

Pohjola Bank plc's Corporate Governance Statement 2009¹

1. Applicable Regulations	2
2. Group Structure	2
3. General Meeting of Shareholders	3
4. Board of Directors and Its Committees	4
5. President and CEO, and Group Executive Committee	9
6. Management System	10
7. Internal and External Control	13
8. Financial Reporting Process	18
9. Compensation	19
10. Insider Management	20

¹ Pohjola's Annual Review 2009 contains a summary of Pohjola Bank plc's Corporate Governance Statement.

1. Applicable Regulations

This Pohjola Bank plc's (Pohjola) Corporate Governance Statement has been prepared in accordance with Recommendation 51 of the Finnish Corporate Governance Code (2008) and Chapter 2, Section 6, Paragraph 3 of the Finnish Securities Markets Act, and issued separately from the Company's Report by the Board of Directors.

In its operations, Pohjola complies with Finnish legislation. In addition to the Finnish Limited Liability Companies Act, Pohjola complies with regulations governing public limited companies, financial services companies and insurance companies, its Articles of Association and the guidelines issued by OP-Pohjola Group Central Cooperative. In its international operations, Pohjola also complies with local legislation when applicable.

Pohjola also complies with the Finnish Corporate Governance Code, approved by the Securities Market Association in October 2008, and the Insider Guidelines issued by NASDAQ OMX Helsinki. However, Pohjola's corporate governance and control system deviates from the following Code recommendations for reasons attributable to the Group structure (i.e. the Company is OP-Pohjola Group Central Cooperative's subsidiary) and intense cooperation between the Company and OP-Pohjola Group's other entities:

- Recommendations 8 and 10: election and term of Board members (the General Meeting of Shareholders does not elect persons acting as the Board of Directors' Chairman and Vice Chairman; the Board of Directors is chaired by the Chairman of OP-Pohjola Group Central Cooperative's Executive Board and OP-Pohjola Group Central Cooperative's Executive Board Vice Chairman acts as the Board's Vice Chairman, in

accordance with the Act on Cooperative Banks and Other Cooperative Credit Institutions and Pohjola's Articles of Association; the term of the Chairman and Vice Chairman is valid until further notice);

- Recommendation 14: independence of Board members (the majority of Board members are not independent of the Company);
- Recommendation 26: independence of members of the Audit Committee (not all of the Audit Committee members are independent of the Company); and
- Recommendation 32: independence of members of the Remuneration Committee (the majority of Remuneration Committee members are not independent of the Company).

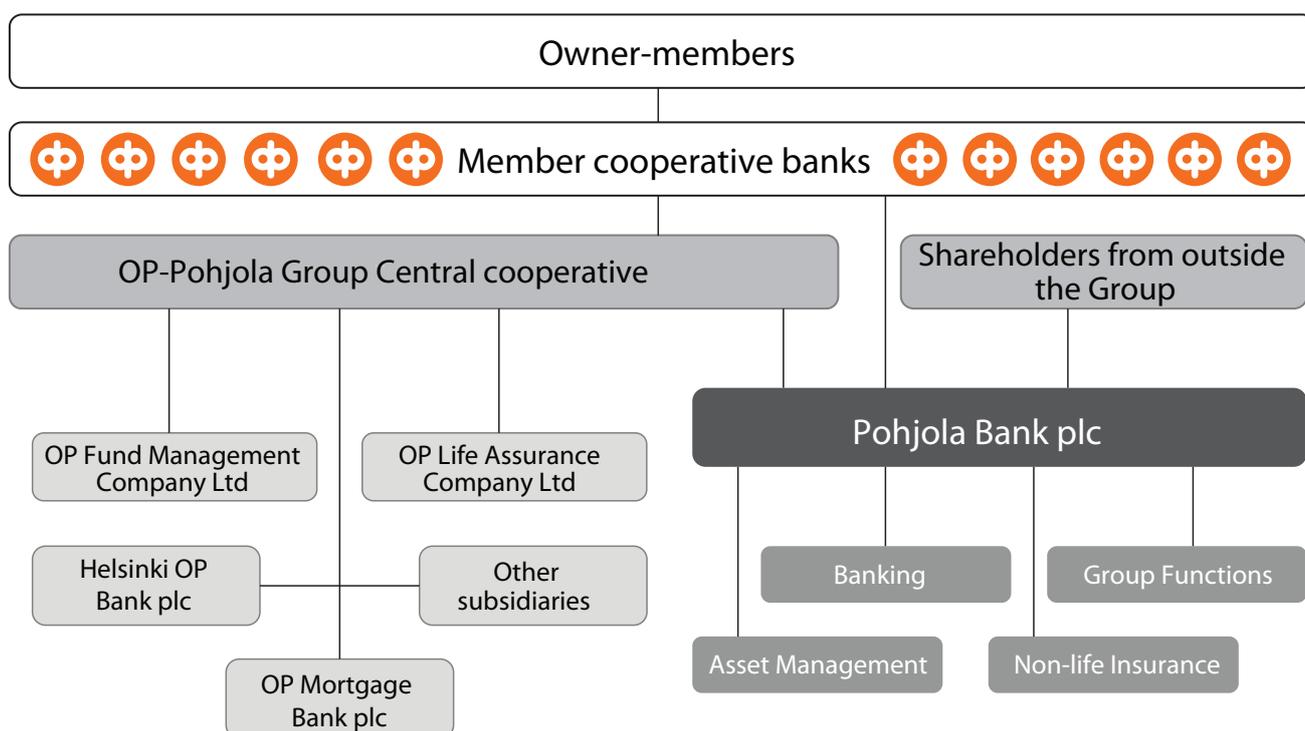
The Finnish Corporate Governance Code is available on the Securities Market Association's website at www.cgfinland.fi.

2. Group Structure

As OP-Pohjola Group Central Cooperative's (the Central Cooperative) subsidiary, Pohjola Bank plc (Pohjola) belongs to OP-Pohjola Group providing banking, insurance and other financial services, in terms of operations and ownership. OP-Pohjola Group consists of 220 member cooperative banks and their central institution, OP-Pohjola Group Central Cooperative, with its subsidiaries. The Group is monitored as a single entity and the central institution and Group member banks (incl. Pohjola) are secondarily liable for each other's debts and commitments.

Owned by their members, OP-Pohjola Group's cooperative member banks are engaged in retail banking at local level within a specified region. Although their operations are

OP-Pohjola Group's Structure

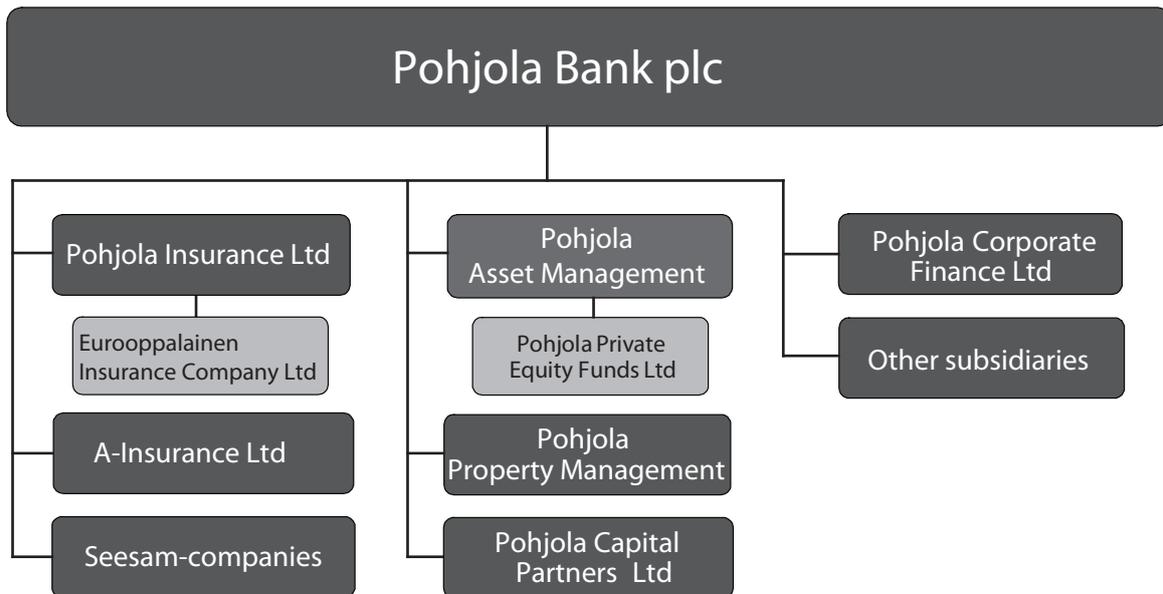


based on the Group's shared strategy and policies, they are independent with respect to decision-making. OP-Pohjola Group Central Cooperative acts as a development and service centre and a strategic owner institution for OP-Pohjola Group.

Pohjola Group's business comprises three business segments – Banking, Asset Management and Non-life Insurance – and the Group Functions. Pohjola Group

comprises Pohjola Bank plc, the parent company, and its subsidiaries. Its major operating subsidiaries include Pohjola Insurance Ltd, A-Insurance Ltd, Eurooppalainen Insurance Company Ltd, Pohjola Asset Management Ltd, Pohjola Private Equity Funds Ltd, Pohjola Property Management Ltd, Pohjola Corporate Finance Ltd and Pohjola Capital Partners Ltd, as well as the Seesam non-life insurance companies operating in Estonia, Latvia and Lithuania.

Pohjola Group structure



3. General Meeting of Shareholders

The Annual General Meeting (AGM) must be held within six months of the termination of the financial year. The AGM shall discuss matters assigned to it in accordance with the Articles of Association and any other proposals submitted to it.

An Extraordinary General Meeting (EGM) is convened, if necessary, to deal with a specific proposal made to the Meeting. An EGM must be held if shareholders with a minimum total holding of 10% of Company shares require in writing that the meeting be held for the purpose of discussing a certain issue.

The most significant items on the AGM's agenda include:

- deciding on the number of members of the Board of Directors, electing Board members and deciding on their emoluments;
- electing the auditor or auditors and deciding on their remuneration;
- adopting the financial statements;
- deciding on profit distribution;
- altering the Articles of Association; and
- deciding on a share issue or authorising the Board of Directors to launch a share issue.

Notice of meeting

Notice of a General Meeting will be published in at least two newspapers, determined by the Board of Directors,

no earlier than two months and no later than three weeks prior to the Meeting. In the last few years, the notice has been published in Helsingin Sanomat, Hufvudstadsbladet and Kauppalehti. The notice lists items on the Meeting's agenda and the criteria specifying a shareholder's right to attend the Meeting himself or by proxy. The notice of the General Meeting and the Board of Directors' proposals to the Meeting will be published as a stock exchange release. In addition, the notice, proposals by the Board of Directors or a shareholder and documents (such as the Financial Statements, the Report by the Board of Directors and the Auditors' Report) presented at the Meeting will be available to shareholders on the Company's website at www.pohjola.fi for at least three weeks before the Meeting.

