the provisions of subparagraph 9 on the determination of the consideration and the account of the evaluation problems shall not be applied to a subsidiary merger.

Section 65

The savings banks participating in the merger shall notify the draft terms of merger for registration within one month from the signing of the draft terms. In the case of a subsidiary merger, the notification shall be made by the parent company. The merger shall lapse if the notification is not made within the period provided for or if the registration is denied.

Section 66

One or more auditors authorised by the Central Chamber of Commerce acting as independent experts shall issue an opinion on the draft terms of merger to each savings bank participating in the merger. The opinion shall contain an assessment as to whether the draft terms of merger give correct and sufficient information on facts

which are likely to have an essential influence on the evaluation of the reason for the merger, the value of the assets to be transferred to the acquiring savings bank as well as the value and distribution of the consideration. The opinion to be given to the acquiring savings bank shall separately state whether the merger is likely to endanger the repayment of the debts of the savings bank. (21.7.2006/643)

If all the holders of the basic fund shares and the Trustees of the savings banks participating in the merger consent thereto, it will be sufficient that an opinion is issued on the assets being transferred to the acquiring savings bank in consideration for the new issue and on whether the merger is likely to endanger the repayment of the debts of the acquiring savings bank.

With regard to a subsidiary merger, an opinion on whether the merger is likely to endanger the repayment of the debts of the acquiring savings bank will be sufficient.

Section 67

With regard to each savings bank participating in the merger, the draft terms of merger shall be accompanied by:

1) copies of the documents relating to the last three annual accounts or, if the Meeting of the Trustees deciding on the merger handles the adoption of annual accounts, copies of the annual account documents of the current annual accounts and the annual accounts of the two preceding financial periods;

2) if more than six months have passed from the end of the financial period to which the last annual accounts relate until the Meeting of the Trustees deciding on the merger and if the adoption of the annual accounts is not handled at the meeting, a copy of interim annual accounts which may not be older than three months and which have been prepared and audited in compliance with the provisions and orders on annual accounts, where appropriate;

3) a copy of an interim report prepared after the last annual accounts if the report period is not included in the interim annual accounts;

4) an account of the Board of Directors of events that have taken place after the last annual accounts, interim annual accounts or interim report and which have a material effect on the position of the savings bank;

- 5) an opinion of the auditors and the possible Supervisory Board on the interim annual accounts, interim report and the account of the Board of Directors; as well as
- 6) the opinion of the draft terms of merger referred to in section 66.

Section 68

The merger shall be decided upon by the Meeting of the Trustees. If the savings bank owns all the shares of the limited company, the Board of Directors of the savings bank and the Board of Directors of the limited company may agree on the merger of the limited company in the savings bank. (31.1.2003/76)

Section 69

The notice to convene the Meeting of the Trustees deciding upon the merger may be delivered after the draft terms of merger have been published. The notice to convene shall be delivered to the trustees no earlier than two months and, unless a longer period is provided for in the bylaws, no later than one month prior to the Meeting of the Trustees. The notice to convene shall contain the main contents of the draft terms of merger.

The draft terms of merger together with their appendices shall be held available for the trustees and the holders of basic fund shares at the head office of each savings bank participating in the merger at least one month prior to the Meeting of the Trustees deciding upon the merger and they shall, without delay, be sent to a trustee or holder of a basic fund share requesting them, as well as be held available at the Meeting of the Trustees.

Section 70

Unless otherwise provided in section 68, the decision on the merger shall be made in a savings bank in accordance with the provisions of section 9, paragraph 1 of this Act. The provisions of this paragraph shall be applied unless otherwise provided in the bylaws. It shall not, however, be possible to include in the bylaws a

provision whereby the majority requirement provided for in this paragraph is mitigated.

If the draft terms of merger are not accepted unaltered in all the savings banks participating in the merger, the merger shall lapse. However, the Meeting of the Trustees of the savings bank being acquired may alter the provision of the draft terms of merger on the distribution of the consideration among the holders of the basic fund shares of the savings bank. The alteration shall, without delay, be notified to the Boards of Directors as well as the trustees of the other savings banks participating in the merger in the same manner as a notice to convene a Meeting of the Trustees.

The decision of the Meeting of the Trustees to reject the draft terms of merger shall, without delay, be notified for registration. The savings bank being acquired shall notify the alteration of the draft terms of merger for registration at the latest when the implementation permission referred to in section 73 is applied for.

The Meeting of the Trustees deciding on a combination merger shall also elect the members of the Board of Directors and the Supervisory Board as well as the auditors of the acquiring savings bank unless otherwise provided for in the draft terms of merger.

Section 71

A holder of a basic fund share of the savings bank being acquired who, prior to the Meeting of the Trustees that decided on the merger has, in writing, notified the bank of his objection to a merger decision shall have the right, within one month from the decision on the merger, in writing, to demand from the Board of Directors that the savings bank redeem his basic fund shares at the market price.

If no agreement can be reached on the right of redemption or the redemption terms, the matter shall be referred to be decided by arbitrators in compliance with the provisions of chapter 18, sections 3 - 5 and 8 - 10 of the Limited-Liability Companies Act (624/2006), where applicable. In determining the redemption price, factors arisen after the Meeting of the Trustees that has decided on the merger shall not be taken into account. A current interest shall be ordered payable on the redemption price for the period between the service of the demand to initiate the arbitration proceedings

and the confirmation of the redemption price. The holder of a basic fund share shall submit the demand to initiate the arbitration proceedings to the Central Chamber of Commerce and the savings bank within three months from the Meeting of the Trustees. After the service of the demand, the holder of a basic fund share shall only be entitled to the redemption price. If it is later established in the redemption proceeding that the holder of a basic fund share is not entitled to redemption, he shall, however, be entitled to a consideration. (21.7.2006/643)

The provisions of this section shall also be applied if a holder of a participation or a right referred to in section 62, paragraph 2 has the right to demand redemption. The redemption claim shall, however, be submitted to the savings bank within one month before the due date referred to in section 74, paragraph 2. The notification demanding the initiating of arbitration proceedings shall be served by the said due date.

Section 72

The savings banks participating in the merger or, in case of a subsidiary merger, the savings bank that is the parent company, shall notify the Financial Supervision Authority of the merger. The notification, which shall be accompanied by the draft terms of merger and the documents stated in section 73, paragraph 2, shall be submitted to the Financial Supervision Authority before the savings bank applies for permission to implement the merger. The Financial Supervision Authority may, upon receipt of the notification, request also other information it deems necessary.

The Financial Supervision Authority may, with regard to a merger referred to in section 60, paragraph 2, subparagraph 1, object to the merger by notifying the registration authority thereof before the due date referred to in section 74, paragraph 2 if the merger is likely to endanger the maintenance of the prerequisites set for the authorization of the acquiring savings bank. The savings bank shall be notified of the objection without delay.

