



Pohjola Bank plc's Corporate Governance Statement 2010



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1. Applicable regulations

Corporate Governance Statement

This Pohjola Bank plc's (Pohjola) Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code (2010) 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.

This Statement also covers some other key governance issues and the related, up-to-date and detailed information required by the Corporate Governance Code is available on the Company's website at www.pohjola.fi > English > Investor Relations > Corporate Governance.

At its meeting on 4 February 2011, the Audit Committee of the Company's Board of Directors discussed this Corporate Governance Statement. KPMG Oy Ab, the Company's auditor, has verified that the Statement has been issued and that the description it contains covering the main features of internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

This Corporate Governance Statement is available on Pohjola's website at www.pohjola.fi > English > Investor Relations > Corporate Governance > Corporate Governance Statement (2010). This Statement together with the Financial Statements, Report by the Board of Directors and Auditor's Report are available at www.pohjola.fi > English > Media > Releases.

Administrative bodies

A General Meeting of Shareholders exercises the highest decision-making powers and elects the Board of Directors (except for the Chairman and Vice Chairman) and auditors. The Board of Directors is in charge of the Company's strategic management. The Board of Directors is assisted by its committees (Audit Committee, Risk Management Committee and Remuneration Committee). Responsibility for operational management rests with the President and CEO, appointed by the Board of Directors, supported by the Group's Executive Committee.

Compliance with the Corporate Governance Code

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.

With certain exceptions, Pohjola also complies with the Finnish Corporate Governance Code, approved by the Securities Market Association in June 2010, and the Insider Guidelines issued by NASDAQ OMX Helsinki. Pohjola belongs to the amalgamation of cooperative banks, under applicable legislation, and is a subsidiary of OP-Pohjola Group Central Cooperative, the central institution of said amalgamation. Legislation and the shareholder agreement concluded by the Company's major shareholders set some restrictions on the composition of the Board of Directors. Acting as the central financial institution for OP-Pohjola Group member cooperative banks, the Company is in intense cooperation with OP-Pohjola Group's other entities.

For these reasons, Pohjola's corporate governance deviates from the following recommendations in the Corporate Governance Code, as permitted by the Comply or Explain principle under the Code:

- **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, by virtue of applicable legislation 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).

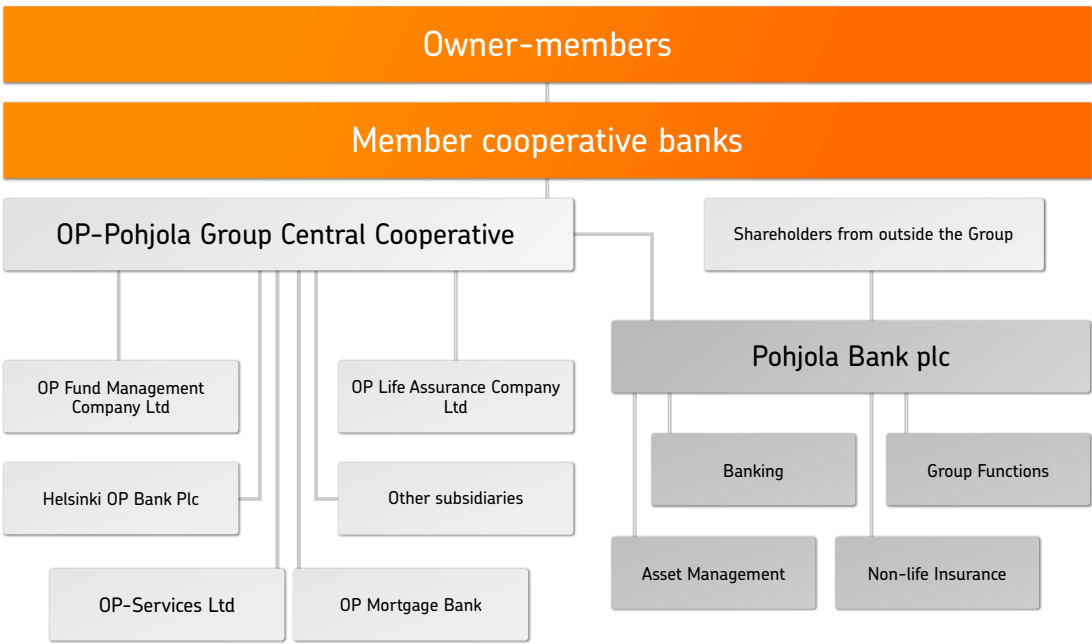
The Finnish Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi.

2. Structure of OP-Pohjola Group and Pohjola Group

Pohjola Bank plc is a subsidiary and member credit institution of OP-Pohjola Group Central Cooperative. In terms of operations and ownership, it belongs to OP-Pohjola Group providing banking, insurance and other financial services. OP-Pohjola Group consists of

over 200 member cooperative banks and their central institution, OP-Pohjola Group Central Cooperative, with its subsidiaries. OP-Pohjola Group is monitored as a single entity. The central institution is obliged to support its member credit institutions and is liable for their debts. The member credit institutions are obliged to participate in any necessary support measures aimed at preventing another member credit institution from going into liquidation. In addition, they are jointly and severally liable for debts of a member credit institution failing to meet its obligations.

Owned by their members, the OP-Pohjola Group member cooperative banks are engaged in retail banking within their operating region. Although their operations are based on OP-Pohjola Group's shared strategy and policies, they are independent with respect to decision-making. OP-Pohjola Group Central Cooperative acts as the central institution and strategic owner institution of OP-Pohjola Group.



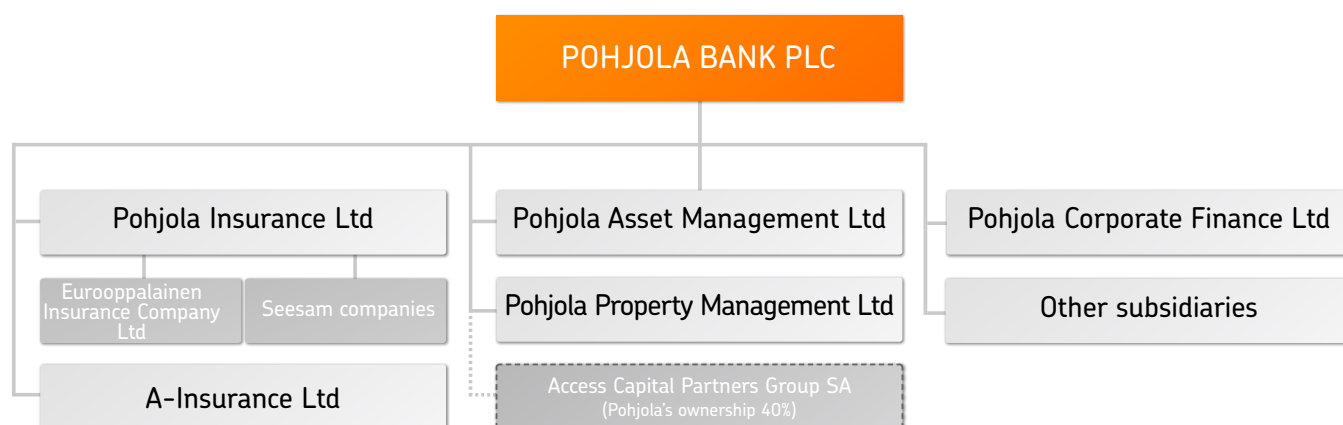
Changes in OP-Pohjola Group structure in 2010

In 2010, the number of OP-Pohjola Group member banks decreased from 220 to 213 as a result of mergers with one another.