Registration and attendance

A shareholder wishing to exercise his voting right at the Meeting shall register for the Meeting in the manner stated in the Notice of the Meeting. The deadline for this registration may be ten days prior to the Meeting at the earliest. Holders of nominee-registered shares are regarded as having registered for the Meeting if they have been duly reported for entry into the Company's Shareholder Register. If a shareholder attends the Meeting by proxy allowing several representatives, he must notify of the shares (number) on the basis of which each proxy represents him.

General Meetings are open to all shareholders registered in the Company's Shareholder Register, maintained

by Euroclear Finland Ltd, eight weekdays prior to the Meeting (record date for the Meeting). In addition, holders of nominee-registered shares may be reported for temporary entry into the Shareholder Register for the purpose of attending the Meeting if, on the basis of the shares held, they have the right to be entered into the Shareholder Register on the record date for the Meeting. Such a report for temporary entry must be filed at the time stated in the notice of the Meeting at the latest, which is after the record date for the Meeting. Any changes in shareholdings after the record date for the Meeting will have no effect on the right to attend the Meeting and the shareholder's voting rights.

A shareholder has the right to have a matter within the remit of a General Meeting, under the Finnish Limited Liability Companies Act, to be discussed by the General Meeting if he requests this in writing from the Board of Directors well in advance so that said matter can be incorporated into the notice of the Meeting. Such a request is regarded as having arrived in time if the Board of Directors has been notified of the request no later than four weeks prior to sending the notice of the Meeting. A request pertaining to said matter may be sent to the Company's Investor Relations by email to ir@pohjola.fi.

A shareholder may attend the Meeting in person or appoint a proxy to represent him at the Meeting. With respect to nominee-registered shares, a custodian bank, for example, may act as such a proxy. A shareholder may have several authorised representatives who represent him through shares in different securities accounts. A shareholder's proxy must present a power of attorney or prove in an otherwise reliable manner that he is authorised to represent the shareholder. The shareholder or his proxy may use one assistant at the Meeting. Minutes of the General Meeting shall be drawn up, which will be available for shareholders' inspection on the Company's website no later than two weeks of the Meeting. In addition, the Company shall publish decisions by the General Meeting in a stock exchange release without undue delay.

The Company has two series of shares. At a General Meeting of Shareholders, one Series K share entitles its holder to five votes and one Series A share to one vote. Holding of Series K shares is restricted only to Finnish cooperative banks, cooperative bank companies and the central institution of the amalgamation of cooperative banks as referred to in Section 3 of the Act on Cooperative Banks and Other Cooperative Credit Institutions, and Series K shares may not be transferred to institutions other than those entitled to holding Series K shares. Shareholders may vote at the Meeting as permitted by the voting rights conferred by the shares they hold. Shareholders may vote in a different way using different shares. The Articles of Association contain no provisions limiting the number of votes.

Each shareholder present at the Meeting has the right to present questions about items on the Meeting's agenda. Such a question may be sent in advance to the Company's Investor Relations by email to ir@pohjola.fi. A shareholder also has the right to make proposals at the Meeting in matters assigned to the Meeting and appearing on the agenda.

Decisions made by the General Meeting are usually based on a majority vote and the Chairman has the casting vote in case of a tie. However, decisions on several matters under the Limited Liability Companies Act, such as an alteration of the Articles of Association or a decision on a private placement of shares, require a qualified majority represented by shares and the votes conferred by the shares at the Meeting.

The aim is that the Company's President and CEO and all Board members and auditors are present at the General Meeting. In addition, persons who are nominees for the Board of Directors for the first time should be present at the General Meeting which is to elect them, unless there is no cogent reason for their absence.

Shareholder agreements

As per the shareholder agreement of 12 September 2005 between OP-Pohjola Group Central Cooperative, Suomi Mutual Life Assurance Company (Suomi Mutual) and Ilmarinen Mutual Pension Insurance Company (Ilmarinen), Suomi Mutual has the right to nominate one person for the Board of Directors. If Suomi Mutual's shareholding in Pohjola decreases significantly from the shares (10% of all shares) held at the Annual General Meeting of 2006, the Central Cooperative agrees to vote at Pohjola's General Meeting in favour of a Board member nominated by Ilmarinen instead of Suomi Mutual, provided that Ilmarinen's shareholding in Pohjola has not significantly decreased below the achieved level (10% of all shares).

The Company is not aware of any other shareholder agreements for its shares.

4. Board of Directors and Its Committees

Election of the Board of Directors

According to the Articles of Association, Pohjola's Board of Directors comprises a minimum of five and a maximum of eight members, elected, except for the Chairman and Vice Chairman, by the Annual General Meeting for a term of office expiring upon the closing of the Annual General Meeting following their election. In accordance with the Act on Cooperative Banks and Other Cooperative Credit Institutions, the Chairman of the Central Cooperative's Executive Board chairs the Board of Directors. According to the Articles of Association, the Vice Chairman of the Central Cooperative's Executive Board serves as the Vice Chairman of the Board of Directors. According to an agreement between the Central Cooperative, Suomi Mutual and Ilmarinen on the preconditions stated in the agreement, one of the members of the Board of Directors must primarily be a person nominated by Suomi Mutual and secondarily a person nominated by Ilmarinen (see General Meeting of Shareholders > Shareholder agreements above).

Pohjola does not have a nomination committee within its Board of Directors as referred to in the Corporate Governance Code. The parent institution, OP-Pohjola Group Central Cooperative, prepares proposals for the election of Board members submitted to the General

Meeting. These proposals are included in the Notice of the Annual General Meeting and published in a stock exchange release.

Board duties

The Board of Directors is responsible for the Company's administration and appropriate organisation of operations and for the duly organisation of the supervision of accounting and financial management. It deals with far-reaching and important matters in principle from the perspective of the Company's and its consolidated group's operations.

The Board of Directors has confirmed a written charter defining the duties and meeting procedures applying to the Board of Directors.

The Board of Directors and the President and CEO shall manage the Company and its consolidated group professionally following sound and prudent business practices. The Board of Directors is tasked with promoting the interests of the Company and all of its shareholders.

In this respect, the Board of Directors shall

- decide on Group strategy and confirm business strategies;
- confirm values to be adhered to with regard to the operations of the Company and its consolidated group;
- approve an annual business plan and investment plan and supervise their implementation;
- decide on the core organisational structure and management system for the Group and its functions;
- discuss and approve the consolidated financial statements and interim reports;
- determine the Company's dividend policy and present a proposal to the General Meeting for the amount of dividends payable;
- appoint the Company's President and CEO and his deputy and decide on their remuneration, benefits and other terms and conditions of their executive contract;
- decide on the appointment of members to the Group Executive Committee and their remuneration, benefits and other terms and conditions of their employment or executive contract;
- confirm the principles and procedures for ensuring the fitness, propriety and professional skills of the Company's and its consolidated group's management;
- decide on the basic principles governing the Company's and its consolidated group's management incentive schemes and employee incentive schemes;
- decide on strategically or financially significant individual investments and any corporate acquisitions, divestments and transactions;
- annually confirm the Group's capital adequacy management principles, risk policies, funding plan, investment plan and significant operating principles governing risk management;
- assess and supervise the appropriateness, extent and reliability of the Group's capital adequacy management;
- decide on principles for ensuring that the Company and its consolidated group operate in compliance with

external regulations and internal instructions;

- decide on reporting procedures which it uses to monitor the Group's and subsidiaries' business, risk-bearing capacity and risk status;
- decide on principles aimed at ensuring open communication and an internal information flow;
- confirm the description of internal control and supervise the performance and adequacy of internal control within the Company and its consolidated group;
- confirm the principles of internal audit and an audit plan; and
- be responsible for any other duties of the Board of Directors as prescribed in the Limited Liability Companies Act or otherwise.

The Board of Directors may set up committees or other permanent or temporary bodies to perform tasks it has assigned. The Board of Directors shall confirm decision-making powers for bodies it has set up and elect their members. Such permanent decision-making bodies comprise the Risk Management Executives, the Senior Credit Committee, the Balance Sheet Management Executives and the Underwriting Executives. The Risk Management Executives are tasked with coordinating and supervising the principles and policies governing the Group's capital adequacy management and risk management. Within the framework of authorisations confirmed by the Board of Directors, the Senior Credit Committee takes decisions on exposure limits, credit limits and exposures concerning customer, bank and country risks. The Balance Sheet Management Executives are tasked with analysing, coordinating and controlling the Group's capital base and asset/liability management. The Underwriting Executives are responsible for the Group's underwriting risk management.

In accordance with the Board's charter, the Chairman is tasked with presiding over Board meetings. He must also ensure that the Board works efficiently and performs all of the duties within its remit. In order to perform his duties, the Chairman shall also adopt meeting agendas and ensure that matters discussed at the meetings have been duly prepared and that sufficient time has been allowed for discussion at the meetings and that all those present will have the opportunity to express their views on matters discussed.

Pohjola Bank plc's Board of Directors 2009

Board members	Year of birth	Education	Position
Reijo Karhinen (Chairman)	1955	M.Sc. (Econ. & Bus. Adm.)	Vuorineuvos (Finnish honorary title), Executive Chairman, OP-Pohjola Group
Tony Vepsäläinen (Vice Chairman)	1959	LL.M., eMBA	President, OP-Pohjola Group Central Cooperative
Merja Auvinen	1960	M.Sc. (Econ. & Bus. Adm.), eMBA	Managing Director, Savonlinnan Osuuspankki
Jukka Hienonen* (since 27 March 2009)	1961	M.Sc. (Econ. & Bus. Adm.)	President and CEO, Finnair Corporation
Simo Kauppi	1954	M.Sc. (Econ. & Bus. Adm.), eMBA	Managing Director, Länsi-Suomen Osuuspankki
Satu Lähteenmäki*	1956	D.Sc. (Econ. & Bus. Adm.)	Professor on leave, Turku School of Economics
Markku Vesterinen	1951	Lic.Sc.	President and CEO, Suomi Mutual Life Assurance Company
Tom von Weymarn*	1944	M.Sc. (Eng.)	Retired, board professional
Eino Halonen (until 27 March 2009)	1949	M.Sc. (Econ.)	Rahoitusneuvos (Finnish honorary title)

* Non-executive director independent of the Company and its major shareholders.

Board committees

The Board of Directors has set up an Audit Committee, a Remuneration Committee and a Risk Management Committee for the purpose of preparing tasks within its remit. The Board elects chairmen, vice chairmen and other members to the committees from among its members and confirms the committees' rules of procedure specifying the committees' key tasks and principles.