An appeal relating to a decision of the Financial Supervision Authority referred to in this section shall be handled as urgent.

Section 73

The implementation of the merger shall require the permission of the registration authority. The savings banks shall apply for the permission within four months from the adoption of the draft terms of merger. In the case of a subsidiary merger, the permission shall be applied for by the parent company. If the application for the permission is not made within the period provided for or if the permission is not granted, the merger shall lapse.

The application for permission shall be accompanied by the appendices of the draft terms of merger as well as the merger decisions. For the savings bank being acquired, the minutes of the meeting relating to the merger decision or an extract thereof shall indicate, by classes of shares, the number of basic fund shares with regard to which the demand referred to in section 71, paragraph 1 has been made.

The registration authority shall grant the permission if the creditors of the savings bank as referred to in section 74 do not object to the application in the manner referred to in section 74 or if they have withdrawn their objection or, under a final decision of a court, obtained payment or a safeguarding collateral for their claims. A permission to implement the merger may not be granted if the Financial Supervision Authority has objected to the merger in a case referred to in section 72.

If a creditor has objected to the merger, the registration authority shall request a statement from the Financial Supervision Authority on the effects of the implementation of the merger on the position of the creditor and on whether it is necessary to implement the merger without delay in order to safeguard the stable operations of credit institutions. Notwithstanding the provisions of subsection 3 on the grounds for granting a permission to implement, the registration authority shall grant a permission to implement despite the objection by the creditor if the Financial Supervision Authority, in its statement, deems that the implementation of the merger will not weaken the financial position of the creditor and that the implementation of the merger without delay is necessary in order to safeguard the stable operations of credit institutions.

(30.7.2004/703)

The registration authority shall issue a summons to the creditors of the savings bank being acquired. A summons shall also be issued to the creditors of the acquiring savings bank if the merger, in accordance with the opinion referred to in section 66, is likely to endanger the repayment of the debts of the savings bank.

In a case referred to in paragraph 1, the summons shall state the right of a creditor to object to the merger by notifying the registration authority thereof in writing one month prior to the due date stated in the summons. The registration authority shall register the summons and inform the savings bank thereof no later than four months prior to the due date as well as publish the summons in the Official Gazette twice: for the first time no later than three months, and for the second time, no later than two months prior to the due date.

The savings bank shall, no later than three months prior to the due date, send a written notification of the summons to all its known creditors. A certificate of a member of the Board of Directors or the Managing Director of the savings bank of the sending of the notifications shall be submitted to the registration authority at least one month prior to the due date.

If a creditor objects to the application, the registration authority shall inform the savings bank and the Financial Supervision Authority thereof without delay after the end of the period reserved for objections.

If the holder of a right referred to in section 62, paragraph 3 has the right to claim redemption, this shall also be indicated in the summons as well as the manner in which the right to redemption shall be reserved. The savings bank shall also send the holder of the right a notification of the summons in accordance with the provisions of paragraph 3.

The registration authority shall postpone the handling of the application if jointly so requested by the creditor and the savings bank or by the savings bank alone by the due date or if the savings bank proves that it has initiated court proceedings to confirm that the creditor has obtained payment or a safeguarding collateral for its claim.

The court shall handle a matter referred to in paragraph 6 without delay.

The provisions of sections 73 and 74 on a creditor shall not apply to a depositor. The savings bank being acquired shall, however, notify the depositor of the merger at the latest three months prior to the due date set by the registration authority to other creditors under section 74. The notification shall state the trade name and address of the acquiring savings bank. The notification shall further indicate that in case the total funds of the depositor in deposit in savings banks participating in the merger exceed the maximum amount of the deposit guarantee provided for in section 65 j of the Act on Credit Institutions, the provisions of section 65 q of the said Act shall be applied to the deposit guarantee. The depositor shall be entitled, within six months from receipt of the notification and notwithstanding the original contract terms, to give notice to terminate a deposit which, under section 65 j of the Act on Credit Institutions, is excluded from the deposit guarantee in full or in part.

The provisions of paragraph 1 on a depositor shall correspondingly apply to depositors of the acquiring savings bank provided that they shall be heard under section 74, paragraph 1.

Section 76

The savings bank shall notify the registration authority of the implementation of the merger within four months from the granting of the permission relating thereto or the merger shall lapse. In the case of a subsidiary merger, the notification shall be made by the parent company.

The notification of the implementation of the merger shall replace the registration notifications referred to in chapter 2 of this Act and, in the case of a combination merger, the registration notification referred to in section 7 of this Act. The registration of a new issue, the granting of option rights and the taking of a convertible loan necessary to pay the consideration shall, where appropriate, be governed by the provisions of chapter 2.

With regard to each savings bank participating in the merger, the notification shall be accompanied by a confirmation of the members of the Board of Directors and the Managing Director as well as a certificate of the auditors of the fact that, through the registration of the merger, the acquiring savings bank shall receive full

payment of the amount to be entered in the own capital of the savings bank as consideration for the basic fund shares, option rights and convertible loans to be issued.

If a business facilities mortgage referred to in the Act on Business Facilities Mortgages (634/1984) exists on the assets of more than one of the savings banks participating in the merger, the merger may not be registered unless, upon an application and at the same time, an agreement between the savings bank and the holders of the mortgages on the arrangement of the priorities of the mortgages is also registered.

A combination merger may not be registered unless the authorisation granted to the acquiring savings bank is registered at the same time. (27.6.2003/590)

Upon the registration, attention shall be paid to the planned time of registering the implementation of the merger if no obstacle thereto exists and if the time is not later than four months from the notification.

Section 77

The assets and liabilities of the savings bank being acquired, with the exception of a demand based on section 97 c of the Act on Credit Institutions and section 44 of the Audit Act (936/1994), are transferred to the acquiring savings bank without a liquidation procedure when the implementation of the merger is registered. The savings bank being acquired will simultaneously be dissolved.

Upon the dissolution of the savings bank being acquired, the holders of its basic fund shares shall obtain the right to the consideration and they shall become holders of shares of the acquiring savings bank if so agreed upon in the draft terms of merger. At the same time, the right to the redemption price in accordance with section 71 shall arise. However, the shares in the savings bank being acquired held by the acquiring savings bank or the savings bank being acquired shall not create a right to consideration.