2010 saw the reorganisation of OP-Pohjola Group Central Cooperative acting as OP-Pohjola Group's central institution. This reorganisation involved the establishment of a new service company (OP-Services Ltd) separate from the central institution, which has been responsible for the development and provision of

shared services for OP-Pohjola Group and its member cooperative banks since 1 January 2011.

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 Property Management Ltd, Pohjola Corporate Finance Ltd and the Seesam non-life insurance companies operating in Estonia, Latvia and Lithuania.



Changes in Pohjola Group structure in 2010

On 1 March 2010, Pohjola Bank plc sold its Seesam non-life insurers to its subsidiary Pohjola Insurance Ltd in order to streamline the corporate structure.

Pohjola Insurance Ltd established Pohjola Health Ltd, a subsidiary which initially focuses on expert services related to the analysis, management and measurement of employee wellbeing provided in the Helsinki Metropolitan Area, Tampere and Turku. The company has operated since the beginning of 2011.

In September 2010, the existing management of Pohjola Capital Partners Ltd and its majority shareholder, Pohjola Bank plc, agreed on a management buyout whereby the existing management acquires all of the company's shares. Pohjola Capital Partners Ltd was renamed Vaaka Partners in December 2010 after the transaction.

Pohjola Asset Management Ltd internationalised its private equity fund business by finalising a corporate transaction in December 2010. Accordingly, Pohjola Bank plc bought a 40% shareholding in Access Capital Partners Group SA (Access Capital), a manager and advisor of private equity funds of funds. At the same time, Pohjola Asset Management Ltd sold Pohjola Private Equity Funds Ltd (PPEF) to Access Capital. PPEF has continued operating as part of Access Capital. Accordingly, Access Capital became a Pohjola associated company whose financial results are included in those of Asset Management and Pohjola Group in proportion to the shareholding. In addition, Pohjola and Access Capital has agreed that Pohjola will increase its shareholding to 45% in 2013. Pohjola's shareholding will remain below 50%.

3. General Meeting

A General Meeting is Pohjola's highest decision-making body. 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 2010, the notice was published in Helsingin Sanomat and Hufvudstadsbladet. The notice of the General Meeting and the Board of Directors' and shareholders' 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 Auditor's 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

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.

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.

A shareholder wishing to exercise his right to attend 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.

Each shareholder present at the Meeting has the right to present questions about items on the Meeting's agenda. A shareholder also has the right to make proposals at the Meeting in matters assigned to the Meeting and appearing on the agenda.

The Company has two series of shares. At a General Meeting, one Series K share entitles its holder to five votes and one Series A share to one vote. Shareholders may vote at the Meeting as permitted by the voting rights conferred by the shares they hold on the record date for the Meeting.

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.

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.

Shareholder agreements

As per the shareholder agreement of 12 September 2005 between the then OP Bank 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, OP-Pohjola Group 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). On this basis, OP-Pohjola Group Central Cooperative proposed in 2010 that a person nominated by Ilmarinen be elected to the Board of Directors.

The Company is not aware of other agreements related to ownership of its shares and exercise of voting rights.

Restriction on the right of disposal and redemption clause

In accordance with the Articles of Association, holding of Series K shares is restricted only to Finnish cooperative banks, cooperative bank companies and OP-Pohjola Group Central Cooperative, and Series K shares may not be transferred to institutions other than those entitled to holding Series K shares.

Annual General Meeting 2010

Pohjola Bank plc held its Annual General Meeting at the Helsinki Exhibition & Convention Centre on 26 March 2010. The number of those present at the Meeting totalled 883 shareholders in person or represented by a legal representative or a proxy, with the shares represented at the Meeting accounting for 66.5% of all Company shares and the votes for 80.9% of all votes.

The AGM adopted the Financial Statements for 2009, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.34 per Series A share and EUR 0.31 per Series K share. The AGM confirmed the number of members of the Board of Directors at eight and elected Harri Sailas to the Board as a new member. The AGM also approved the proposal by the Board of Directors for the alteration of the Articles of Association and for a Board share issue authorisation.

Minutes of the AGM 2010 and other documents related to the Meeting are available at www.pohjola.fi > English > Investor Relations > Corporate Governance > Annual General Meetings.

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. The Chairman of OP-Pohjola Group Central Cooperative's Executive Board chairs the Board of Directors by virtue of law. According to the Articles of Association, the Vice Chairman of OP-Pohjola Group Central Cooperative's Executive Board acts as the Vice Chairman of the Board of Directors.

Pohjola does not have a nomination committee within its Board of Directors as referred to in the Corporate Governance Code, or any nomination committee set up by a General Meeting and comprising shareholders or their representatives. 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 Meeting and published as a stock exchange release.

Members of the Board and its committees

Information on the members of the Board of Directors and its committees in 2010 can be found under "Board and committee meetings: frequency and attendance in 2010" and Board members' personal data and other information on pages 33–36.

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, among other things:

- decide on Group strategy and confirm business strategies;
- 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;
- 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, and 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;
- confirm the description of internal control and supervise the performance and adequacy of internal control within the Company and its consolidated group;

Board and committee meetings: frequency and attendance in 2010

1 Jan–31 Dec 2010	Board	Audit Committee	Risk Management Committee	Remuneration Committee
	17 meetings***	5 meetings	5 meetings	5 meetings***
Reijo Karhinen	17/17			5/5
Tony Vepsäläinen	17/17		5/5	5/5
Merja Auvinen	17/17	5/5		
Jukka Hienonen	17/17	5/5		
Simo Kauppi	17/17		5/5	
Satu Lähteenmäki	17/17			5/5
Harri Sailas**	11/13		3/4	
Markku Vesterinen*	4/4		1/1	
Tom von Weymar	17/17	5/5		

* Member of the Board of Directors and Risk Management Committee 1 Jan–26 March 2010.