The committees have no independent power of decision but the Board of Directors makes decisions based on preparations made by the committees. The committees shall provide regular reports on their activities to the Board of Directors.

Audit Committee

Appointment and composition

The Board of Directors appoints from among its members a Chairman and Vice Chairman and a minimum of one and a maximum of two other members for a term of one year to the Audit Committee. The Committee's members must be financially literate with sufficient knowledge of accounting and accounting standards and one of the members must be a non-executive director independent of the Company.

Responsibilities

The Audit Committee is tasked with assisting the Board of Directors in ensuring that the Company and its consolidated group have a sufficient and effective internal control system covering all operations and that the supervision of accounting and financial management is duly organised. The Committee is also responsible for ensuring that the Company's operations and internal control are organised in a manner as required by laws, regulations and the corporate governance system, and for

supervising the performance of the internal audit.

To carry out its duties, the Committee shall, for its part,

- supervise financial reporting by
 - assessing the Company's draft financial statements and interim reports and the Company's and its consolidated group's accounting policies
 - assessing major or exceptional transactions and the related management judgement and estimates
 - assessing the accuracy of financial reporting and its conformity with regulations
- supervise compliance with laws, rules and other regulations by
 - regularly hearing the Compliance Officer
 - evaluating how the Company complies with laws, r regulations and regulatory guidelines
 - evaluating compliance with internal guidelines
 - monitoring developments relating to regulation governing the Company's and its consolidated group's operations
- evaluate the adequacy and effectiveness of internal control by
 - supervising compliance with the principles of internal control
- supervise internal auditing by
 - regularly hearing the Chief Audit Executive
 - evaluating the performance of the internal audit function and dealing with its audit plan
 - familiarising itself with the internal audit's audit reports to a sufficient extent;
- deal with issues related to regulatory supervision by
 - familiarising itself with supervisory reports issued by relevant regulators and with other reports, and by assessing any measures required by supervision
- deal with and assess matters related to auditing and auditors by
 - regularly hearing auditors
 - dealing with and assessing the audit plan and

- auditors' reports
- assessing the quality and extent of auditing and the auditors' advisory services
- participating in the selection process of auditors
- maintain contacts with the Audit Committee of the parent institution's Supervisory Board.

Committee work

The Audit Committee shall meet at least four times a year, convened by its Chairman. Notice of the meeting and a meeting agenda shall be sent not only to the attendants but also other Board members.

A Committee meeting has a quorum if the Chairman or Vice Chairman and at least one member are present. In addition to Committee members and the secretary, attendants at the meetings comprise the President and CEO and, depending on items on the agenda, Group Executive Committee members in charge of the Company's finance and risk management, the Company's auditor, the Chief Audit Executive and the Compliance Officer.

Signed by the Committee's Chairman and secretary, minutes shall be kept of all Committee meetings and discussed by the Board of Directors. The Committee shall also regularly report on its activities to the Board of Directors in other respects.

Audit Committee work in 2009

The Audit Committee's members in 2009 comprised Tom von Weymarn (Chairman), Merja Auvinen, Jukka Hienonen (since 27 March 2009) and Markku Vesterinen (until 27 March 2009).

In 2009, the Committee met six times and the attendance rate of its meetings averaged 94.44%

Remuneration Committee

Appointment and composition

At its meeting following the Annual General Meeting, the Board of Directors annually appoints three members to the Remuneration Committee in such a way that the Committee is chaired by the Chairman of the Board of Directors and vice-chaired by the Vice Chairman of the Board of Directors, and one Committee member is a non-executive member of the Board of Directors. The secretary of the Board of Directors acts as the Committee secretary.

Responsibilities

The Remuneration Committee shall

- prepare proposals submitted to the Board of Directors for the appointment of the President and CEO and his deputy and other members of the Group Executive Committee, as well as their pay, any bonuses and other terms and conditions of their executive contract;
- assess the fitness, propriety and professional skills of the aforementioned people;
- prepare successor plans for the management;
- prepare the Group's general incentive principles and

- steer the development of the Group's employee incentive schemes on the basis of these principles;
- prepare proposals submitted to the Board of Directors for management incentive schemes;
- assess regularly the effectiveness of the Group's incentive schemes with the aim of ensuring that employee recognition with respect to all personnel groups is in line with the Group's core values, strategy, goals, risk policies and control systems; and
- supervise compliance with regulation governing human resources management within Pohjola Group.

Committee work

The Remuneration Committee shall meet at least twice a year, convened by its Chairman. A meeting agenda shall be sent not only to the attendants but also other Board members. The Chairman and the Senior Vice President of Human Resources assume primary responsibility for the preparation of the meeting.

A Committee meeting has a quorum if the Chairman and at least one member are present. In addition to Committee members and the secretary, the President and CEO and the Senior Vice President of Human Resources attend the meeting, when appropriate.

Signed by the Committee's Chairman and secretary, minutes shall be kept of all Committee meetings and discussed by the Board of Directors. The Committee shall also regularly report on its activities to the Board of Directors in other respects.

Remuneration Committee work in 2009

The Remuneration Committee's members in 2009 comprised Reijo Karhinen (Chairman), Tony Vepsäläinen and Satu Lähteenmäki.

In 2009, the Committee met seven times and the attendance rate of its meetings averaged 100%. The Committee has regularly reported on its activities to the Board of Directors.

Risk Management Committee

Appointment and composition

The Board of Directors appoints from among its members a Chairman and Vice Chairman and a minimum of one and a maximum of two other members for a term of one year to the Risk Management Committee. The Committee members must demonstrate sufficient knowledge of the business, risk management and capital adequacy management of the Company and its consolidated group.

Responsibilities

The Committee is tasked with assisting the Board of Directors in ensuring that the Company and its consolidated group have adequate capital adequacy management and risk management systems covering all operations. The Committee shall also supervise the Company and its consolidated group so that they do not

take excessive risks which would materially jeopardise the Company's and its consolidated group's capital adequacy, liquidity or profitability; and that the Company's and its consolidated group's risk-bearing capacity is sufficient to secure the continuity of operations.

To carry out its duties, the Committee shall

- deal with the Company's and its consolidated group's capital adequacy management principles, risk policies and other general guidelines governing risk management;
- supervise the scope and performance of the Company's and its consolidated group's risk management systems by
 - monitoring the performance of committees set up by Pohjola's Board of Directors
 - assessing at least once a year the quality, scope and efficiency of the Company's and its consolidated group's risk management
- supervise the quantity and quality of the Company's and its consolidated group's capital base, developments in their financial performance, risk exposure and compliance with risk policies, credit lines and other instructions;
- supervise the Company to ensure that risk management is in conformity with laws and regulations and instructions issued by relevant authorities by
 - dealing with and assessing risk analyses by external controlling parties
 - dealing with and assessing any observations that may pertain to the performance of risk management, and measures required by such observations; and
 - monitoring developments relating to regulation governing the Company's operations with respect to risk management.

Committee work

The Risk Management Committee shall meet at least five times a year, convened by its Chairman. Notice of the meeting and a meeting agenda shall be sent not only to the attendants but also other Board members.

A Committee meeting has a quorum if the Chairman or Vice Chairman and at least one member are present. In addition to Committee members and the secretary, attendants at the meetings comprise the President and CEO, Chairman of the Risk Management Executives, Chairman of the Balance Sheet Management Executives and, whenever necessary, Chairman of the Senior Credit Committee.

Signed by the Committee's Chairman and secretary, minutes shall be kept of all Committee meetings and discussed by the Board of Directors and notified to the Risk Management of OP-Pohjola Group Central Cooperative, the parent company. The Committee shall also regularly report on its activities and observations to the Board of Directors in other respects.

Risk Management Committee work in 2009

The Risk Management Committee's members in 2009 comprised Tony Vepsäläinen (Chairman), Simo Kauppi, Markku Vesterinen (since 27 March 2009) and Eino Halonen (until 27 March 2009).

In 2009, the Committee met six times and the attendance rate of its meetings averaged 88.89%.

Board work

The Board of Directors prepares an annual action plan which contains a meeting schedule, the most significant items on each meeting's agenda and required training for Board members. The action plan also includes exceptional events expected within the year in question.

The Board of Directors and its committees appraise their performance and working methods once a year.

At its meetings, the Board of Directors shall make decisions on issues assigned to it. The Board may hold a meeting on a teleconference basis or using other media if the matter in question is urgent or there exists some other similar reason to do so, provided that the Board members have the opportunity to communicate with each other during decision-making.

The Board of Directors shall meet once a month on average on the date it has specified, unless it determines otherwise. The Board of Directors confirms its meeting schedule as part of its action plan. The Board may also meet at other times if it decides to do so or a Board member or the President and CEO requests it.

Notice of the Board's and its committees' meetings and the required meeting material must be distributed to the Board's and its committees' members no later than three days prior to the meeting, whenever possible.

The Board of Directors has a quorum if more than half of its members are present at its meeting. If a Board member is prevented from being present, he must immediately notify the Board Chairman, the President and CEO or the Board secretary thereof.

Board meetings are open to Board members. The President and CEO has the right and obligation to be present at Board meetings and exercise his right to speak unless the Board of Directors determines otherwise in a certain case. Board meetings may also be attended by some other person whose presence is necessary due to the matter under discussion. At its meeting, the Board of Directors may, in other respects, consult the Chief Audit Executive, Compliance Officer, auditors and other experts.

The President and CEO shall bear primary responsibility for preparing issues to be discussed at Board meetings. He shall also ensure that the Board of Directors and its members will have access to sufficient information in order to be able to assess the Company's and its consolidated group's operations, financial position and other issues under discussion. The President and CEO or, by order of him, another person with sufficient knowledge shall submit proposals to the Board of Directors in writing, whenever possible.

A Board member or the President and CEO may not be

involved in discussing an issue regarding an agreement between him and the Company. In addition, he may not be involved in discussing an issue regarding an agreement between the Company and a third party if he can expect to receive substantial benefits from it that may conflict with the Company's interest. What is said above about the agreement also applies to other legal act and legal proceedings or the exercise of the right to speak in other respects. A Board member and the President and CEO shall personally notify the Board of Directors of his disqualification.

Board decisions are based on a majority vote and in case of a tie, the Chairman has the casting vote.

Minutes shall be kept of all Board meetings, containing those present, decisions made and any dissenting opinions that may be expressed. The minutes shall be taken by a recording secretary, appointed by the Board of Directors, and be adopted at the next Board meeting and signed by the secretary, the Board Chairman and a minutes-checker appointed for each meeting. All minutes documents are numbered consecutively by calendar year and each calendar year's minutes are stored as bound books.