The Board of Directors and the Managing Director of the savings bank being acquired shall present a final account at the Meeting of the Trustees of the savings bank being acquired. The final account shall include the annual accounts and the consolidated annual accounts for the period for which the annual accounts have not yet been presented at a meeting of the highest decision-making body as well as an

account of the distribution of the consideration. The auditing of the final account shall, where applicable, be governed by the provisions of the Act on Credit Institutions on the auditing of the annual accounts. The Meeting of the Trustees shall be governed by the provision of this Act on a Meeting of the Trustees. Contesting the distribution of the consideration and the final account, the withdrawal of the distributive share as well as the continuation of the liquidation after the dissolution of the savings bank being acquired shall be governed by the provisions of chapter 8 of this Act. The final account shall be notified for registration as provided for in section 40 of the Act on Credit Institutions.

Section 78

An action relating to the merger decision shall be brought within six months from the decision of the Meeting of the Trustees. The court shall, without delay, notify the registration authority of an action brought and of the final decision issued in the matter.

Even if the merger has been registered, it shall be cancelled if the merger decision is void according to a final decision of a court. The savings bank being acquired and the acquiring savings bank shall be jointly and severally liable for a commitment of the acquiring savings bank that has arisen after the registration of the merger but prior to the publishing of the final decision of the court by the registration authority.

Section 79

The holder of a basic fund share subject to redemption shall assign the basic fund certificate to the savings bank against the redemption price within one month from the date on which the redemption price was agreed upon or the decision concerning the redemption price became final. Failing this, the bank shall, in accordance with the Act on Depositing Money, Book-Entries, Securities or Documents as Payment of a Debt or Other Discharge from Liability (281/1931), without delay, deposit the redemption price with the County Government of the place of registered office of the bank being acquired

without retaining the right to reclaim the sum deposited. Provided that the right to redemption is not in dispute or when the decision thereon has become final without a simultaneous agreement or order on the redemption price, the acquiring bank shall be entitled to receive the basic fund certificate or share certificate against a collateral, approved by the arbitrators, on the payment of the redemption price. In this case, the holder of the basic fund share shall be entitled to receive current interest on the redemption price from the date on which the collateral was placed until the final confirmation of the redemption price.

The bank shall be deemed the holder of the basic fund share when the deposit or the placing of the collateral referred to above has taken place. The holder of the basic fund certificate shall only have the right to the redemption price with interest when assigning the basic fund certificate or share certificate to the bank with the appropriate endorsement.

If the basic fund certificate has not been assigned within one year from the date when the bank became the holder of the basic fund share in accordance with paragraph 2, the bank may be issued a new basic fund certificate for the basic fund share. An entry shall be made on the basic fund certificate indicating that it has been issued to replace an earlier basic fund certificate. If the basic fund certificate issued earlier is thereafter assigned to the bank, it shall be cancelled.

Chapter 5

Division

Section 80

A savings bank may be divided as provided for in this chapter. Upon division of a savings bank (*the savings bank being divided*), the assets and liabilities of the savings bank being divided are transferred to one or more savings banks (*the recipient savings bank*) without a liquidation procedure and the savings bank being divided is dissolved.

The provisions of section 63 on a savings bank being acquired shall, where applicable, apply to the savings bank being divided.

Section 81

A savings bank may be divided so that:

1) all the assets and liabilities of the savings bank being divided are transferred to two or more savings banks to be established and the holders of the basic fund shares of the savings bank being divided receive basic fund shares in the recipient savings bank as consideration and the savings bank being divided is dissolved, or so that

2) all the assets and liabilities of the savings bank being divided are transferred to one or more savings banks established earlier and the holders of basic fund shares of the savings bank being divided receive basic fund shares in the recipient savings bank as consideration and the savings bank being divided is dissolved.

With regard to the division referred to in this section, the consideration may also be cash or other property.

Section 82

The Board of Directors of the savings bank being divided shall prepare draft terms of division, which shall, where appropriate, be governed by the provisions of sections 64 – 67 on combination merger. With regard to a division referred to in section 81, paragraph 2 above, the draft terms of division shall also be signed by the Board of Directors of the recipient savings bank.

The draft terms of division shall also contain:

1) a proposal for the distribution of the assets and liabilities of the savings bank being divided to each savings bank participating in the division; as well as

2) an account of factors that may be of significance in the evaluation of the assets being transferred to the recipient savings bank.

Section 83

The division shall be decided by the Meeting of the Trustees of the savings bank being divided. If the recipient savings bank is other than a savings bank to be estab-

lished in the division, the decision shall be made also at the Meeting of the Trustees of the recipient savings bank if basic fund shares of the recipient savings bank are issued as consideration.

The decision on the division shall, where appropriate, be governed by the provisions of sections 69, 70, 72 and 78.

Redemption of a basic fund share of the savings bank being divided and a right referred to in section 62, paragraph 2 shall be governed by the provisions of section 62, paragraph 2 as well as sections 71 and 79.

Section 84

The savings bank being divided shall apply for the permission of the registration authority to implement the division, and the application shall be governed by the provisions of 72 – 75.

The summons referred to in paragraph 1 shall, in a division referred to in section 81, paragraph 2, be issued also to the creditors of the recipient savings bank if the division, in accordance with the opinion by an expert referred to in section 66 is likely to endanger the repayment of the debts of the recipient savings bank.

The savings bank being divided shall notify the registration authority of the implementation of the division. The provisions of section 76, paragraphs 1 – 3 on a combination merger shall apply to the notification.

A division may not be registered unless the authorisation granted to the savings bank to be established in the division is registered at the same time. (27.6.2003/590)

If a business facilities mortgage referred to in the Act on Business Facilities Mortgages exists on the assets of the savings bank being divided, the division may not be registered unless an agreement between the savings bank and the holders of the mortgages on the division of the mortgages between the savings bank being divided and the recipient savings banks and the arrangement of the priorities of the mortgages is also registered at the same time.

Section 85

The assets, liabilities, reserves and commitments of the savings bank being divided shall be transferred to the recipient savings bank in the manner specified in the draft terms of division when the implementation of the division is registered. The savings bank being divided shall simultaneously be dissolved.

Upon the registration of the implementation of the division, the holders of the shares of the savings bank being divided shall become holders of shares of the recipient savings bank and the holders of shares shall obtain the right to the consideration in accordance with the draft terms of division. The right to the redemption price of a basic fund share and of a share referred to in section 62, paragraph 2 shall arise at the same time. However, basic fund shares in the savings bank being divided held by the savings bank itself shall not create a right to the consideration.

The Board of Directors and the Managing Director of the savings bank being divided shall present a final account, which shall be governed by the provisions of section 77, paragraph 3.

Section 86

If, in a division referred to in section 81, subparagraph 1, assets not distributed in the draft terms of division appear, they shall belong to the holders of the basic fund shares of the savings bank being divided and to the parties prescribed in the bylaws in the same proportion as the net assets of the savings bank being divided are distributed according to the draft terms of division.