** Member of the Board of Directors and Risk Management Committee 26 March– 31 Dec 2010.

*** Eight of the Board meetings were held by telephone or email. One of the Remuneration Committee meetings was held by email.

- confirm the principles of internal audit and an annual action plan; and
- be responsible for any other duties of the Board of Directors as prescribed by 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 Senior Credit Committee, the Risk Management Executives and the Asset/Liability Management Executives which report to the Board's Risk Management Committee. In addition, the Board of Directors shall confirm the role description of the Underwriting Management and appointments.

The Board of Directors prepares an annual action plan which contains a meeting schedule for the Board and its committees, 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.

Responsibilities of Chairman of the Board and its committees

The Board Chairman is responsible for ensuring that the Board of Directors works efficiently and performs all duties within its remit. As part of this responsibility, the Board Chairman shall ensure that an individual Board member has the experience and skills required to perform his duties in an appropriate manner. The Chairman cooperates with the President and CEO in

preparing items on the agenda for Board meetings. He shall also ensure that sufficient time has been allowed for discussion and that each member present at meetings has the opportunity to express his opinion. The Chairman is also responsible for the further development of Board work and ensures the Company's good corporate governance.

The Chairman of each committee shall control and further develop committee work and ensure that committee work is appropriate and efficient.

The Board of Directors and its committees appraise their performance and working methods once a year for the purpose of further developing Board work.

Independence of Board members

On 26 March 2010, the Board of Directors assessed the status of independence of its members in relation to the Company and its shareholders, in accordance with the Corporate Governance Code.

Based on this assessment, the following members were executive members dependent on the Company and its major shareholders: Reijo Karhinen, Tony Vepsäläinen and Harri Sailas. Karhinen and Vepsäläinen sat on the Executive Board of OP-Pohjola Group Central Cooperative, Pohjola's parent institution, the former acting as its Chairman and the latter as its Vice Chairman and President. Sailas is the President and CEO of Ilmarinen Mutual Pension Insurance Company which is a major shareholder of Pohjola.

Furthermore, the following members were executive members dependent on the Company: Merja Auvinen and Simo Kauppi. While the former is the Managing Director of Savonlinnan Osuuspankki, the latter acts as the Managing Director of Länsi-Suomen Osuuspankki.

Both Savonlinnan Osuuspankki and Länsi-Suomen Osuuspankki have a significant customer relationship and partnership with Pohjola.

As concluded by the Board of Directors, Jukka Hienonen, Satu Lähteenmäki and Tom von Weymarn are non-executive members independent of the Company and its major shareholders.

Board work in 2010

The Board of Directors had 17 meetings, with Reijo Karhinen acting as Chairman, Tony Vepsäläinen as Vice Chairman and Merja Auvinen, Jukka Hienonen, Simo Kauppi, Satu Lähteenmäki, Harri Sailas (from 26 March 2010), Markku Vesterinen (until 26 March 2010) and Tom von Weymarn as other members. The attendance rate of members averaged 99%.

In 2010, the Board of Directors performed duties specified in its charter and, for example, confirmed business plans, monitored the progress of their implementation and approved the Consolidated Financial Statements and interim reports. It also confirmed capital adequacy and risk management policies, internal audit plans and auditors' audit plans, as well as the compliance policy and the compliance annual plan. The Board of Directors monitored the performance of its committees and heard the auditor and President and CEO on a regular basis.

The key tasks in 2010 involved discussion of the Financial Statements and interim reports, issues related to the Group's corporate transactions and the monitoring of the implementation of the Group's strategic initiatives and that of regulatory changes in the sector. The Board of Directors also discussed development plans of each business line, status reports on competition, markets and projects by each business line, and decided on major system investments in Non-life Insurance's claims services. Furthermore, it discussed the results of the Group's personnel survey, the overall framework of the incentive schemes and succession planning covering the President and CEO and Group Executive Committee members. The Board of Directors held a special day themed around the new regulatory framework's effects on the Group's capital adequacy, business and remuneration.

Board committees

The Board of Directors has set up an Audit Committee, a Remuneration Committee and a Risk Manage-

ment 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 responsibilities 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 work 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.

The Audit Committee shall meet at least four times a year.

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 principles of good corporate governance, and for supervising the performance of internal audit.

To carry out its duties, the Committee shall, among other things,

- 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, 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
 - assessing internal audit performance and dealing with the internal audit action 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.

Audit Committee work in 2010

Tom von Weymarn acted as Chairman and Jukka Hienonen and Merja Auvinen as other members of the Audit Committee. In addition to the Audit Committee members, the President and CEO, the Chief Financial Officer, the Chief Risk Officer, the Chief Compliance Officer and representatives of Internal Audit and auditors participated in Committee meetings. The Audit Committee had five meetings, with the average attendance rate of its members standing at 100%.

The key tasks in 2010 involved monitoring developments in the financial reporting standards and ensuring the content of the Financial Statements and interim reports in such a way that they give a true and fair view of the Group's financial performance and position. Other key tasks covered issues related to internal control and regulatory compliance, which each Committee

meeting discussed making use of reports issued by Internal Audit, auditors, regulators and the compliance organisation.

The Committee carried out its annual assessment of the performance and adequacy of good corporate governance and internal control, internal audit and external audit and the quality of advisory services provided by auditors. It also assessed its own performance and areas in need of improvement. With respect to its role, the Audit Committee will focus on issues related to good corporate governance, internal control, financial regulatory changes and their effects on the Group and its operations, and risks and their effect on financial indicators.

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 Remuneration Committee shall meet at least twice a year.

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 management succession plans;
- 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.

Remuneration Committee work in 2010

Reijo Karhinen acted as Chairman and Satu Lähtenmäki and Tony Vepsäläinen as other members of the Remuneration Committee. In addition to the Remuneration Committee members, the President and CEO and the Senior Executive Vice President of Human Resources participated in Committee meetings. The Committee had four meetings, in addition to one meeting that was held by email, with the average attendance rate of its members standing at 100%.

Following lengthy preparations and consultations, the year-end saw the introduction of both a new directive governing remuneration adopted by the European Parliament and a decree on remuneration schemes issued by the Ministry of Finance. The regulator did not complete the related application instructions until early 2011. This new regulation has the key aim of ensuring that remuneration policies and practices do not encourage excessive risk-taking. The key tasks in 2010 involved monitoring regulatory changes related to remuneration and assessing Pohjola's remuneration and incentive schemes vis-à-vis the new regulation and identifying areas in need of changes.