The President and CEO shall ensure and supervise the execution of the Board's decisions and report their execution to the Board of Directors.

Board work in 2009

In 2009, the Board of Directors met twenty times and the attendance rate of its meetings averaged 96.25%.

5. President and CEO, and Group Executive Committee

President and CEO

Pohjola Bank plc's President and CEO is Mikael Silvennoinen, M.Sc. (Econ. & Bus. Adm.) (b.1956).

The President and CEO in charge of the Company's daily management in accordance with the instructions and orders issued by the Board of Directors, while ensuring that accounting practices comply with the law and that financial management is organised in a reliable manner.

The President and CEO's duties include the management and supervision of the Group's business, the preparation of matters to be discussed by the Board of Directors and the execution of Board decisions. He also chairs Pohjola Group's Executive Committee and the boards of directors of major Group companies.

The Board of Directors appoints the President and CEO and decides on the terms and conditions of his executive contract. Approved by the Board of Directors, a written CEO employment contract stipulates these terms and conditions.

Group Executive Committee

With respect to the Company's operational management, the President and CEO is assisted by the Group Executive Committee, which is an advisory body set up by the

Board of Directors. The Executive Committee has neither authority, based on laws or the Articles of Association, nor any independent decision-making rights. Decisions on matters discussed by the Executive Committee shall be taken by the President and CEO or an Executive Committee member responsible for the matter in question, unless the decision on the matter belongs within the remit of the Company's or a Group company's Board of Directors.

The Group Executive Committee comprises the President and CEO, Heads of the business lines of the Company and its consolidated group, and the CFO, SVP of Human Resources and CRO. The Board of Directors shall confirm the composition of the Executive Committee chaired by the President and CEO or, whenever he is prevented, his deputy. Executive Committee meetings may also be attended by non-members as permanent or temporary experts or, whenever necessary, as rapporteurs. The Chairman of the Executive Committee shall appoint a secretary tasked with contributing to the preparation of meetings and taking the minutes of meetings.

The Group Executive Committee shall support the President and CEO in preparing any strategic issues related to the Company and its consolidated group, coordinating Group operations, preparing and implementing any operational issues of great significance or principal in nature, as well as ensuring the effectiveness of internal control and risk and capital adequacy management and internal cooperation and information flows. As a coordination body, the Executive Committee shall take charge of the overall control of the Company and its consolidated group in such a way that the Group as a whole will achieve its profit and other targets and goals by following shared strategies and policies.

To carry out its duties, the Executive Committee shall particularly deal with the strategy and action plan of the Company and its consolidated group, significant issues to be presented to the Board of Directors, major purchases and projects, the main policy guidelines applying to the Company, its consolidated group and administration, as well as HR management policy guidelines. It is also tasked with acting as an information provider and coordinator between the management of various functions and business divisions.

The Group Executive Committee shall meet at least twice a month, convened by its Chairman. Signed by the Chairman and secretary, minutes shall be kept of all Executive Committee meetings and be delivered to the Audit Committee.

Pohjola Group Executive Committee in 2009:

Executive Committee members	Year of birth	Education	Position
Mikael Silvennoinen (Chairman)	1956	M.Sc. (Econ. & Bus. Adm.)	President and CEO, Pohjola Bank plc
Mikko Koskimies	1967	M.Sc. (Econ. & Bus. Adm.)	Executive Vice President, Pohjola Asset Management Ltd
Jouko Pölönen	1970	M.Sc. (Econ. & Bus. Adm.), eMBA	CFO, Pohjola Bank plc
Reima Rytsölä	1969	M.Soc.Sc., CEFA	Executive Vice President, Banking, Group-level responsibility for major corporate and institutional customers, Pohjola Bank plc
Eva Valkama (since 1 April 2009)	1949	M.Sc. (Econ. & Bus. Adm.)	Senior Vice President, Human Resources, Pohjola Bank plc
Petri Viertiö (since 2 March 2009)	1962	M.Sc. (Tech.)	CRO, Pohjola Bank plc
Tomi Yli-Kyyny	1962	M.Sc. (Tech.)	President, Pohjola Insurance Ltd, Group-level responsibility for private customers and field corporate customers

6. Management System

Core values and the role of code of ethics

Pohjola has defined core values guiding its operations, which, for their part, also serve as a code of ethics. The Group's core values are a People-first Approach, Responsibility and Prospering Together. In addition, ethical operations are guided by the general principles governing the management of conflict-of-interest cases updated every year.

Pohjola Group's organisational structure

The Group's organisation is based on three business segments consisting of business divisions, and the Group functions which constitute coordinated services and support functions required by the Group and its business segments.

The business segments apply their vision, strategy, performance indicators and operating models based on those established at Group level. Accordingly, the business segments' and divisions' goals and strategies

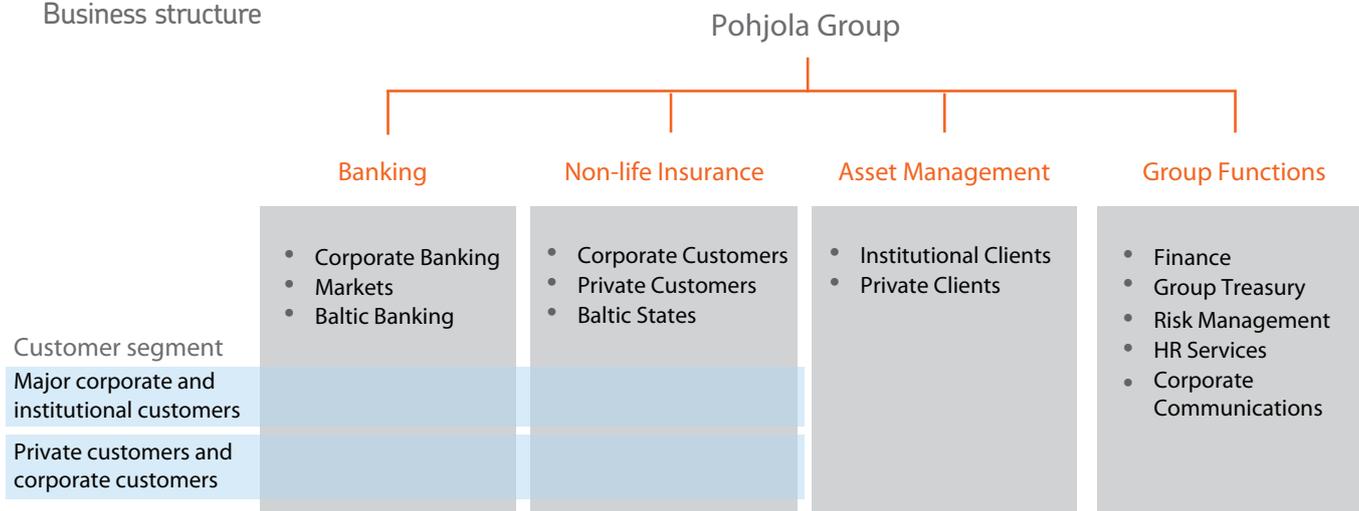
must support the Group's vision and strategy.

Control, development, support and services that have been coordinated due to reasons lying in competencies, efficiency or risk management and are needed by the Group and its business segments and divisions have been organised within the Group Functions and, for Non-life Insurance, within Claims. Responsibility for customer relationships management rest with the following customer segments: major corporate and institutional customers, and private customers and corporate customers. Marketing is a coordinated Group-level function. Some support functions, such as internal audit, ICT management, corporate communications, financial accounting and part of HR, are managed on a coordinated basis at the level of OP-Pohjola Group Central Cooperative Consolidated.

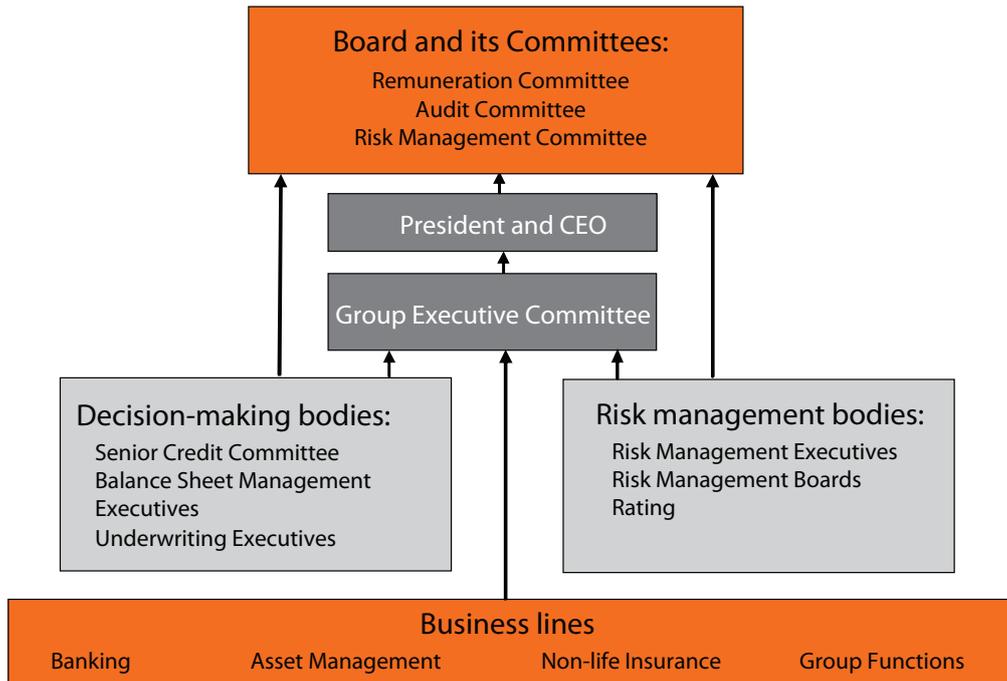
Pohjola Group's decision-making system

The Group management system specifies principles governing Group operational decision-making and legal decision-making. Specific decision-making rules apply to taking credit and market risks, and ICT investments. In addition, specific rules and guidelines apply to the

Business structure



The graph below depicts Pohjola Group's decision-making bodies and reporting relationships in brief.



confirmation of the investment plan and the reserving bases of technical provisions within Non-life Insurance, as well as to some other major duties within insurance operations.

The Group's operational decision-making and control are based on the business organisation confirmed by the Board of Directors while legal decision-making is grounded on the Group's corporate structure. Operational decision-making combines with legal decision-making through the Board of Directors, whose control and supervisory responsibility covers the entire Group. The Board's charter stipulates Board responsibilities and decision-making procedure.