In the division, the recipient savings banks shall be jointly and severally liable for a debt of the savings bank being divided that has arisen before the registration of the implementation of the division. For debts of the savings bank being divided, for which another company is liable under the draft terms of division, the maximum aggregate liability of the savings bank shall, however, be restricted to the value of the net assets remaining with or transferred to it. In the case of a debt stated in the draft terms of division, the creditor may not invoke the joint and several liability until it has been established that he is unable to obtain payment from the debtor or from the collateral. The provisions of this paragraph on a debt shall not apply to a debt or a part thereof which may be compensated from the deposit-guarantee fund referred to

in chapter 6 a of the Act on Credit Institutions or from the compensation fund referred to in chapter 6 of the Act on Investment Firms (579/1996).

Section 87

A savings bank to be established in accordance with the provisions of this chapter shall, where appropriate, be governed by the provisions of section 61.

Chapter 6 **Conveyance of business operations**

Section 88

A savings bank (*the conveying savings bank*) may convey all or part of its business operations to one or several credit institutions or to another undertaking (*the recipient undertaking*) as provided for in this chapter without dissolving the conveying savings bank.

A savings bank may convey its business operations so that:

- 1) all the assets and liabilities of the conveying savings bank are transferred to one or more recipient undertakings; or that
- 2) part of the assets and liabilities of the conveying savings bank is transferred to one or more recipient undertakings.

The conveyance of business operations may be implemented even if the conveying savings bank has been placed in liquidation unless measures have been taken to distribute the assets of the savings bank to the purpose provided for in the bylaws.

Section 89

The conveyance of business operations in accordance with section 88, paragraph 2, subparagraph 1 shall be decided upon in the manner prescribed in section 69 and in section 70, paragraph 1.

The conveyance of business operations shall, where appropriate, be governed by the provisions of section 82 and section 84, paragraphs 1 and 3 – 5 but not by sections 66 and 67, however, so that the summons procedure of creditors under section 84, paragraph 1 shall apply only to debts to be conveyed.

The provisions of section 86, paragraph 2 shall apply to the conveyance of business operations, where applicable.

The assets, liabilities, reserves and commitments of the conveying savings bank shall be transferred to the recipient undertaking in the manner stated in the draft terms of conveyance when the conveyance is registered or, in a case referred to in section 90, at the time referred to in section 92, paragraph 4.

With regard to the conveyance of business operations referred to in section 88, paragraph 2, subparagraph 1, the holder of a basic fund share of the conveying savings bank and the holder of a right referred to in section 62, paragraph 2 shall have the right to demand redemption as provided for in section 71, paragraph 1. The right to the redemption price shall arise to the holder of a share referred to above in this paragraph when the implementation of the conveyance of business operations is registered.

The provisions of this section on a creditor shall be applied to a party on behalf of whom the credit institution has granted a guarantee or another comparable commitment or to whom a monetary claim may arise on the basis of a derivatives agreement concluded with the credit institution if the commitment is transferred to the liability of another than another credit institution.

Section 90

If all the assets, liabilities and commitments as well as other rights and obligations of the conveying savings bank are transferred in accordance with section 88, paragraph 2, subparagraph 1 to one credit institution to be established for the purpose of continuing the operations of the conveying savings bank for book value and if the consideration is paid solely as shares of the recipient credit institution, the provisions of section 82 or section 84, paragraph 1 shall not apply to the conveyance.

A savings bank which conveys its business operations in the manner referred to in this section may be converted into a foundation.

Section 91

If the business operations of a savings bank are transferred to a credit institution as provided for in section 90, its operations may be continued as a limited liability savings bank as provided for in this section and in section 92.

Upon deciding on the conveyance of the business operations of the savings bank to a deposit bank to be established, the Meeting of the Trustees shall, in its decision, approve for the bank to be established Articles of Association in accordance with the Act on Credit Institutions and the Act on Commercial Banks and Other Credit Institutions in the Form of a Limited Company unless otherwise provided for in paragraph 3.

The Articles of Association of a deposit bank to be established to continue the operations of the savings bank may contain a provision according to which the special purpose of the bank is to promote saving. In this Act, such bank shall be referred to as a limited-liability savings bank. In derogation from the provisions of section 8 of the Act on Credit Institutions, a limited-liability savings bank shall, in addition to the mark indicating the corporate form of the bank use the term "säästöpankki" separately or as part of a compound in its trade name.

Unless otherwise provided in this chapter, a credit institution referred to in this Act shall be governed by the provisions of the Act on Commercial Banks and Other Credit Institutions in the form of a Limited Company (1501/2001). A limited-liability savings bank may be changed into a commercial bank by amending the Articles of Association.

A limited-liability savings bank shall, where appropriate, be governed by the provisions of section 41 on the use of unrestricted own capital in the distribution of profit and by the provisions of chapter 7 on the Savings Bank Inspectorate. A limited-liability savings bank, notwithstanding a limited-liability savings bank operating as a central banking institution, shall also be governed by the provisions of section 128 of this Act on the right to accept deposits and to take out credit.

The Articles of Association of a limited-liability savings bank may provide that the bank shall have a Supervisory Board and that the depositors of the bank shall elect the number of the members of the Supervisory Board to be stipulated in the Articles of Association, which shall be less than half of the members of the Supervisory Board

Section 92

The decision to convert a savings bank into a foundation or to place it in liquidation shall be made at the same time when the conveyance of business operations referred to in section 90 is decided upon.

Upon deciding on the converting of a savings bank into a foundation, the charter of foundation referred to in section 1 and the rules of the foundation referred to in section 2 of the Act on Foundations (109/1930) shall be approved and an order to establish a foundation in accordance with section 3 of the said Act shall be issued.

A savings bank may apply for permission of the registration authority for the conversion of a savings bank into a foundation. The registration authority shall grant the permission to convert the savings bank into a foundation and confirm the rules of the foundation in compliance with the provisions of the Act on Foundations on the permission to establish a foundation and the confirmation of its rules.

The foundation may not be registered unless the authorization of the credit institution to be established is registered at the same time.

Chapter 7

The Savings Bank Inspectorate

Section 93

The Central Association of the Savings Banks shall appoint a Savings Bank Inspectorate to inspect and supervise the operations of savings banks and their subsidiaries.

The operations of the Savings Bank Inspectorate shall be guided and supervised by the Financial Supervision Authority.

The Savings Bank Inspectorate shall be liable to submit to the Financial Supervision Authority all the information and reports requested by it which are necessary for the supervision of savings banks.

A savings bank shall submit to the Savings Bank Inspectorate the same information as to the Financial Supervision Authority under section 17 of the Act on Credit Institutions.

Section 94

The Savings Bank Inspectorate shall have a Manager of Inspection of the savings banks and the number of inspectors of savings banks required by the management of the duties assigned to the Savings Bank Inspectorate.