Another key task of the Remuneration Committee involves the preparation of management succession plans. 2010 saw the replacement of two Executive Committee members. An Executive Committee member, President of Pohjola Insurance Ltd, joined another company's payroll and an Executive Committee member, Chief Financial Officer, was appointed President of Pohjola Insurance Ltd with the result that Pohjola launched a recruitment process to select his successor.

The Committee carried out an annual assessment of its performance, according to which it had prepared its meetings in an appropriate manner, made progress in many respects over the previous year and showed good performance.

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 Com-

mittee. The Committee members must demonstrate sufficient knowledge of the business, risk management and capital adequacy management of the Company and its consolidated group.

The Risk Management Committee shall meet at least five times a year.

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 Bank plc'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 regulatory changes governing the Company's operations with respect to risk management.

Risk Management Committee work in 2010

Tony Vepsäläinen acted as Chairman and Simo Kauppi, Harri Sailas (since 26 March 2010) and Markku Vesterinen (until 26 March 2010) as other members of the Risk Management Committee. In addition to the Risk Management Committee members, the President and CEO, the Chief Financial Officer and the Chief Risk Officer participated in Committee meetings. The Risk Management Committee had five meetings, with the average attendance rate of its members standing at 93%.

In accordance with its responsibilities, the Committee dealt with the Company's and its consolidated group's capital adequacy management principles, risk policies and other general guidelines governing risk management as well as analyses by external controlling parties.

In order to carry out its supervisory duties, the Committee's meetings discuss a quarterly risk analyses covering all of the Company's risks. In addition, the special subjects discussed at meetings in 2010 included monitoring the status of corporate customers, monitoring the performance of the Group's investment portfolios, monitoring developments in indebted euro-zone states and financial regulatory changes and preparing for them. The Risk Management Committee also assessed its own performance and related areas in need of improvement.

5. President and CEO, and Group Executive Committee

President and CEO

The President and CEO is 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, and responsibility for the development and coordination of the Company's and its consolidated group's operations. In accordance with the job description confirmed by the Board of Directors, the President and CEO's main responsibilities are as follows:

- Group earnings performance
- Managing Group operations and developing the organisation
- Group strategic development
- Group coordination
- Supervising subsidiary and associated company investments
- Cooperation with OP-Pohjola Group Central Cooperative and other OP-Pohjola Group's units
- Lobbying in the financial sector's cooperation bodies
- Communication with customers, shareholders, various authorities, the corporate sector, other Finnish and international banking and insurance organisations, and other stakeholder groups.

President and CEO 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. The Board of Directors annually assesses the performance of the President and CEO.

Mikael Silvennoinen, M.Sc. (Econ. & Bus. Adm.), acted as President and CEO in 2010. He has acted as President and CEO since 1997.

Personal and other data on the President and CEO can be found on page 37.

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 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 comprises the President and CEO, Heads of the business lines of the Company and its consolidated group, and the CFO, SEVP of Human Resources and CRO. The Board of Directors shall confirm the composition of the Executive Committee.

Group Executive Committee work in 2010

Chaired by President and CEO Mikael Silvennoinen, the Executive Committee had 27 meetings in 2010. In addition to its regular meetings, the Executive Committee had six planning days themed around various issues.

In accordance with its responsibilities, the Group Executive Committee met to monitor the success of the Group's strategy implementation and the implementation of strategic initiatives and to take measures required to ensure the completion of strategic initiatives. Executive Committee meetings covered the Group's annual plan and risk policies. At its meetings, the Executive Committee regularly analysed the financial performance and risk exposure of the Group and its business segments. In addition, it discussed key issues related to the competitive and regulatory environment and evaluated the effect of related changes on the Group. The Executive Committee discussed all audit reports prepared in 2010 and other key issues pertaining to internal and external control. In 2010, it analysed regularly major issues to be presented to the Board of Directors and major purchases and projects. The Executive Committee reviewed the Group's management and control model, especially due to the introduction of new customer segments. At its meetings in 2010, the Executive Committee regularly discussed and reviewed issues related to competence development and remuneration.

The members of the Group Executive Committee and their personal and other data can be found on pages 37–39.

Boards of Directors of Pohjola subsidiaries

The Board of Directors of each Pohjola's subsidiary shall ensure that all Pohjola Group companies are managed in compliance with applicable laws, rules and regulations, and Pohjola's principles. The Board of Directors of each major subsidiary comprises Pohjola Bank plc's President and CEO as Chairman and two to four members primarily from the Group Executive Committee.

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

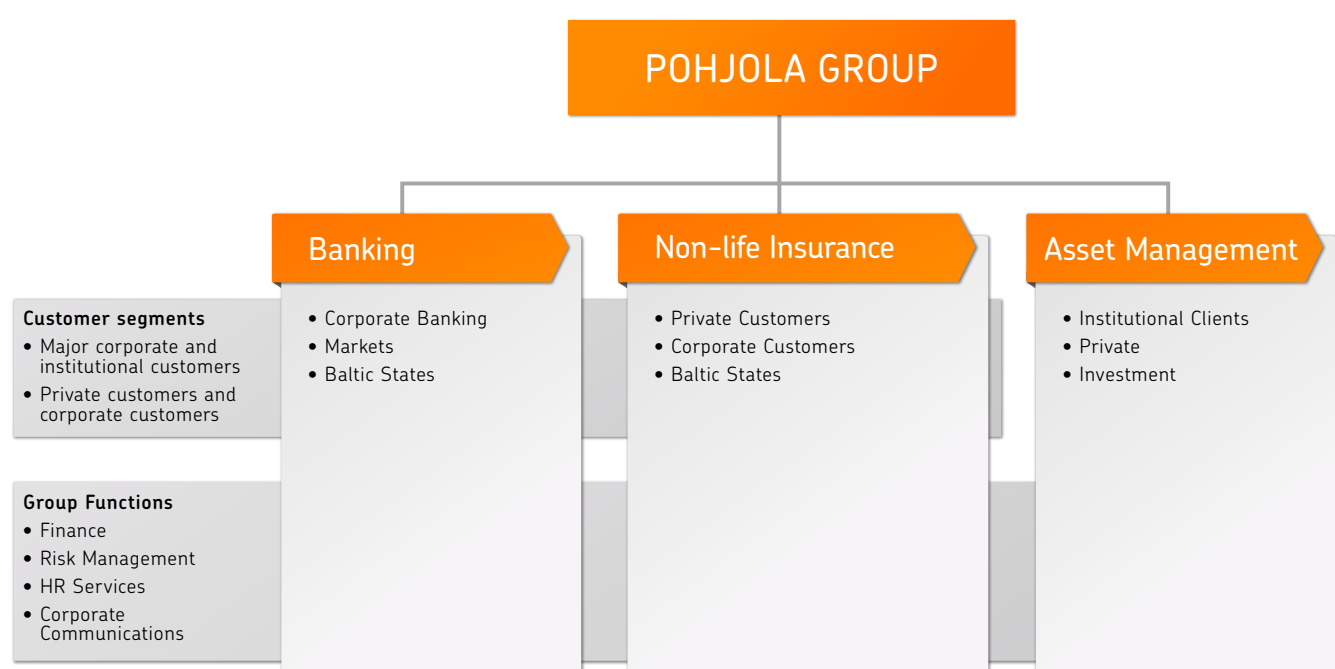
The Group's organisation is based on three business segments consisting of business divisions and two customer segments, and the Group functions which constitute shared services and support functions required by the Group and its business segments.