The following bodies/executives are responsible for operational decision-making and control:

- Pohjola's Board of Directors
- President and CEO
- Executive Vice President (business segment)
- Executive Vice President (business division)
- Senior Vice President (department)
- Head of unit

The following bodies/executives are responsible for legal decision-making:

- Pohjola's Board of Directors
- President and CEO
- Board of directors of each subsidiary
- Subsidiaries' Managing Directors

The Board of Directors is responsible for the Company's governance and appropriate organisation of operations. By law, the President and CEO is responsible for the Company's daily management in accordance with the instructions and orders issued by the Board of Directors. He may take measures which are unusual or far-reaching in nature, considering the extent and nature of the Company's operations, only if the Board of Directors has authorised him to do so or the Board's decision cannot be awaited without causing major harm to the Company's operations.

Duties, powers and their limits, and reporting relationships applying to the business segments and their decision-making bodies are specified in the appropriate rules of procedure or task descriptions.

Significant decisions within operational control are subject to recording. If decisions are not recorded within the legal decision-making system, they must be recorded in the minutes of committees.

Operational decision-making and control have an effect on legal decisions made by the Group companies. Decisions on goals and targets, the strategy, compensation principles and the dividend policy serve as examples of these operational decisions. Where necessary, the Group companies shall record decisions on operational control as decisions by their boards of directors. The Group companies' legal decision-making must take account of not only operational control but also the requirements set by the Finnish Limited Liability Companies Act and other regulations and regulatory authorities (eg the adoption of the financial statements and the confirmation of an insurance company's investment plan and the reserving bases of technical provisions). As part of the Group's role as the owner of Group companies under corporate governance principles, the President and CEO chairs the board of directors of the most significant subsidiaries.

Pohjola Group's strategic and operational planning

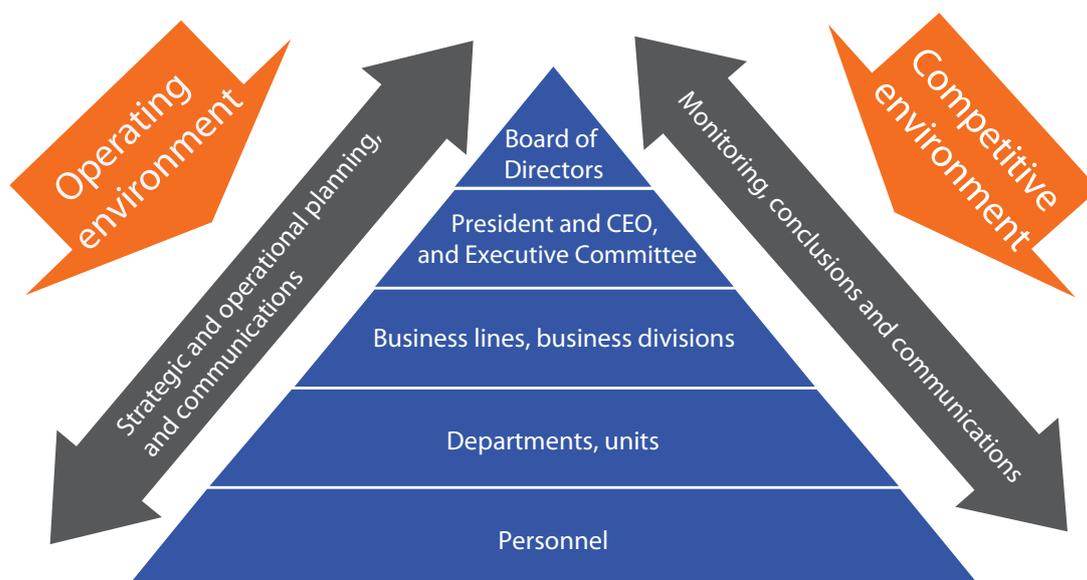
Pohjola Group's strategy updated at an around two-year interval specifies the Group's long-term strategic intent. This update is based on an analysis of the operating environment, competitive environment and company operations, and on OP-Pohjola Group's and the Central Cooperative's strategies. The Group's strategy provides foundations for the long-term strategies and operations of the business lines, business divisions and subsidiaries. The key role of strategic planning is to describe the Group's mission and vision as well as key objectives, success factors and competitive advantages which the Group aims to use to achieve its vision. As part of the strategy update, the Group specifies its key strategic initiatives for the strategy period, which the Group aims to implement in order to upgrade its business and focus operations in order to achieve its strategic goals.

The key role of operational planning, which is short-term planning, is to describe annual priorities, key tasks and resources, as well as risk limits and future earnings estimates which enable the Group to achieve the objectives and targets specified in the strategy.

environment and the Group's own operations, and operational options. The Group's business lines perform strategic and operational planning on the basis of the guidelines issued by the Board of Directors which confirm the related plans. The executive management and employees shall implement these confirmed plans and the Board of Directors and the executive management shall monitor the implementation, make conclusions and, whenever necessary, initiate corrective measures. The graph below depicts a rough framework for Pohjola Group's operational planning and monitoring.

Description of Pohjola Group's operational planning and monitoring

The Group monitors the implementation of plans and the achievement of the set objectives and targets on an ongoing basis in order to quickly identify any changes in the operating and competitive environment and deviations from the plans and to be able to initiate any corrective measures. Performance reviews between managers and their employees are also aimed at discussing the achievement of objectives and



The objectives and targets and initiatives specified in the strategy, and their implementation are linked with operational planning in annual business plans, action programmes and target performance indicators. In annual planning and target-setting, the Group takes account of the following four perspectives based on the Balanced Scorecard, in a balanced way: financial, customer, business process, and learning and growth. The Group uses performance indicators, defined in strategies and action plans, to monitor the achievement of tangible objectives and targets and assesses their achievement for separately defined periods. Employee incentivisation forms part of the management system aimed at motivating employees to meet Group goals and targets. The Group prepares its performance forecasts for the current year and two subsequent years.

Operational planning and monitoring means a continuous, top-down and bottom-up interaction taking account of changes in the operating and competitive

targets based on past performance, according to the organisational structure. Such reporting must provide a true and clear picture of the status of line operations vis-à-vis the objectives set, actual and expected performance and any risks threatening to prevent the achievement of the objectives. Providing updated and reliable information and highlighting relevant issues and conclusions as the basis of decision-making play a key role in operational monitoring. In addition to actual performance reporting, preparing forecasts and creating optional scenarios form an integral part of monitoring. Operational monitoring is part of internal control aimed at ensuring that the Group

- implements its strategy and action plans and achieves its financial targets;
- risk management is comprehensive and sufficient;
- operates efficiently and reliably;
- financial and other reporting is reliable; and
- abides by laws and conform to external and internal regulation.

7. Internal and External Control

7.1. Internal control

Internal control

Pohjola Group's internal control is based on a functional organisation in which internal control is performed at all organisational levels in its various forms. Primary and the most extensive internal control measures must be taken at the operational level.

Internal control is aimed at ensuring that the Group will achieve its key objectives, and the assessment of whether these objectives have been achieved is largely based on reports provided by line operations. Business lines, divisions and units must perform internal control on an ongoing basis, forming part of their daily routines with the aim of ensuring that their operations are in line with the objectives. They bear significant responsibility for ensuring that the reported information is accurate and sufficient.

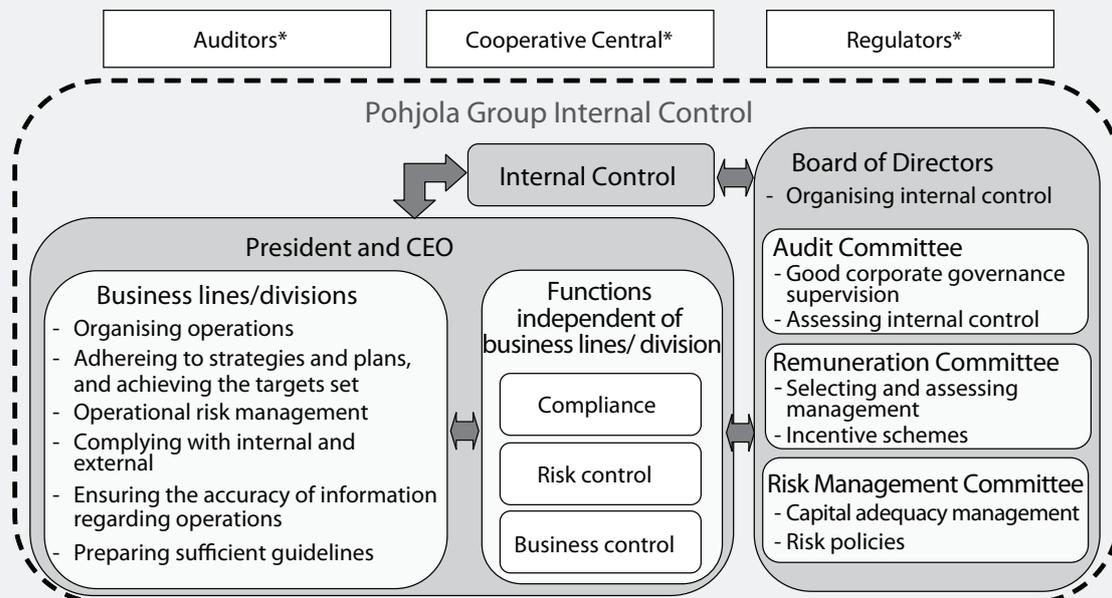
and supports their board of directors in ensuring effective internal control.

Internal control is performed at all organisational levels covering all people within the organisation – from the level of individual employees to that of the Board of Directors. The lower the organisational level, the more elaborate procedures for internal control and the larger number of those engaged in it. This elaborateness and the number of those engaged in internal control are lower in upper organisational levels, i.e. in the upper organisational level supervisors have more condensed and extensive information available. Due to the nature of operations and available information, methods ensuring internal control vary by organisational level and function.

The Board of Directors' role

The Board of Directors is responsible for organising and maintaining adequate and effective internal control by

Framework for Pohjola Group's internal control:



* In the development of its internal control, Pohjola also takes account of changes in external control and observations made by external regulators regarding internal control.

The Compliance, Risk Monitoring and Business Control functions operating within the Group Functions and independent of the business lines assist Pohjola's President and CEO, senior and executive management and other functions in ensuring the effectiveness of internal control within each business. Internal Audit assists Pohjola's Board of Directors, President and CEO and the Group Executive Committee in ensuring internal control effectiveness. Moreover, external auditors in particular ensure that financial information is correct in this respect. The Board of Directors has assigned much of the duties ensuring internal control to its committees which assume the role of preparation while the Board of Directors makes actual decisions.

The Board of Directors of each Group company is in charge of duties ensuring internal control within the company. Internal Audit also covers Group companies

- confirming the description of internal control and supervising the performance and adequacy of internal control within the Company and its consolidated group;
- assessing and supervising, on the basis of observations made by internal and external control, compliance with the principles governing the organisation of operations, and the effectiveness of control within the Company and its consolidated group; and
- confirming the principles of internal audit and an audit plan.