The Central Association of the Savings Banks shall appoint the Manager of Inspection and the inspectors of savings banks and the other personnel of the Savings Bank Inspectorate. A decision concerning the appointment of the Manager of Inspection and an inspector shall be submitted to the Financial Supervision Authority for confirmation.

Section 95

The rights, liabilities and disqualification of the Savings Bank Inspectorate and its representative shall, while they are performing their supervisory duties provided for in section 93, paragraph 1, be governed by the provisions of the Act on the Financial Supervision Authority (503/1993) on the Financial Supervision Authority and its representatives.

Section 96

The Manager of Inspection of the Savings Bank Inspectorate shall notify the Financial Supervision Authority and the other employees of the Savings Bank Inspectorate shall notify the Savings Bank Inspectorate of a credit received from a savings bank and of a guarantee granted by the bank on his behalf.

Section 97

The Savings Bank Inspectorate shall, without delay, submit its decision to be handled by the Financial Supervision Authority upon a demand of the savings bank concerned.

Section 98

The Manager of Inspection of savings banks, an inspector of savings banks and the other employees of the Savings Bank Inspectorate shall be liable to keep confidential any information they have obtained in their work on the financial position or trade or business secret of a savings bank, its subsidiary, their customer or other person unless the person to whose benefit the secrecy obligation has been provided consents to its disclosure.

The information referred to in paragraph 1 may only be submitted to a prosecuting authority or police authority for the investigation of a crime as well as to another authority entitled to the information under the law. Information on the business and financial position of a savings bank and its subsidiary may also be submitted to the Guarantee Fund of the Savings Banks and the Central Association of the Savings Banks as well as to the central banking institution of savings banks.

If the same debtor has significant debts or contingent liabilities in different savings banks or their subsidiaries or if there is other cause to suspect that the activity of the customer shall cause damage to savings banks or their subsidiaries, the Savings Bank Inspectorate shall have the right to notify them thereof.

Section 99

To cover the costs incurred through the activity of the Savings Bank Inspectorate, each of the savings banks shall be liable to pay an annual fee laid down by the Central Association of the Savings Banks, the grounds of which shall be confirmed by the Financial Supervision Authority. The application of the basis of the fee shall be submitted to be decided by the Financial Supervision Authority upon the demand of a savings bank concerned.

Section 100

Further provisions on the Savings Bank Inspectorate shall, where necessary, be provided by Decree.

Chapter 8
Liquidation and bankruptcy
(19.5.2004/410)

The Act of 19.5.2004/410 entered into force 31.5.2004. A liquidation and a bankruptcy commenced before the entry into force of this Act shall be governed by the provisions in force upon the entry into force of this Act.

Provisions on liquidation
(19.5.2004/410)

Section 101
(19.5.2004/410)

A credit institution shall notify the Financial Supervision Authority before the savings bank is placed in liquidation by a decision of the Meeting of the Trustees.

Section 102

The Meeting of the Trustees shall decide on the placing of a savings bank in liquidation. The decision shall be made as provided for in section 9, paragraph 1.

If the savings bank is to be dissolved under a provision of the bylaws, the decision of the Meeting of the Trustees shall be the opinion supported by more than half of the votes cast or, in the case of a tie, the opinion supported by the chairman.

The liquidation shall commence when the decision of the Meeting of the Trustees thereon has been made unless the Meeting of the Trustees orders a later date for the commencement of the liquidation.

The notice to convene a Meeting of the Trustees handling going into liquidation shall include the main contents of the proposal for the decision. The proposal together with its appendices shall be held available at the head office of the savings bank for the holders of basic fund shares for at least one week prior to the Meeting of the Trustees and it shall, without delay, be sent to anyone requesting it as well as made available at the Meeting of the Trustees. If the proposal relates to the dissolution of the savings bank

in a case other than that referred to in paragraph 2, the notice to convene shall, however, be submitted at the latest one month before the meeting.

Section 103
(27.6.2003/590)

Upon deciding on the withdrawal of the authorisation, the Financial Supervision Authority shall simultaneously order the savings bank to be placed in liquidation.

The liquidation shall commence immediately when the decision of the Financial Supervision Authority on the withdrawal of the authorisation and the placing in liquidation has been made.

Section 104

When the savings bank or the Financial Supervision Authority makes a decision on liquidation, one or more liquidators shall be appointed at the same time to replace the Board of Directors, the Managing Director and the Supervisory Board, if any. The provisions elsewhere in the law on the Board of Directors and its members shall correspondingly apply to the liquidators unless otherwise provided for in this chapter. (27.6.2003/590)

If a savings bank in liquidation lacks competent liquidators entered in the register, the registration authority shall appoint the liquidators. Their appointment may be applied for by the Financial Supervision Authority as well as by anyone whose interest may depend on the savings bank having someone to represent it.

The liquidators shall, without delay after the Financial Supervision Authority has decided on the withdrawal of the authorisation, convene the Meeting of the Trustees of the savings bank to decide on measures to be taken to merge the savings bank in another savings bank or remedy the prerequisites set for an authorisation in another manner or to dissolve the savings bank. (27.6.2003/590)

Section 104 a §
(19.5.2004/410)

The registration authority and the Financial Supervision Authority shall, upon choosing a liquidator, issue him a testimonial of his choice to the task. An extract from or a copy of the minutes of the Meeting of the Trustees shall certify that the Meeting of the Trustees has chosen the liquidator to his tasks.

Section 105

The Meeting of the Trustees of a savings bank in liquidation shall be governed by the same provisions as before the commencement of liquidation unless otherwise provided for in this chapter. If it is necessary in order to terminate the liquidation or to continue the operations, the Meeting of the Trustees may also decide to amend the bylaws, to raise the basic capital and the basic fund as well as to take out a convertible loan and a capital loan.

Section 106

The task of the auditor shall not terminate when the savings bank is placed in liquidation. The provisions of chapter 4 of the Act on Credit Institutions on an audit shall, where appropriate, be applied during the liquidation procedure. The audit report shall in addition contain a statement on whether, in the opinion of the auditor, the liquidation has been unduly prolonged.

Section 107

When a savings bank has been placed in liquidation, the Board of Directors and the Managing Director shall, without delay, prepare the annual accounts and the consolidated annual accounts for the period preceding the liquidation for which the annual accounts have not yet been presented at the Meeting of the Trustees of the savings bank. The annual accounts shall be presented to a Meeting of the Trustees as soon as possible. The provisions of chapter 4 of the Act on Credit Institutions shall be applied to the annual accounts and audit.

If the period referred to in paragraph 1 includes also the previous financial period, separate annual accounts and consolidated annual accounts shall be presented for the said financial period.