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 and customer segments have been organised within the Group Functions and, for Non-life Insurance, within Field Operations and Claims. Responsibility for customer relationship management rest with the following customer segments: major corporate and institutional customers, and private customers and field 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 services, are managed on a coordinated basis at the level of OP-Pohjola Group Central Cooperative Consolidated.

Pohjola Group's decision-making system

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 figure below depicts Pohjola Group's decision-making bodies and reporting relationships in brief:



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)/ Executive Vice President (customer segment)
- Head of Department/SVP
- 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
- President of each subsidiary

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.

Pohjola Group's strategic and operational planning and development

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 OP-Pohjola Group 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 targets and 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 goals and targets specified in the strategy. The goals 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 as well as three-year development plans. 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 and development plans, to monitor the achievement of tangible goals 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 financial performance forecasts monthly for the next rolling 12-month period.

Pohjola Group's performance monitoring and reporting

The Group monitors the implementation of plans and the achievement of the set goals 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 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 performance monitoring. In addition to actual performance reporting, preparing forecasts and creating optional scenarios form an integral part of monitoring.

Performance monitoring is part of internal control aimed at ensuring that the Group

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

7. Internal and external control

Internal control

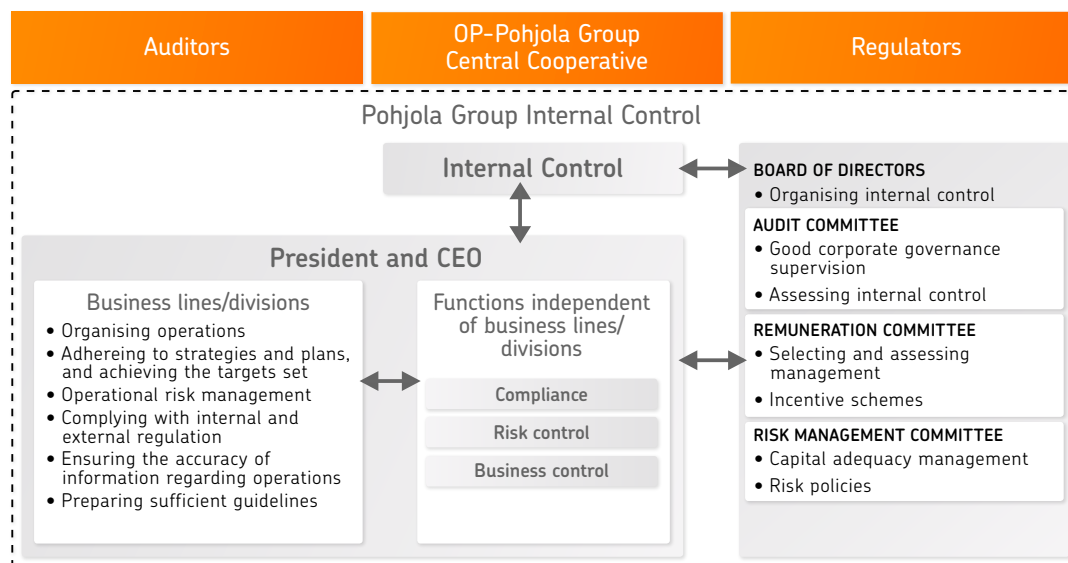
Pohjola Group's internal control is aimed at ensuring systematic and successful strategy implementation, appropriate management of risks, efficient and reliable operations and related reporting, and regulatory compliance throughout the Group's operations. Internal control covers all organisational levels. Internal control in its most extensive form primarily takes place at the operational level, characterised by continuous processes and forming part of daily routines.

The Compliance, Risk Control, Business Control and

HR 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 and supports their Board of Directors in ensuring effective internal control.

Framework for Pohjola Group's internal control:



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

The Board of Directors' role

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

- 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;
- confirming the principles of internal audit and an audit plan; and
- dealing with the Compliance annual plan and the auditors' audit plan.

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 the desired annual risk appetite and major risk management principles, as well as risk policies and key risk indicators by risk type. 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 each Group company's Board of Directors. Group-level risk management and financial reporting are performed in a coordinated way by a function independent of the business lines.

Each Group company's Board of Directors is 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.

Compliance function

Pohjola Group's compliance adheres to the principles of OP-Pohjola Group's compliance.

Reporting to the head of Risk Management, the Compliance and Operational Risks Unit within Finance and Risk Management constitutes Pohjola Group's Compliance function which coordinates and controls regulatory compliance management within the Group. Independent of the Group's business lines, the unit is not involved in the businesses it supervises.

Group companies have persons in charge of regulatory compliance management at company and unit level, tasked with ensuring that branch offices and subsidiaries also adhere to Group-level principles and policies. These Compliance Officers perform their duties within their companies or functions, except for Pohjola Bank plc's Compliance Officers who work for the Compliance and Operational Risks Unit. The Compliance Officers of the branch offices in the Baltic countries work in respective offices.

Internal control: key tasks and development measures in 2010

Group administrative matters are primarily prepared by Board committees before submitting them to the Board of Directors. In particular, the Audit Committee plays a major role in ensuring the effectiveness and regulatory compliance of internal control.

In 2010, internal control tasks included assessing the fitness, propriety and professional skills of all members of the Board of Directors and the Group Executive Committee, and those of the Chief Compliance Officer. In addition, the Board of Directors assessed its own performance.

The executive management, the Audit Committee and the Board of Directors assessed the performance of good corporate governance and internal control. This assessment shows that internal control has been duly organised although there are areas in need of improvement and changes related to business and the operating environment require continuous development.

Key internal control development measures in 2010 involved further developing internal control methods within the business lines and clarifying internal control responsibilities at the operational level. Other important development measures applied to the monitoring of the implementation of recommendations issued by regulators, auditors and those in charge of internal audit.

Risk management

Pohjola Group's business is based on reasoned risk-taking and management of risks. Core values, strategic goals and financial targets form the basis for risk and capital adequacy management. The purpose of risk management is to identify threats and opportunities affecting strategy implementation. The objective is to help achieve the targets set in the strategy by ensuring that risks are proportional to risk-bearing capacity.