As part of the organisation of internal control and risk management, the Board of Directors shall regularly monitor the Company's and its consolidated group's financial performance and risks associated with operations and decide on reporting, procedures and

qualitative and quantitative indicators aimed at gauging efficiency and performance. The Board confirms, specifically and as part of the Group's business plan, the desired annual risk appetite included in the capital adequacy management principles and major risk management principles, as well as risk policies and indicators by risk type. The Board also annually deals with an investment plan. It is also tasked with securing liquidity and funding required for the Group's and OP-Pohjola Group's operations.

The Board of Directors decides on the Group's management system and the corporate and organisational structure required by operations, with a view to providing solid foundations for effective internal control.

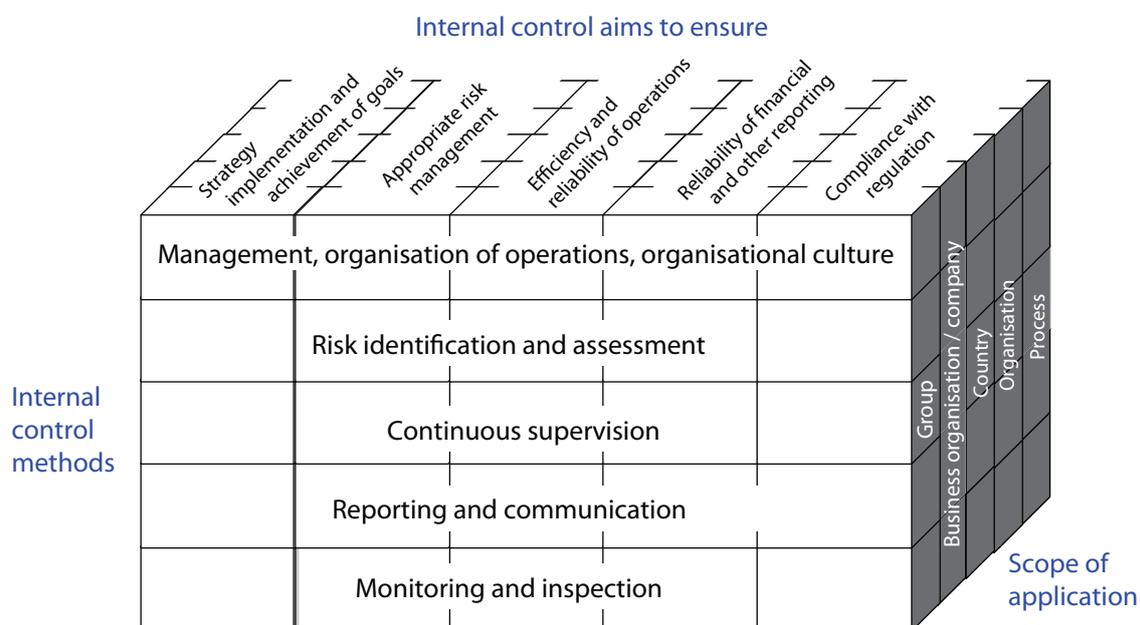
For the purpose of ensuring good corporate governance with respect to Group companies and monitoring the effectiveness of internal control, one or several members of the Group Executive Committee shall sit on Group companies' board of directors. Group-level risk management and financial reporting are performed

processes and relevant individual tasks. The nature and extent of operations and special characteristics related to international operations are taken into consideration in specifying internal control measures. The graph below describes Pohjola Group's internal control goals, tools and the scope of application.

Risk management

Pohjola must identify and assess regularly internal and external risks exposed by the Company and its consolidated group that may have a detrimental effect on the achievement of its business goals. It shall mitigate risks and supervise limits. Pohjola applies assessment and management methods for quantitative and qualitative risks.

The Company has a Risk Management function independent of other business, tasked with supervising, measuring and reporting risks, and maintaining, developing and preparing capital adequacy management



in a coordinated way by a function independent of the business lines.

Group companies' boards of directors are responsible for the top management tasks of the company in question related to internal control. Each Group company's executive management is responsible for the implementation of internal control and risk management according to the agreed principles and guidelines, and reports regularly on the company's business, risk-bearing capacity and risk status, in accordance with the Group's management system.

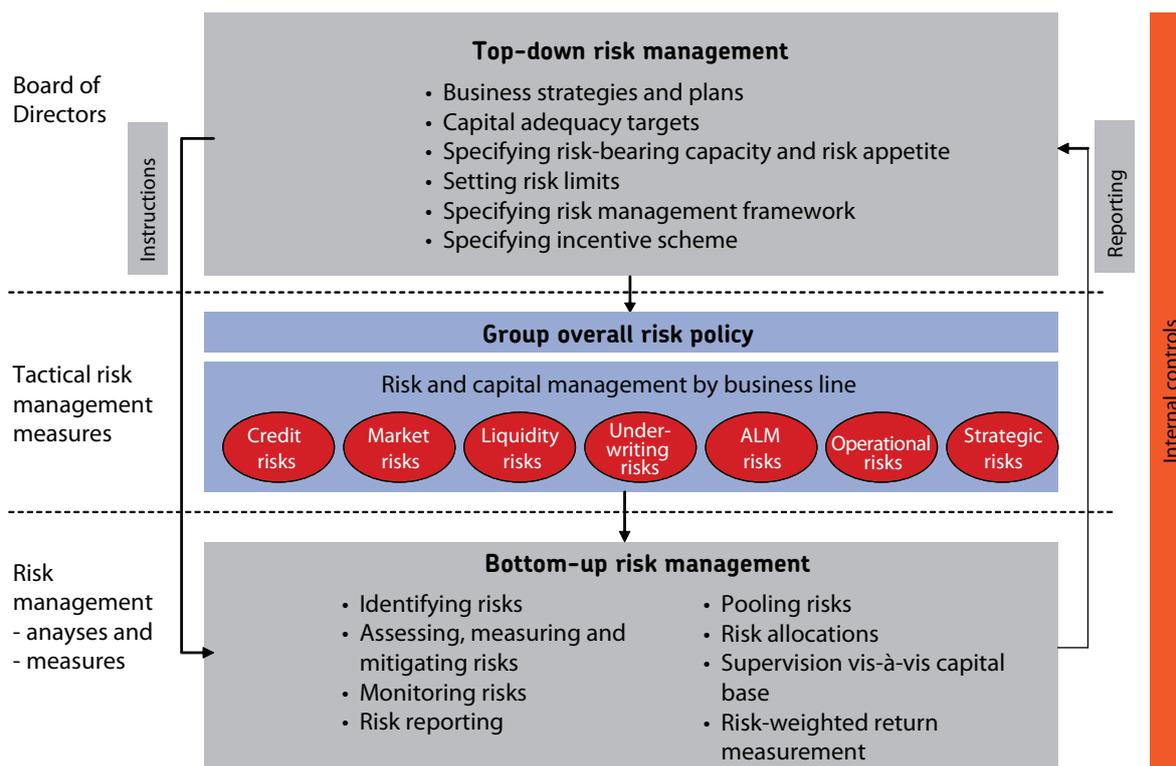
Internal control is aimed at ensuring the achievement of the objectives set for operations. The implementation of internal control is based on various tools, such as those related to management, the organisation of operations and the organisational culture, risk identification and assessment, continuous control, reporting and communication, as well as monitoring and audit. Internal controls cover all relevant operations, involving all Group companies and sites, organisational levels,

and risk management principles submitted for the Board's approval and preparing methods for risk assessment and measurement. As part of Risk Management, an independent Compliance unit is responsible for assisting the senior and executive management of the Company and its consolidated group and other functions in non-compliance related risk management.

The purpose of risk management is to identify threats and opportunities affecting strategy implementation. The aim is to help achieve the objectives and targets specified in the strategy by ensuring that risks are proportional to risk-bearing capacity and the continuity of operations has been secured sufficiently.

Pohjola Group's risk-bearing capacity involves the capital base, profitability and qualitative factors, such as good corporate governance, internal control and risk management as well as capital adequacy management. Pohjola Group's statutory capital adequacy is determined on the basis of the Act on Credit Institutions. Determined

Framework for Pohjola Group's integrated risk management



on the basis of the Insurance Companies Act, the statutory solvency of Non-life Insurance is influenced by the minimum requirements set for solvency capital, the minimum solvency margin and equalisation provision.

Key strategic and business risks

Strategic risks and business risks arise from competition, internal pressures or market forces which result in unexpected fluctuations in volumes, margins and costs, thus affecting the volatility of earnings and the achievement of long-term business goals. Strategic and business risks may also arise from opting for a wrong strategy and from mismanagement and inadequate monitoring or from slow reaction to changes in the operating environment.

Within Pohjola Group, major business risks exposed by Banking include credit, interest rate, currency, equity and liquidity risks, and those exposed by Non-life Insurance include insurance risks and market and credit risks associated with investments. Strategic and operational risks, such as changes in the economic situation, competition or customer behaviour, are also inherently related to Banking, Asset Management, Non-life Insurance and the Group Functions. Operational risks refer to risks resulting from inadequate internal processes, people and systems or external events which cause direct or indirect losses.

Credit risks mean risks of loss due to the inability of the Group's contracting parties to fulfil their obligations and the insufficiency of received collateral to secure receivables. Credit risk also includes country risks and settlement risks. Market risks include the effects caused by changes in market prices (interest rates, foreign exchange rates, equity prices and credit spreads) or

volatility on the Group's financial performance. Funding risks refer to risks associated with the availability of refunding and the impact of the bank's credit rating on the price of funding. A difference between the maturities of receivables and liabilities presents risks. Funding risks also arise if liabilities or receivables, or both, are concentrated with respect to counterparties, instruments and market segments.

The insurance business is based on taking and managing risks. The largest risks pertain to risk selection and pricing, the acquisition of reinsurance cover, and the adequacy of technical provisions. Within Non-life Insurance, the risk inherent in technical provisions lies mainly in insurance lines characterised by a long claims settlement period. In addition to underwriting risks, a major insurance business risk consists of the investment risk related to the assets covering technical provisions.

Capital adequacy management principles

Pohjola's Board of Directors approves the Group's capital adequacy management principles, subject to an annual review, specifying the Group's risk-bearing capacity, risk appetite, overall risk and capital adequacy management principles, as well as a capital maintenance plan. These capital adequacy management principles specify the Group's business-related risks and the risk management organisation while describing the duties of various decision-making levels and the organisational units involved in risk management, and their division of responsibilities. The capital adequacy management principles also include a description of the capital adequacy management process, risk management methods and indicators, and the principles related to risk monitoring and reporting. Annually formulated risk

policies provide guidelines for risk-taking. The Board of Directors approves the Group's overall risk policy and the underlying risk policies and principles guiding the Group, Banking, the Group Functions and Non-life Insurance.