Section 108
(27.6.2003/590)

When the Meeting of the Trustees or the Financial Supervision Authority has made the decision to place the savings bank in liquidation, the liquidators shall without delay notify for registration the decision on the placing of the savings bank in liquidation and the appointment of the liquidators. The notification shall also be submitted to the deposit-guarantee fund and the Savings Bank Inspectorate as well as, where the decision on the placing in liquidation has been made by the Meeting of the Trustees, to the Financial Supervision Authority. The notification shall also be submitted to the guarantee fund and the investor-compensation fund if the savings bank is a member of the fund.

Section 109

The liquidators shall apply for a public summons for the creditors of the savings bank. The public summons shall be governed by the provisions of the Public Summons Act (729/2003) unless otherwise provided for in subsection 2. (19.5.2004/410)

The application for a public summons shall be made to the registration authority. The summons shall request the creditors to notify the registration authority in writing of their receivables by a date set by the registration authority. The provisions of this Act or other laws on the date of appearance shall apply to the said date set. The summons shall be published in the Official Gazette no later than one month prior to the date set. No later than three weeks prior to the date set, the liquidators shall send a written notification of the summons to the known creditors of the savings bank. The registration authority shall notify the liquidators of any receivables it has been notified of without delay after the date set. The registration authority shall enter the issuing of the summons in the register ex officio.

The liquidator of a savings bank shall, in the notification to creditors referred to in subsection 2, also state.

1) the provisions of section 121, subsection 2 on the reporting of a depositor to the bank; as well as

2) whether a creditor needs to notify a preferential claim or a claim secured in re. (19.5.2004/410)

The notification shall be submitted at least in Finnish and Swedish. The notification shall, in all the official languages of the States belonging to the European Economic Area (an EEA State), bear the heading "Invitation to lodge a claim or to submit observations relating to a claim. Time limits to be observed". (19.5.2004/410)

Section 110

The liquidators shall manage the affairs of the savings bank during the liquidation. They shall, as soon as possible, convert into cash an amount of the assets of the savings bank sufficient for the liquidation procedure and pay the debts. The business operations of the savings bank may be continued only to an extent required by a proper liquidation.

The liquidators shall apply for the withdrawal of the authorisation from the Financial Supervision Authority without delay after the prerequisites set for the authorisation no longer exist or when the appropriate continuance of the liquidation no longer requires an authorisation. (27.6.2003/590)

Section 111

For each financial period, the liquidators shall prepare annual accounts and consolidated annual accounts to be submitted for adoption to the Ordinary General Meeting of the Trustees of the savings bank. The provisions elsewhere in this Act on the proposal of the Board of Directors for measures necessary for the profit or loss shall not be applied to these annual accounts.

In the balance sheet, the own capital shall be entered as one item and the basic capital and the basic fund shall be stated separately in the margin. The basic fund shall, where necessary, be itemized according to the different classes of basic fund shares.

The assets may not be entered in the balance sheet estimated at a value higher than the probable conveyance price deducted by the specific expenses incurred by the conveyance. If the assets are estimated to bring an amount essentially higher than that entered in the balance sheet or if an amount essentially different from the debt entered in the balance sheet is estimated to be required to settle a debt and the costs of liquidation, such estimated amounts shall be indicated in the margin next to the respective assets and debts.

Section 112

If the assets of the savings bank are not sufficient to pay off the debts, the liquidators shall surrender the assets of the savings bank in bankruptcy.

Section 113

After the appearance date of the public summons applied for for the creditors of the savings bank, the liquidators shall, after paying off all known debts, distribute the assets of the savings bank. If a debt is subject to a dispute or unmatured or if it cannot be paid for another reason, the funds necessary for it shall be set aside and the remainder shall be distributed.

If any assets of the savings bank remain after paying off all the debts, the surplus shall be used first for the repayment of the basic fund and the amount exceeding this, for the purpose provided for in the bylaws.

An action against the savings bank relating to the distribution of the assets of the savings bank shall be brought within three months from the date on which the final settlement was presented at the Meeting of the Trustees.

If the holder of a basic fund share has not, within five years from the date on which the final settlement was presented at the Meeting of the Trustees, reported to collect the amount due to him, he shall have forfeited his right thereto.

Section 114

After completing their task, the liquidators shall, as soon as possible, present a final settlement of their management by preparing a report covering the whole liquidation procedure. The report shall also include an account of the distribution of the assets of the savings bank. Annual account documents for the whole period of liquidation shall be appended to the report. The report together with the appendices shall be submitted to the auditors, who shall issue an audit report on the final settlement and the management during the liquidation within one month.

After receipt of the audit report, the liquidators shall, without delay, convene the Meeting of the Trustees to examine the final settlement.

The liquidators shall notify the Financial Supervision Authority of the final settlement.

Section 115

The savings bank shall be deemed dissolved when the liquidators have presented the final settlement at the Meeting of the Trustees. A notification of the dissolution shall, without delay, be submitted for registration as well as to the Financial Supervision Authority by the liquidators.

Notwithstanding the provisions of paragraph 1, at least three trustees or the holders of basic fund shares holding a minimum of one-tenth of all the basic fund shares may demand that the liquidators convene a Meeting of the Trustees to handle the bringing of an action if

1) the Meeting of the Trustees of the savings bank has granted discharge from liability or otherwise decided not to bring an action for damages but one-tenth of the trustees or the holders of basic fund shares holding one-tenth of all the basic fund shares have voted against the decision;

2) the decision to grant discharge from liability has not been made within one month from the termination of the financial period; or if

3) a decision relating to bringing an action for damages has not otherwise been made within two months from the date when the matter should have been handled at the Meeting of the Trustees.

If a holder of a basic fund share abandons the action after it has been brought, the other persons who have brought the action may, however, continue it.

The action shall be brought within three months from the Meeting of the Trustees referred to in paragraph 1.

Those who have brought the action shall be liable for the litigation costs. They shall, however, be entitled to a compensation therefor from the savings bank up to the amount that the funds acquired to the savings bank through the litigation shall suffice.

Unless a Meeting of the Trustees, to be held under the bylaws or decisions made by them, is convened in due order, the Financial Supervision Authority may authorize a member of the Board of Directors or the Supervisory Board, the Managing Director, an auditor, a trustee or a holder of a share upon application to convene the Meeting of the Trustees at the cost of the savings bank.

Section 116

If new assets are found after the savings bank has been dissolved or if an action is brought against the savings bank or if liquidation measures are otherwise necessary, the liquidation shall be continued. The liquidators shall, without delay, submit a notification to this effect to be registered as well as to the Financial Supervision Authority. The notice to convene the first Meeting of the Trustees of the continued liquidation shall be sent in accordance with the provisions of the bylaws. In addition, a written notice to convene shall be sent to each holder of basic fund shares whose address is known.