Pohjola Group applies integrated risk management aimed at identifying, assessing and mitigating all business-related risks to an acceptable level. The Group has integrated its risk management process as part of its decision-making, control and monitoring system. The figure on the next page shows the framework for Pohjola Group's integrated risk management.

Major risks

Major risks exposed by Pohjola Group include credit, credit spread, interest rate, currency, equity, commodity, liquidity and underwriting risks, market risks associated with investments and strategic and operational risks associated with all businesses.

Pohjola limits its risk exposure by applying risk policies that specify the Group's risk appetite and risk limits. In support of the management of operational risks, Pohjola has specified guidelines for risk identification, assessment and management. Pohjola monitors compliance with the set risk limits and regularly monitors risks, materialised risks included.

Internal capital adequacy assessment process

The framework for integrated risk management covers the capital adequacy assessment process aimed at ensuring effective capital management and the sufficient amount and quality of capital in order to secure uninterrupted operations in the event of unexpected losses. Internal capital adequacy assessment also involves good corporate governance and the organisation of internal control and risk management, in view of the nature, extent and diversity of operations. The capital adequacy assessment process is grounded on a proactive approach based on the Group's business strategy and plans. In preparing the strategy and

plans, the Group sets its capital adequacy target, considering business-related risks, risk appetite, target returns on capital and the structure and availability of capital. In addition to the capital adequacy target, the Group defines capitalisation targets by business line, capital adequacy forecasts and sensitivity analyses, as well as a contingency plan for maintaining the capital adequacy target considering all material risks caused by the business and changes in the operating environment.

Capital adequacy assessment places a strong emphasis on profitability and effective capital management. The parent company is responsible for capital management on a coordinated basis. Every year, subsidiaries distribute their surplus capital to the parent company as dividends and, if necessary, the parent company injects capital into the subsidiaries through subordinated loans or equity investments.

In its capital adequacy assessment, Pohjola Group uses stress tests in order to forecast the effect of material risk factors on profitability and capital maintenance. Pohjola also prepare scenarios (such as the so-called worst case scenario) to test the adequacy of capital buffers. Internal Audit is responsible for an independent, critical evaluation and quality assurance of capital adequacy assessment.

The framework for Pohjola Group's integrated risk management



Risk policies

Pohjola Group controls its risk-taking through its overall risk policy (including Group-level strategic business risk policy, operational risk policy, liquidity risk policy and country risk policy). The overall risk policy is supplemented by Banking risk policies by risk type (such as credit risk, market risk and property risk policies) and an investment plan and credit risk policy governing the Group Functions, and reinsurance and underwriting principles governing Non-life Insurance, as well as investment plans governing investment within Non-life Insurance. These policies, principles and plans are aimed at ensuring that in its operations the Group does not take risks above its risk-bearing capacity. The Group updates at least once a year its risk policies and other instructions, principles and investment plans that guide risk management.

Organisation of risk management and capital adequacy assessment

As the highest decision-making body in matters associated with risk management and capital adequacy assessment, Pohjola Bank plc's Board of Directors decides on the goals and organisation of risk management and capital adequacy assessment, confirms the capital adequacy assessment principles, risk policies, investment plan and the main principles governing risk management. As part of the capital adequacy assessment principles, the Board of Directors annually confirms a capital plan which contains earnings and capital adequacy forecasts based on several operating environment scenarios. In addition, the Board supervises and monitors the implementation of risk management and capital adequacy assessment. The Board also approves the decision-making system and appoints Pohjola's Risk Management Executives, Asset/Liability Management Executives and members of the Senior Credit Committee, and confirms the description of the Underwriting Executives' duties and appointments.

The Board of Directors has set up a Risk Management Committee for the purpose of preparing tasks within the Board's remit. The Risk Management Committee is responsible for dealing with the Company's and its consolidated group's capital adequacy assessment principles, risk policies and other general guidelines governing risk management. The Committee supervises the scope and performance of the Company's and its consolidated group's risk management systems and 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. It also supervises the Company and its consolidated group to ensure that risk management is in conformity with laws and regulations and instructions issued by relevant authorities.

The Risk Management Executives coordinate and supervise the risk management and capital adequacy assessment principles and operational policies on a holistic basis and submit a proposal for members of the Group's credit decision-making bodies for appointment by the President and CEO. The Risk Management Executives shall deal with the Pohjola Group capital adequacy assessment principles submitted for the Board's confirmation, risk policies, an investment plan and major operating principles governing risk management and capital adequacy assessment. 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 Asset/Liability Management Executives are tasked with analysing, coordinating and controlling asset/liability management in accordance with laws, official regulations, risk policies approved by the Board of Directors and operating principles set by the Risk Management Executives. The Asset/Liability 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 Asset/Liability Management Executives make decisions on Group funding and holdings in the liquidity buffer.

Tasked with developing and implementing integrated risk management and capital adequacy assessment 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 assessment 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 credit decision process, coordinates the Compliance function and supports the Group's business lines in the management of their compliance risks. The Finance function is responsible for planning capitalisation, co-ordinating capitalisation implementation for the Group and Group companies, and for planning capitalisation allocation to the business lines.

Group capital adequacy assessment principles apply to the Group's business lines, which bear the main responsibility for risk-taking, earnings performance and compliance with the principles of internal control and risk management and capital adequacy assessment. 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.

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

Risk management: key tasks and development measures in 2010

In risk management, key tasks in 2010 included monitoring regulatory changes and supervising compliance with capital adequacy assessment and risk management principles and credit limits, confirmed by the Board of Directors, and other internal guidelines supporting risk management. Guidelines related to contingency and emergency preparedness planning, new products and operating models and the management of outsourced services form an integral part of other internal guidelines supporting risk management. Regular monitoring covered, for example, developments in the bank's credit risk exposure, the risk exposure of the Group's investment portfolios, developments in indebted euro-zone economies, market and operational risk management methods, processes related to customer due diligence and internal control, new operating models and products, and regulatory changes and preparing for them.

The key task of risk management in 2010 involved monitoring regulatory changes and assessing the effects of stress tests prepared by the authorities. Key risk management development measures pertained to the internal economic capital model and stress tests

related to capital adequacy assessment.

As part of the implementation of the strategic initiatives regarding intensifying integration and upgrading businesses, confirmed in Pohjola's strategy, the Rating Committee of OP-Pohjola Group Central Cooperative and that of Pohjola were combined to form OP-Pohjola Group's Rating Committee.

The executive management, Risk Management Committee and the Board of Directors assessed the performance and adequacy of risk management. Accordingly, risk management in the present situation is duly organised within Pohjola Group. However, the function will require changes in the wake of changes in the business and regulatory environment and in Group-specific risk management.