As part of the capital adequacy management principles, the Board of Directors annually confirms a capital plan which contains earnings and capital adequacy forecasts based on several operating environment scenarios. Capital planning is aimed at ensuring proactively that the Group's risk-bearing capacity is sufficient and capital management is effective. The capital plan contains capitalisation targets, stress tests to reveal the effects of risk factors on profitability and capital adequacy, as well as the required capital monitoring and control procedures. The capital plan describes the management's estimate of the Group's capital adequacy and precautionary measures to maintain capital adequacy.

Organisation of risk management

As the highest decision-making body in matters associated with risk management and capital adequacy management, Pohjola's Board of Directors decides on the goals and organisation of risk management and capital adequacy management, confirms the capital adequacy management principles, risk policies, investment plan and the main principles governing risk management. In addition, the Board supervises and monitors the implementation of risk and capital adequacy management. The Board also approves the decision-making system and appoints Pohjola's Risk Management Executives, Balance Sheet Management Executives and members of the Senior Credit Committee, and confirms the description of the Underwriting Executives' duties and appointments.

The Board's Risk Management Committee is responsible for supervising the preparation of, and compliance with, the Company's and its consolidated group's risk management and capital adequacy management principles and other general guidelines related to risk management, and supervising the Company's and its consolidated group's risks and risk concentrations and the quality and scope of risk management, as well as monitoring the implementation of risk-taking policies, the use of limits and profit performance.

The Risk Management Executives coordinate and supervise the risk management and capital adequacy management principles and operational policies on a holistic basis and confirm the description of the Rating Committee members' duties and appoints its members. The Risk Management Executives deal with the Pohjola Group capital adequacy management principles submitted for the Board's confirmation, risk policies, an investment plan and major operating principles governing risk management and capital adequacy management. In addition, the Risk Management Executives approve the methods and indicators used in risk monitoring, and, upon a business line's proposal, new Group operating models and products and any changes to existing operating models and products.

The Balance Sheet Management Executives are tasked with analysing, coordinating and controlling asset/liability management in accordance with laws, official

regulations, risk policies issued by the Board of Directors and operating principles set by the Risk Management Executives. The Balance Sheet Management Executives deal with the development of the equity structure, the allocation of shareholders' equity to business units and risk types, and make decisions on policies governing the management of Group capital to optimise the return/risk ratio. Within the framework of the policy guidelines confirmed by the Board of Directors, the Balance Sheet Management Executives make decisions on Group funding and liquidity portfolio investments.

Tasked with developing and implementing integrated risk management and capital adequacy management in cooperation with the Finance function within Pohjola Group, the Risk Management function, independent of business operations, is responsible for assisting the Board of Directors, the Risk Management Committee, the Audit Committee and the Risk Management Executives in preparing and developing the Group's capital adequacy management principles (incl. capital planning), and in preparing the Group's overall risk policy, risk policies by risk type and investment plans. It is also in charge of monitoring and reporting the implementation of the Group's risk-bearing capacity and risk policies, and preparing and maintaining decision-making powers and instructions pertaining to risk-taking. The Risk Management function also assists in decision-making and serves as a quality controller in the loan decision process, coordinates the Compliance function and supports the Group's business lines in the management of their compliance risks.

The business lines shall bear primary responsibility for their risk-taking, financial performance and compliance with the principles of internal control and risk management and capital adequacy management. The business lines have the right to take risk management decisions within the approved decision-making authorisations and limits in compliance with the Group's risk policies and guidelines.

Description of risk management and capital adequacy management principles and risk exposure

A more detailed description of Pohjola Group's risk management and capital adequacy management principles and risk exposure can be found on Pohjola's website, English > Investor Relations > Risks and Capital Adequacy, and the most recent Report by the Board of Directors and Financial Statements or Interim Report (see Media > Material Service).

Internal audit

The Internal Audit function is tasked with assisting the Board of Directors and other management in controlling, supervising and assuring operations by carrying out operational audits. It shall assess the performance level, efficiency, the sufficiency of internal control and supervision, the appropriateness of risk management, as well as compliance with laws, official regulations and internal instructions. The Board of Directors has confirmed guidelines for the organisation and operating principles governing Internal Audit.

At Group level, internal audit is organised as an internal audit unit within Pohjola's parent institution, OP-Pohjola Group Central Cooperative, headed by the Chief Audit Executive who shall report to the Chairman of Pohjola's Board of Directors but is also in direct contact with the President and CEO, the Board of Directors and its Audit Committee.

Internal Audit shall annually prepare an audit plan to be submitted for the Board's approval. It shall also produce special reports at the management's request and assist the Board's Audit Committee.

Internal Audit shall prepare a report on each audit and deliver it to the President and CEO, the Audit Committee, auditors, CRO and those in charge of the particular business line. These reports may contain recommendations aimed at improvements. Internal Audit shall monitor the implementation of the recommended improvements.

7.2. External control

Audit

The Articles of Association stipulate that the General Meeting of Shareholders shall elect a minimum of one and a maximum of three auditors and one deputy auditor, if none of the auditors is a firm of authorised public accountants as referred to in the Auditing Act, for the purpose of examining the Company's accounting, financial statements and corporate governance. The auditor and deputy auditor must be an authorised public accountant (APA) or a firm of authorised public accountants as referred to in the Auditing Act. The auditors' term of office begins on the date of their election and terminates upon the closing of the Annual General Meeting following their election.

Pohjola's parent institution, OP-Pohjola Group Central Cooperative, puts audit services out to tender at some five years' interval (last time at the end of 2006), on the basis of which it proposes eligible auditors to the Annual General Meeting.

The auditors are tasked with auditing the accounting, financial statements and corporate governance of the Company and its consolidated group in order to obtain assurance that the Company and its administrative bodies operate in compliance with applicable laws and that the financial statements have been prepared in accordance with the rules and regulations in force, giving a true and fair view of the Company's and its consolidated group's result of operations and financial position to shareholders and other interested parties. In addition, the firm of authorised public accountants shall perform an extended audit according to plans specific to each audit.

The auditors shall present the Auditors' Report to the Annual General Meeting, expressing their opinion of the content of the financial statements and proposed profit distribution, and the discharge those in charge from liability. Based on their observations, they shall also draw up audit memoranda delivered to the Board of Directors, the President and CEO, the Board's Audit Committee, CRO, Internal Audit and the Finnish Financial Supervisory Authority. Whenever necessary, auditors shall also issue oral reports to the aforementioned persons and bodies.

They have a statutory obligation to notify the Financial Supervisory Authority of any matters or decisions that put operations and the existence of licence requirements at risk, or that result in an opinion in the Auditors' Report other than the unqualified opinion, as referred to in the Auditing Act, or result in an auditors' remark as referred to in Section 15, Paragraph 4 of the Auditing Act.

Audit fees for statutory audit are based on an annual plan and those for extended audit on an audit-specific plan.

Auditors in 2009

In 2009, KPMG Oy Ab, a firm of authorised public accountants, and Sixten Nyman, APA, acted as the Company's auditors, with Mr Nyman acting as the chief auditor appointed by KPMG Oy Ab. KPMG Oy Ab or auditors in its employ acted as auditors of the Group's subsidiaries.

In 2009, auditors' remuneration totalled EUR 516,000, involving the statutory audit of Group companies and contractual extended audits in 2009. Fees for non-audit services paid to KPMG Oy Ab in 2009 totalled EUR 780,000.

Supervision by central institution

Together with its parent institution, OP-Pohjola Group Central Cooperative, and other of its member credit institutions, Pohjola belongs to the amalgamation of the cooperative banks pursuant to Section 3 of the Act on Cooperative Banks and Other Cooperative Credit Institutions (15004/2001). Under this Act, the Central Cooperative shall issue instructions to its member credit institutions on their internal control and risk management, their procedures for securing liquidity and capital adequacy as well as for the observance of harmonised accounting policies in the preparation of the amalgamation's consolidated financial statements. In addition, the central institution shall supervise the operations of its member credit institutions as referred to in Section 11 of said Act. As Pohjola's parent company, the Central Cooperative may also exercise its shareholder right based on corporate governance. In its operations, Pohjola shall take account of OP-Pohjola Group's strategy, confirmed by the Central Cooperative's Supervisory Board, and OP-Pohjola Group Central Cooperative Consolidated's strategy, confirmed by the Central Cooperative's Executive Board, as well as regulations and guidelines on risk management and other operations issued by the Central Cooperative to the member banks. Pohjola shall report to the Central Cooperative in a manner agreed separately.

Regulatory supervision

The Finnish Financial Supervisory Authority supervises Pohjola and the Group investment firms and insurance companies in Finland as prescribed in legislation governing financial and insurance markets. The Group's credit institutions and non-life insurance companies in the Baltic States are subject to supervision by national regulators in each country.

8. Financial Reporting Process

A description of the Group's business planning and monitoring, approved by the Board of Directors, depicts the key principles governing Pohjola Group's business control and financial reporting. Chapter 7 of the abovementioned document describes the main aspects of internal control and risk management. This chapter, Financial Reporting Process, describes the main features of how the Company's internal control and risk management work with a view to ensuring that Pohjola's financial reports give essentially true information on the Company's and its consolidated group's financial performance.

The Company and the majority of Group companies are subject to public supervision. According to regulation by regulators, the Group's senior management must decide on reporting and other internal control methods that it uses to monitor operations, financial performance and risks associated with operations. Group-level financial information correctly consolidated using sub-ledger accounting and Group companies' information forms the basis of reliable financial reporting. In order for reporting to be reliable, it must be produced independent of the business lines.

The Group reports its business segments – Banking, Asset Management, Non-life Insurance and the Group Functions – as its operating segments in internal and external reporting.

The Group uses Group-wide financial reporting and risk reporting to monitor the achievement of its business goals and financial targets, and these reports are regularly reviewed at executive and top management meetings. Financial reports include actuals and plans as well as forecasts for the current year and two subsequent years. The management's performance and risk report prepared on a monthly basis analyses the financial performance status and risk exposure and any deviations from the targets set, which helps ensure the accuracy of information.

The Group's external reporting is based, for example, on the International Financial Reporting Standards, the Finnish Limited Liability Companies Act, the Act on Credit Institutions, the Insurance Companies Act, the Accounting Act, and the standards and regulations issued by the Finnish Financial Supervisory Authority.

OP-Pohjola Group's shared principles are applied in the accounting and financial statements of the Company and Group companies and in the consolidated financial statements. The Group prepares its financial statements under IFRS. Special purpose entities, excluding Pohjola Asset Management Ltd, prepare their financial statements for the time being in accordance with the Finnish Accounting Standards (FAS). Responsibility for the interpretation of accounting standards and the provision of the related instructions and guidance as well as supervision of compliance with common accounting policies rests with OP-Pohjola Group Central Cooperative, OP-Pohjola Group's central institution. Whenever necessary, the Central Cooperative turns to auditors who give a statement of the selected principles and interpretations.