Section 117

If the savings bank has been placed in liquidation by a decision of the Meeting of the Trustees, the Meeting of the Trustees may, after the auditors have issued their report thereon, with a majority of votes, decide to terminate the liquidation and to

continue the operations. The decision may, however, not be made if a ground for the liquidation exists in accordance with the bylaws or if assets belonging to the savings bank have been distributed. If the authorization of the savings bank has been withdrawn, a precondition for the continuance of the operations is that a new authorization has been granted to the savings bank.

When a decision to continue the operations has been made and a new authorization or permission to continue the operations without an authorization has been obtained, a Board of Directors, Supervisory Board and Managing Director shall be elected for the savings bank in accordance with the bylaws.

When the Board of Directors has been elected, the liquidators shall, without delay, submit a notification to register the decision to end the liquidation and the election of the Board of Directors. The decision may not be implemented prior to its registration. A public summons issued to the creditors of the savings bank shall be of no effect when the liquidation has been terminated in accordance with the provisions of this section.

Provisions on bankruptcy

(19.5.2004/410)

Section 118

The assets of a savings bank may be surrendered in bankruptcy by a decision of the Board of Directors or, when the savings bank is in liquidation, by a decision of the liquidators. During the bankruptcy proceedings the savings bank shall be represented as the bankruptcy debtor by the Board of Directors and the Managing Director or by liquidators appointed prior to the beginning of the bankruptcy proceedings. New members of the Board of Directors or new liquidators may, however, be elected during the bankruptcy proceedings.

Section 118 a

(19.5.2004/410)

A savings bank shall notify the Financial Supervision Authority prior to submitting its application for surrendering its assets in bankruptcy.

Section 119

Where a creditor applies for the placing of a savings bank in bankruptcy, the court of law shall, prior to making the decision on the bankruptcy, notify the Financial Supervision Authority of the application. The Court shall postpone the handling of the matter with not more than one month if the Financial Supervision Authority presents a request thereon within one week from receipt of the notification referred to in this subsection. (27.6.2003/590)

A creditor whose claim is based solely on a claim to be compensated in full from the deposit guarantee fund may not apply for the placing of a savings bank in bankruptcy.

Section 119 a

(19.5.2004/410)

The notification to be delivered to the creditors of the savings bank relating to the lodging of proof of a claim shall, in addition to what is otherwise provided for, state:

1) the provision of section 120, subsection 1 on the duty of a depositor to secure his claim and the provision of section 121, subsection 2 on the reporting of a depositor to the bank; as well as

2) whether a creditor needs to notify a preferential claim or a claim secured in re.

The notification to be delivered to the creditors of the savings bank relating to the lodging of proof of claims or the submission of observations relating to claims shall be submitted at least in Finnish and Swedish. The notification shall, in all the official languages of the EEA States, bear the heading "Invitation to lodge a claim.

Time limits to be observed" or correspondingly "Invitation to submit observations relating to a claim. Time limits to be observed".

Section 120

If the assets of a savings bank have been surrendered in bankruptcy, the depositor need not lodge his claim or secure his claim in a deposit account unless otherwise provided for in section 121, subsection 2. The provisions of this subsection on a depositor shall not apply to the deposit-guarantee fund to which the rights of the depositor have been transferred under section 65 j, subsection 7 of the Act on Credit Institutions. (19.5.2004/410)

If there are no remaining assets at the end of bankruptcy proceedings, the savings bank shall be deemed dissolved when the final settlement has been approved in the bankruptcy. The administrator shall, without delay, submit a notification to the Legal Register Centre, which shall convey the information to the registration authority for entry in the register. (20.2.2004/144)

If there are remaining assets and the savings bank was not in liquidation when its assets were surrendered in bankruptcy, the Board of Directors shall, as soon as possible, convene a Meeting of the Trustees to decide whether to continue the operations of the savings bank or to place it in liquidation. If the Meeting of the Trustees decides to continue the operations of the savings bank, the provisions of section 107 shall be applied.

If the bankruptcy of the savings bank has ended and new assets are found for the bank, the bankruptcy proceedings shall be continued. If the bank has assets remaining after the bankruptcy, the procedure referred to in paragraph 3 shall be applied.

Provisions common to liquidation and bankruptcy

(19.5.2004/410)

Section 120 a

(19.5.2004/410)

The Meeting of the Trustees and the Financial Supervision Authority shall have the authority to decide on the placing of a savings bank in liquidation as provided for in this Act. A Finnish court shall have the authority to decide on the placing of a savings bank in bankruptcy as separately provided for. The procedure provided for above shall also cover the branches of the savings bank located in other EEA States.

The provisions of section 24 of the Trade Register Act (129/1979) shall not be applied to the dissolution of a savings bank.

Section 120 b
(19.5.2004/410)

The Financial Supervision Authority shall without delay inform the supervisory authorities of the other EEA States, in which the savings bank has a branch or in which it offers services referred to in the Act on Credit Institutions, of the decision to place the savings bank in liquidation or in bankruptcy and of the possible effects of the proceedings.

With regard to liquidation, the liquidator and, with regard to bankruptcy, the administrator shall publish an extract from the decision in the Official Journal of the European Communities and in two national newspapers in each EEA State referred to in subsection 1. The extract shall be published at least in Finnish and Swedish.

Section 120 c
(19.5.2004/410)

The liquidator and, with regard to bankruptcy, the administrator shall request that the opening of liquidation or bankruptcy proceedings be registered in the land register, the trade register or any other public register kept in another EEA State if the registration of the opening of liquidation or bankruptcy proceedings is mandatory according to the legislation of the said State.

Section 120 d
(19.5.2004/410)

A creditor whose place of residence, domicile or head office is in another EEA State may lodge or secure his claim or submit observations relating to his claim also in the official language of that other State. In that event, the lodgement or securing of his claim or the submission of observations on his claim shall, however, bear the heading "Lodgement or securing of claim" or correspondingly "Submission of observations relating to claims" in either Finnish or Swedish.

In the liquidation or bankruptcy of a savings bank, a public authority of another EEA State shall be deemed comparable to a creditor referred to in subsection 1.

Section 121

A creditor of a savings bank shall, unless otherwise provided in the contract terms, be liable to accept payment also for an unmatured debt after the bank has been placed in liquidation or in bankruptcy. In that case, the creditor shall be entitled to receive compensation for a damage resulting from the difference between the interest agreed upon and a lower market-rate interest.

When a savings bank has been placed in liquidation or in bankruptcy, the bank shall, with a public notice, summon the depositors who have not, within ten years prior to the commencement of the liquidation or bankruptcy proceedings, used their account with the savings bank, to report themselves to the bank within two years from the summons under the threat that the account holder shall otherwise be precluded from exercising his right to be heard towards the bank. The summons shall also be sent to the said depositors by letter to the address known to the bank. In that event, the provisions of section 109 b, subsection 4 and section 119 a, subsection 2 shall correspondingly be applied. (19.5.2004/410)

Section 121 a (19.5.2004/410)

The liquidator and, with regard to bankruptcy, the administrator shall keep the creditors regularly informed with regard to progress of the liquidation and bankruptcy proceedings.