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. Internal audit is based on independent and objective assessment, assurance and consulting activities. It supports the management in their efforts to achieve objectives by providing a systematic approach to assessing and upgrading the efficiency of the organisation's risk management, monitoring and management and administrative processes, with the focus on the identification of risk factors and the assessment of the performance of internal control.

Responsibility for internal audit rests with Internal Audit within Audit of Pohjola's parent institution, OP-Pohjola Group Central Cooperative, headed by the Chief Audit Executive, who reports to the Chief Audit Executive of OP-Pohjola Group. The Chief Audit Executive reports observations applying the Pohjola Group to the Board's Audit Committee and the Group Executive Committee and may also be in direct contact with the President and CEO.

The Board of Directors has confirmed the instructions governing the organisation and operating principles of internal audit. Internal Audit prepares an annual action plan 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 is a function independent of Pohjola's business lines and divisions. Internal Audit shall prepare a report on each audit and deliver it to the President and CEO, the Audit Committee, auditors, CRO, Compliance Officer 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.

Internal audit is performed in compliance with good internal auditing practice. The International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors, and professional standards, issued by the Information Systems Audit and Control Association, and the code of ethics provide the conceptual framework for good internal auditing practice.

Internal audit: key tasks and development measures in 2010

In 2010, Internal Audit had an average of 15 employees nine of whom were involved in audits related to Pohjola Group. Internal audit generated 21 audit reports on Pohjola Group.

In 2010, internal audit measures, in accordance with the action plan approved by the Board of Directors, included the implementation of changes arising from regulatory changes, the assessment of the performance of internal control, the assessment of risk management and its procedures and various operating processes and ICT systems.

Internal audit was organised into the following three teams in 2010: Financing, Asset Management and Insurance, and Business Control and Support. The competence-based teams are aimed at enhancing auditing and improving opportunities to deepen business competence in internal audit.

In 2008, Pohjola performed an internal audit quality assessment in accordance with the Institute of Internal Auditors' standards. In the autumn of 2010, KPMG Oy Ab assessed the performance of OP-Pohjola Group's Internal Audit. On the basis of this assessment, KPMG Oy Ab stated that Internal Audit substantially complies with the internal auditing standards.

Pohjola Group pays OP-Pohjola Group Central Cooperative an annual fee which is used to cover internal audit expenses and OP-Pohjola Group's risk management expenses and expenses arising from the work performed by the management. In 2010, this fee totalled around 2.3 million euros.

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 compliance with the rules and regulations in force and gives shareholders and other stakeholders a true and fair view of the financial performance and the financial position of the Company and its consolidated group.. In addition, the firm of authorised public accountants shall perform an extended audit according to plans specific to each audit. The Audit Committee shall annually assess the performance of the auditor and the quality of advisory services.

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. The Audit Committee hears the auditor when dealing with the consolidated annual accounts and interim accounts, and the auditors participate in all Audit Committee meetings. 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' remuneration (Group-level)

€	2008	2009	2010
Audit	472,000	458,145	370,948
Tax advisory services	55,000	97,306	100,255
Other services	401,000	708,487	433,356
Total	928,000	1,263,938	904,559

Audit in 2010:

KPMG Oy Ab, a firm of authorised public accountants, acted as the Company's auditor in 2010. Sixten Nyman, APA, acted as the chief auditor, appointed by KPMG Oy Ab. Auditors appointed by KPMG Oy Ab act as auditors of Pohjola Group's subsidiaries.

Statutory audit involves auditing the Company's accounting, Report by the Board of Directors, Financial Statements and corporate governance. The parent company's auditor must also audit the Consolidated Financial Statements and ascertain that the auditors of Group companies have performed the audit duly.

Pohjola Group's audit plan has been prepared as part of the audit plan of OP-Pohjola Group Central Cooperative Consolidated. The audit plan specifies entities subject to audit at both the OP-Pohjola Group Central Cooperative Consolidated level and Pohjola Group level. The audit plan that includes selected priorities was presented to the Audit Committee in May 2010. The audit was aimed at measures in areas relevant to the accuracy of the Consolidated Financial Statements, an individual Group company's accounting, financial statements and report by the board of directors, and to internal control. Auditors' assessments of the Group's major risk areas and internal control and the effects of any materialised risks on the content and accuracy of financial statements form the basis of the audit. The audit was performed in cooperation with OP-Pohjola Group Central Cooperative Consolidated's Internal Audit.

The progress of the audit and observations made during the audit, including recommendations on improvements, was regularly reported to the Group's and individual Group companies' management and the Audit Committee. Following the financial year, a summary of the audit was presented to the Board of Directors. Following the audit of the financial statements, an auditor's report is given to shareholders.

Supervision by central institution

Pohjola belongs to the amalgamation of cooperative banks, under applicable legislation, which comprises OP-Pohjola Group Central Cooperative as the central institution together with its member credit institutions and financial institutions and service companies over which they exercise control. OP-Pohjola Group Central Cooperative controls the amalgamation's operations and provides the companies within the amalgamation with guidelines for risk management, good corporate governance and internal control with the aim of safeguarding their liquidity and capital adequacy. The central institution may also confirm general principles to be followed by the member credit institutions in operations relevant to the amalgamation.

OP-Pohjola Group Central Cooperative supervises the operations of its member credit institutions in the manner as referred to in "Laki talletuspankkien yhteenliittymästä" (Act on the Amalgamation of Deposit Banks). As Pohjola's parent company, OP-Pohjola Group 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 OP-Pohjola Group Central Cooperative's Supervisory Board, and OP-Pohjola Group Central Cooperative Consolidated's strategy, confirmed by OP-Pohjola Group Central Cooperative's Executive Board, as well as regulations and guidelines on risk management and other operations issued by OP-Pohjola Group Central Cooperative to the member banks. Pohjola shall report to OP-Pohjola Group 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. While the aforementioned section describes the main characteristics of internal control and risk management principles, 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 management and Board meetings. Financial information is compared with plans and financial reports also describe earnings outlook for the current year the next 12 months. The very same principles apply to the monthly financial performance and risk report prepared by the management. When preparing and examining the report, the management ascertains the accuracy and correctness of the financial results and reporting by analysing the performance and risk exposure and any deviations from targets.

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, OP-Pohjola Group 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 the 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 adequacy 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' financial 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 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 in 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 OP-Services Ltd's Financial Management Services on a centralised basis, based on a service agreement. OP-Pohjola Group Central Cooperative's Business Control prepares consolidated financial statements and is in

charge of consolidating the accounts of foreign Group companies into the consolidated financial statements.

