

19 June 2014

## **Q&A: SQUEEZE-OUT OF POHJOLA BANK PLC'S MINORITY SHAREHOLDERS**

### **1 GENERAL QUESTIONS**

#### **1.1 You have received a letter from OP-Pohjola / Castrén & Snellman. What is this letter all about?**

This letter is a notice of commencement of a squeeze-out as required by law. As a result of the tender offer, OP-Pohjola holds over 9/10 of Pohjola Bank plc shares and votes, and OP-Pohjola therefore has the right to buy out the remaining shares from their holders. The letter will not require any action on the shareholder's part but all minority shareholders will be paid the squeeze-out price in accordance the arbitral award.

#### **1.2 Has OP-Pohjola the right to buy out my shares?**

The right of squeeze-out under the Limited Liability Companies Act arises when ownership exceeds 9/10 of the company's shares and votes. In the case of Pohjola Bank plc, the existence of this right is obvious. In the squeeze-out procedure, the price will be confirmed at which OP-Pohjola is under an obligation to buy out the remaining Pohjola Bank plc shares.

#### **1.3 How will the squeeze-out proceed?**

The district court made the decision 14/26567 on the appointment of a special representative issued on 6 June 2014. Next, the Redemption Committee of the Finland Chamber of Commerce will appoint arbitrators in summer 2014. In autumn 2014, the arbitrators will decided on the transfer of title to the shares to OP-Pohjola and on whether OP-Pohjola may pay the shareholders 16.13 euros per share before the end of the squeeze-out. At the end of the arbitration proceedings, the arbitrators will confirm whether 16.13 euros will be the final squeeze-out price. Considering that the squeeze-out will last about six months as announced by the Redemption Committee on its website, the final arbitral award can be expected in the first half of 2015. Nevertheless, the times presented above are only estimates of the duration related to the squeeze-out.

A special representative has been appointed to look after the interests of minority shareholders. The shareholders should contact the special representative if any questions arise related to the squeeze-out. The special representative's contact information is as follows:

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**1.4 I missed the deadline for the tender offer. Can I still sell my shares?**

OP-Pohjola's tender offer has expired. OP-Pohjola will no longer buy shares from their holders but will acquire the remaining shares in the squeeze-out. No action will be required on the shareholder's part to receive the squeeze-out price.

The shares can still be traded on NASDAQ OMX Helsinki, in which case their trading price will be determined based on the current market price.

**1.5 Will I incur costs due to the squeeze-out?**

Receiving the squeeze-out price will not require any action on the shareholder's part. If the shareholder does not take action, the squeeze-out will not bring costs to the shareholder.

**1.6 Into what account will the shares of a decedent's estate be paid?**

No action will be required on the estate's part to receive the squeeze-out price. The price will be paid after the end of the squeeze-out at the latest into the bank account linked to the shareholder's book-entry account.

**2 SQUEEZE-OUT PRICE AND ITS PAYMENT**

**2.1 What should I do to receive the squeeze-out price?**

Shareholders do not have to react at all to the notice to receive the squeeze-out price. The squeeze-out price will be automatically paid into the bank account linked to the shareholder's book-entry account. The shareholder may send a written reply to OP-Pohjola's application according to the instructions but shareholders who remain passive will be paid the same squeeze-out price as the other minority shareholders.

**2.2 Into what account will the squeeze-out price be paid?**

The price will be paid into the shareholder's account included in the book-entry system. This account may be different from the shareholder's ordinary current account.

**2.3 When will the squeeze-out price be paid?**

The price will be paid when the squeeze-out has been completed, at the latest. OP-Pohjola will request permission from the Arbitral Tribunal to have the opportunity to pay already in autumn 2014 the 16.13 euros per share it has offered. In any case, the squeeze-out price will become payable at the end of the squeeze-out, approximately in the first half of 2015.

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**2.4 Will any interest be paid on the squeeze-out price?**

Interest has been paid on the squeeze-out price since 6 May 2014. It is a statutory reference interest rate currently standing at 0.5%.

**2.5 How will the squeeze-out be treated for tax purposes?**

According to the tax office's practice, tax on any capital gains will be levied for the fiscal year when title to shares has transferred, irrespective of when the squeeze-out price has been paid. In its application, OP-Pohjola demands that title to the shares transfer as soon as hard collateral in security for the payment has been lodged. OP-Pohjola expects that title to the shares will transfer in the second half of 2014 in which case tax on any capital gains would be levied for 2014 even if the payment were made in 2015.

What is stated above is based on our on view. It is the shareholder's responsibility to find out about any tax implications arising from the squeeze-out. We kindly ask the shareholder to contact the Finnish Tax Administration for more detailed information.