Section 121 b
(19.5.2004/410)

The provisions of sections 24 a - 24 k of the Act on Commercial Banks and Other Credit Institutions in the Form of a Limited Company shall apply to the liquidation and bankruptcy of a savings bank in the European Economic Area.

Chapter 9
Liability for damages

Section 122

The liability for damages of an establisher, a Trustee, a member of the Supervisory Board and the Board of Directors as well as the Managing Director of a savings bank shall be governed by the Act on Credit Institutions. The liability for damages of an auditor shall be governed by the Audit Act (936/1994).

The bringing of an action for damages on behalf of a savings bank under section 97 c of the Act on Credit Institutions shall be decided by the Meeting of the Trustees. In addition, the Board of Directors shall have the right to decide to bring an action for damages based on a punishable act.

A decision of the Meeting of the Trustees to grant discharge from liability or not to bring an action shall not prevent the savings bank from bringing an action if the information submitted to the Meeting of the Trustees in the annual accounts or the audit report or otherwise has not been essentially correct and complete concerning the decision or measure on which the action is based.

If a savings bank is declared bankrupt on an application which is made within two years from the decision of the Meeting of the Trustees to grant discharge from liability or not to bring an action, the bankruptcy estate shall, notwithstanding this decision, be entitled to bring an action.

Section 123

If the Meeting of the Trustees has granted discharge from liability or otherwise decided not to bring an action for damages but at least one-tenth of the Trustees have voted against the decision, an action may be brought notwithstanding the provisions of section 122, paragraphs 1 and 2.

Action may be brought by at least three trustees who have voted against the decision or by holders of basic fund shares with at least one-tenth of all the basic fund shares. If a Trustee or a holder of a basic fund share abandons the action after it has been brought, the other persons who have brought the action may, however, continue it.

An action shall be brought within three months from the decision of the Meeting of the Trustees referred to in paragraph 1.

The trustees or the holders of basic fund shares who have brought the action shall be liable for the litigation costs. They shall, however, be entitled to a compensation therefor from the savings bank up to the amount that the funds acquired to the savings bank through the litigation shall suffice.

Section 124

An action may not be brought under section 97 c of the Act on Credit Institutions on behalf of a savings bank unless the action is based on a punishable act and brought against:

- 1) an establisher within three years from the decision of the meeting of establishment on the establishment of the savings bank;
- 2) a member of the Supervisory Board or the Board of Directors, the Managing Director or a trustee within three years from the end of the financial period in which the decision was made or the measure was taken on which the action is based; or against
- 3) an auditor or an inspector appointed by the Supervisory Board or the Board of Directors within three years from the presentation of the audit report, opinion or certificate on which the action is based.

If the time limit of an action to be brought on behalf of a savings bank has expired, an action referred to in section 122, paragraph 4 cannot be brought if one month has passed since the filing of claims in bankruptcy.

Section 125

The Financial Supervision Authority and the Savings Bank Inspectorate shall be entitled to bring an action for damages on behalf of a savings bank against a person or organization referred to in section 97 c of the Act on Credit Institutions if it considers this to be in the interest of the depositors or holders of basic fund shares.

Chapter 10

Provisions on punishments

Section 126

The punishment for a violation of the provisions on the secrecy obligation laid down in section 98 shall be sentenced in accordance with chapter 38, section 1 or 2 of the Penal Code unless the act is subject to a more severe punishment elsewhere in the law.

Section 127

Anyone, who

1) in violation of the section 16 issues a basic fund certificate or an option certificate or, in connection with the issue of a basic fund certificate, interim certificate, a basic fund certificate or option certificate, acts in violation of the provisions of this Act; or

2) fails to keep a register of the basic fund shares or the holders of basic fund shares or fails to keep such a register available,

shall, unless the act is minor or subject to a more severe punishment elsewhere in the law, be sentenced for a *savings-bank offence* to a fine.

Chapter 11

Miscellaneous provisions

Section 128

A savings bank or a limited-liability savings bank may not take a deposit or a loan from another savings bank or another limited-liability savings bank.

Notwithstanding the provisions of paragraph 1, a savings bank or a limited-liability savings bank may acquire bond loans issued by another savings bank or limited-liability savings bank.

Section 129

If a savings bank has no Supervisory Board, the bank may only within the limits set by, or under a special authorization granted by, the Savings Bank Inspectorate grant credits and give guarantees which are under the liability of, or which may produce essential economic benefit to, a member of the Board of Directors or the Managing Director. The provision shall not apply to credits which the bank has granted out of funds granted by the State for a set purpose.

Section 130

In addition to the provisions of this Act, the notifications and reports to be submitted to the registration authority from the savings bank shall be governed by separate provisions thereon.

The registration authority referred to in this Act shall be the National Board of Patents and Registration.

Section 130 a

(30.12.2004/1308)

The annual accounts and the annual report of a savings bank shall be drawn up in accordance with the Accounting Act and the Act on Credit Institutions and the provisions issued thereunder as well as with the regulations issued by the Financial Supervision Authority.

The Board of Directors and the Managing Director shall date and sign the annual accounts and the annual report. If a member of the Board of Directors or the Managing Director has presented a dissenting opinion on the annual accounts or the annual report, a statement to this effect shall be appended thereto upon his demand.

The annual accounts and the annual report shall be submitted to the auditors at the latest one month prior to the Meeting of the Trustees at which the income statement and the balance sheet shall be presented for adoption.

Chapter 12

Entry into force and transitional provisions

Section 131

This Act shall enter into force on 1 January 2002 and it shall repeal the Act on Savings Banks of 28 December 1990 (1270/1990) with later amendments.

Section 132

The provisions of this Act shall be complied with instead of a provision in the by-laws contrary to this Act. An amendment of the bylaws contrary to this Act shall be notified for registration at the same time as another amendment of the bylaws is notified for registration and at the latest within three years from the entry into force of the Act.

If a permission to raise the basic fund from the reserve fund or a permission for a merger is applied for from the Ministry of Finance prior to the entry into force of this Act, the procedure shall be governed by the provisions of section 39, 78 or 81 of the Act on Savings Banks (1270/1990) in force upon the entry into force of this Act.

Section 121, paragraph 1 of the Act shall not be applied to debts arisen prior to the entry into force of the Act.

21.7.2006/643

This Act enters into force on 1 September 2006.

The provisions in force upon the entry into force of this Act shall be applied to a merger or a division if the draft terms of merger or the draft terms of division are notified for registration before the entry into force of this Act.

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