The financial reporting guidelines and application instructions have been compiled to form an accounting manual which includes interpretations of IFRS at OP-Pohjola Group level. The updatedness of the most important standards is annually checked as part of the update of the accounting policies.

Organisation of financial reporting

The Board of Directors is the highest decision-making body in matters associated with business control. The Board of Directors must ensure that supervision of accounting and financial management is duly organised. It decides on reporting, procedures and qualitative and quantitative indicators used to assess operational efficiency and performance. The Board of Directors discusses and adopts the consolidated financial statements and interim reports. The Board also annually reviews the performance and sufficiency of the Company's and its consolidated group's internal control, compliance function, risk management and business control. The Board receives the Group's and its business lines' performance and risk reports on a monthly basis and risk analyses on a quarterly basis.

The Board of Directors has set up an Audit Committee in charge of preparing tasks within the Board's remit regarding financial reporting. The Audit Committee is tasked with assisting the Board of Directors in ensuring that the Company has a sufficient internal control system covering all of its operations and that the supervision of accounting and financial management is duly organised. It shall also evaluate how the Company complies with laws, regulations, guidelines issued by regulators, and internal instructions. Before the Board of Directors meets, the Audit Committee shall analyse the financial statements and interim reports and the accounting policies applied. The Audit Committee also discusses the most significant changes made to the accounting policies during the financial year, principles governing impairment testing for goodwill and intangible assets and the outcome of this testing, and critical accounting estimates and judgements, as well as control reports and reports prepared by regulators and Internal Audit.

Under the Limited Liability Companies Act, the President and CEO shall ensure that the Company's and its consolidated group's accounting practices comply with the law and that financial management is organised in a reliable manner. Finance within the Group Functions and Risk Management are in charge of managing Group reporting at operational level independent of the business lines. The Group Functions is tasked with producing reliable, relevant and up-to-date information on the Group's performance and finances, and keeping the Board of Directors, the Audit Committee, the President and CEO, Group Executive Committee members and other decision-makers informed of the Group's financial performance and near-term prospects. The Group Functions shall also control the quality of outsourced accounting services and services for reports to regulators and for other official reports, and develop business control and risk management methods, indicators and the supporting systems. It shall also coordinate and schedule the compilation of information for the financial

statements and interim reports, and be in charge of segment reporting. The needs of the management and business lines and legislation guide reporting produced by the Group Functions. The Group Functions ensures that monthly financial reporting is accordance with the relevant instructions and up to date and that internal controls are performed in the appropriate manner. Reporting systems and communication have been established in such a way that monitoring and controlling objectives, financial performance, operations and risks at specified organisational levels in the appropriate way by business unit and on the whole are possible and that the required reporting and communication are open both vertically and horizontally throughout the organisation. When reporting the Group's and business lines' results and other insider information, it is necessary to ensure that those receiving the report belong to the Insider Register.

Business control primarily uses OP-Pohjola Group's shared systems. Financial accounting tasks (such as Finnish Group companies' accounting, financial statements and reporting to the relevant authorities) are managed by the Central Cooperative's Financial Management Services on a centralised basis, based on a service agreement. The Central Cooperative's Financial Management Services is also in charge of compiling financial information provided by foreign Group companies.

Independent assessment of financial reporting

As provided by law, auditors shall assess the accuracy of financial reporting. The auditors are tasked with auditing the accounting, financial statements and corporate governance of the Company and its consolidated group in order to obtain assurance that the Company and its administrative bodies operate in compliance with applicable laws and that the financial statements have been prepared in accordance with the rules and regulations in force, giving a true and fair view of the Company's and its consolidated group's result of operations and financial position to shareholders and other interested parties.

In its audits, Internal Audit shall assess the effectiveness and adequacy of the Company's and its consolidated group's reporting, and report on these audits to the executive management and the Board's Audit Committee. During its inspections, the Financial Supervisory Authority also supervises the financial reporting process and its effectiveness.

9. Compensation

Board emoluments and other benefits

The Annual General Meeting decides on Board emoluments and other financial benefits proposed by the parent institution, the Central Cooperative. These proposals are included in the Notice of the Annual General Meeting and/or published in a stock exchange release.

President and CEO's salary and other benefits

The Board of Directors appoints the President and CEO and decides on his salary, benefits and the terms and conditions of his executive contract.

The President and CEO's allowed and required retirement age is 63 years. His pension benefits are determined in accordance with pension legislation and OP-Pohjola Group's own pension plans. His period of notice is six months and the severance pay equals a 12-month salary in addition to compensation for loss of office.

Principles governing compensation paid to the President and CEO and other management

Compensation payable to the President and CEO and the Group's other Executive Committee members consists of the following three components: 1) basic pay (salary and fringe benefits, based on the job grade and skills); 2) short-term incentives (performance-based and specific bonuses, based on the achievement of targets under the annual plan); and 3) long-term incentives (management incentive scheme, based on the achievement of strategic goals separately determined).

The Board of Directors is responsible for deciding on compensation paid to the President and CEO and other members of the Group's Executive Committee.

The President and CEO and the Executive Committee members are not covered by any supplementary pension scheme.

Short-term management incentive scheme

The Board of Directors decides annually on the Executive Committee members' short-term incentive scheme, based on targets deriving from the annual plan and the results achieved. Agreeing on these targets takes place during performance reviews held at the turn of the year and performance will be appraised during performance reviews a year later on the basis of the achievement of the targets. If the Group reports a profit that is less than half of the targeted figure, the Group will reduce the maximum amounts of personal short-term bonuses at the Board's discretion. If the Group posts a pre-tax loss, no short-term bonuses will be paid to the Group's Executive Committee members.

The bonus is determined by the management position. In 2009, if the targets are met the President and CEO is entitled to a maximum bonus corresponding to his regular four-month salary subject to PAYE tax and other Group Executive Committee members are entitled to a maximum bonus corresponding to their regular three-month salary subject to PAYE tax. Bonuses under the short-term management incentive scheme are paid in cash.

Long-term management incentive scheme

The Board of Directors has confirmed a long-term management incentive scheme for 2008–10, covering the President and CEO and the rest of the Group Executive Committee members, among others.

Those covered by the scheme are entitled to annual bonuses in the form of a certain number of Pohjola Bank plc shares, if the Company achieves its strategic targets and goals set for the year in question. The number of these shares given as bonuses is determined by the extent to which the targets set for performance indicators have been met.

The target performance indicators applied to the management incentive scheme for 2009 include profitability and growth. While the profitability indicator refers to earnings per share for the financial year, with a weight of 50%, the growth indicators comprise a change (growth 1) in the number of Pohjola Insurance Ltd's loyal customer households and a change (growth 2) in OP-Pohjola Group's loyal customers, with both indicators' weight standing at 25%. The bonus factor, which is determined by the achievement of the target set for the performance indicators and by their weights, determines the final number of shares granted as bonuses. A minimum of 80% of the target set for each performance indicator must be achieved in order for the indicator to accumulate the bonus factor. The system allows a maximum of 120% of the achievement level of the target set for each indicator. The bonus payable derives from the share, based on the abovementioned bonus factor, of the set target bonus.

The bonus is determined by the management position. If the targets are met, the President and CEO is entitled to a maximum bonus corresponding to his/her regular six-month salary subject to PAYE tax and the rest of the Group Executive Committee members to a maximum bonus corresponding to their regular five-month salary subject to PAYE tax.

Those covered by the scheme will receive shares (after tax) that they have earned each year in two years' time following the end of the vesting period. If a person's employment terminates before the end of this vesting period, (s)he will forfeit his/her entitlement to shares, unless the reason for said termination is due to the person retiring, dying or joining the payroll of another OP-Pohjola Group entity.

Shareholding in subsidiaries

Pohjola Group subsidiaries – Pohjola Asset Management Ltd, Pohjola Corporate Finance Ltd, Pohjola Capital Partners Ltd and Pohjola Private Equity Funds Ltd – has a shareholding scheme in place, under which each company's key employees hold some shares in the company. Of the members of the Group Executive Committee, Mikko Koskimies, Managing Director of Pohjola Asset Management Ltd, holds 2.5% of Pohjola Asset Management Oy shares based on the abovementioned scheme.

Remuneration statement for 2009

Pohjola Bank plc's remuneration statement under the Corporate Governance Code (2008) can be found on the Company's website at www.pohjola.fi.

10. Insider Management

The Board of Directors has confirmed Insider Guidelines and Guidelines on Insider Trading, containing instructions regarding public and company-specific Insider Registers, as well as regulations on the organisation and procedures of insider management. The content of these instructions conforms to the recommendation for listed companies' insider guidelines issued by NASDAQ OMX Helsinki.

In accordance with the Securities Markets Act, Pohjola's statutory public insiders include the members of the Board of Directors, the President and CEO and his deputy, auditors, including the chief auditor representing the auditing firm, as well as the members of the Group Executive Committee. A list of the Company's statutory insiders and shares and other holdings by their related parties is available on the Company's website at www.pohjola.fi (English > Investor Relations > Corporate Governance > Insider management > Insider Register).

Company-specific, non-public permanent insiders include OP-Pohjola Group Central Cooperative's Supervisory Board and Executive Board members, as well as separately designated persons belonging to the middle management of OP-Pohjola Group Central Cooperative Consolidated and Pohjola Group. In addition, permanent insiders include Central Cooperative Consolidated's and Pohjola Group's experts and other salaried employees in separately designated tasks who continuously have detailed information on Pohjola Group's financial position (mainly employees in financial management, corporate communications and special management tasks).

According to the Insider Guidelines and Guidelines on Insider Trading, Pohjola's employees, especially the insiders, shall time their trading in Pohjola shares for the point of time when the market has as detailed information as possible on factors affecting the share's value. Pohjola applies a special trading restriction which prohibits insiders from trading in Company shares, or any securities entitling their holders to them, during a closed window. The trading window shall be closed immediately after the end of a quarter and opened after the date of release of a financial statements bulletin or interim report. Furthermore, insiders may not perform opposite trades in Company shares, or any securities entitling their holders to them, within one month.

Maintained by the Legal Services department of the Central Cooperative, Pohjola's Insider Register is available to the public on the department's premises, Teollisuuskatu 1 b, Helsinki. The department supervises compliance with the Insider Guidelines and Guidelines on Insider Trading by performing inspections regarding trading by permanent insiders and regularly sending insiders an extract of the Insider Register for inspection.

Insider management in 2009

The number of Pohjola Bank plc's permanent insiders totalled 596 on 31 December 2009.