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 compliance with the rules and regulations in force and gives shareholders and other stakeholders a true and fair view of the financial performance and the financial position of the Company and its consolidated group.

In its audits, Internal Audit shall assess the effectiveness and adequacy of the Company's and its consolidated group's financial reporting, and report 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.

Financial reporting: key tasks and development measures in 2010

Entering sub-ledger accounting information in general ledger accounting plays an important role in ensuring correct reporting. This control is based on cooperation with OP-Services Ltd's Financial Management Services. The sub-ledger accounting balancing process underwent upgrades in 2010 and this project is underway in 2011, with a view to more quickly sorting out and fixing the differences between sub-ledgers and general ledgers and clarifying responsibilities for balancing.

Pohjola constantly develops further its financial reporting process and business control tools and, for example, developed further its economic capital models in 2010.

Controlling financial reporting accuracy and reliability also includes monitoring regulatory changes. Pohjola monitors such changes in cooperation with OP-Pohjola Group Central Cooperative. Pohjola is making a major contribution to the interpretation and application of changed regulations. It currently watches closely the amendment process of standards governing financial instruments, insurance contracts and leases, and the related debate. The adoption of these amended standards will have major effects on financial reporting.

9. Remuneration

Board emoluments and other benefits

The Annual General Meeting decides on Board emoluments and other financial benefits. The parent institution, OP-Pohjola Group Central Cooperative, prepares proposals for Board emoluments submitted to the General Meeting. These proposals are included in the Notice of the Annual General Meeting and published in a stock exchange release.

The monthly Board emoluments approved by the AGM of 26 March 2010 are as follows: Chairman EUR 7,000, Vice Chairman EUR 5,000 and other members EUR 4,000. Monthly Board emoluments are treated as pensionable salary. In addition, all Board members receive an attendance allowance of EUR 500 per meeting. Daily allowances and compensation for travel expenses are payable to the Board members in accordance with the Group's Travel Expenses Regulations.

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

Board emoluments and pension benefits in 2010 (€)

Name and position	Monthly emolument /yr	Pension benefits	Attendance allowance / yr	Total
Reijo Karhinen (Chairman)	84,000	-	8,000	92,000
Tony Vepsäläinen (Vice Chairman)	60,000	-	9,000	69,000
Merja Auvinen, member	48,000	-	8,000	56,000
Jukka Hienonen, member	48,000	-	8,000	56,000
Simo Kauppi, member	48,000	-	8,500	56,500
Satu Lähteenmäki, member	48,000	-	10,500	58,500
Harri Sailas, member	36,000	-	2,500	38,500
Markku Vesterinen, member	12,000	-	4,000	16,000
Tom von Weymarn, member	48,000	-	8,000	56,000
Total	432,000	-	66,500	498,500

Salaries paid to the President and CEO, and members of the Group Executive Committee in 2010

€	Regular pay	Performance-based bonus for 2009	Fringe benefits	Share-based bonus	2010 total	2009 total
President and CEO	535,752	120,819	20,104	60,411	737,086	652,670
Other members	1,309,853	226,470	90,916	55,123	1,682,362	1,452,330
Total	1,845,605	347,289	111,019	115,534	2,419,447	2,105,000

Principles governing remuneration paid to the President and CEO, and other management

The Board of Directors and its Remuneration Committee assess and monitor 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, objectives, risk policies and control systems. Pohjola's incentive schemes are aimed at encouraging excellent performance and engaging key human resources in the development of Pohjola's business and ensuring that Pohjola attracts new key employees.

Remuneration 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 (bonuses based on the achievement of targets under the Group's annual plan and on personal performance); and 3) long-term incentives (management incentive scheme, based on the achievement of strategic goals determined separately).

The Board of Directors is responsible for deciding on remuneration 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 shared by the Executive Committee and deriving from the annual plan and the results achieved, on the one hand, and on personal targets set the performance review performed at the beginning of each year, on the other hand, and the achievement of these targets are discussed in the next performance review a year later. 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 2010, 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, Group Executive Committee members and a group of other Group executives and experts (136 people covered by the scheme at the end of 2010).

Those included in the long-term management incentive scheme may receive Pohjola Bank plc Series A shares as annual bonuses, provided that the Company achieves the targets based on its strategy 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 2010 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. In addition, at least 60% of the target set for growth 2 must be achieved to be entitled to bonuses. However, this will not apply if the target set for loyal customer households (growth 1) has been achieved at 100%. 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 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. Other management are entitled to a maximum bonus corresponding to their regular three-month salary and other people covered by the scheme are entitled to a maximum bonus corresponding to their 1.5-month salary.

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, he will forfeit his entitlement to shares, unless the reason of said termination is due to the person retiring, dying or joining the payroll of another OP-Pohjola Group entity. The scheme does not include any clauses restricting the right of the person holding shares to own or transfer said shares after the aforementioned vesting period.

The Board of Directors has confirmed a long-term management incentive scheme for 2011–13, with a lower number of those covered by the scheme and a changed structure.

Employee shareholdings in subsidiaries

Pohjola Group subsidiaries – Pohjola Asset Management Ltd and Pohjola Corporate Finance Ltd – has a shareholding scheme in place, under which each company's key employees hold some shares in the company. This scheme was also in place at Pohjola Capital Partners Ltd and Pohjola Private Equity Funds Ltd whose shares were sold at the end of 2010. Dividends paid out in 2009 based on these shareholdings totalled EUR 2.5 million 2009.

Of the members of the Group Executive Committee, Mikko Koskimies, President of Pohjola Asset Management Ltd, held 2.5% of Pohjola Asset Management Ltd shares in 2010, based on the abovementioned scheme.

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.

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 these Guidelines, Pohjola's employees, especially the insiders, must time their trading in Pohjola shares for the point of time when the market has as detailed information as possible on factors affecting the Company share's value. Pohjola applies a special trading restriction which prohibits statutory and permanent 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.

Pohjola assesses the need for insider registers related to individual projects on a case by case basis in accordance with its Insider Guidelines and Guidelines on Insider Trading. Project-specific insiders may not trade in Pohjola shares during the project.

Maintained by OP-Services Ltd by order of Pohjola, Pohjola's Insider Register is available to the public on OP-Services Ltd's premises, Teollisuuskatu 1 b, Helsinki. OP-Services Ltd 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.

The number of company-specific permanent insiders at OP-Pohjola Group Central Cooperative Consolidated and Pohjola Group totalled 669 on 31 December 2010.

A list of those belonging to Pohjola's public insider register and shareholdings and other holdings of their related parties can be found at www.pohjola.fi > English > Investor Relations > Corporate Governance > Insider management > Insider Register.

11. Disclosure policy

The Series A shares of Pohjola Bank plc (Pohjola), the parent company of Pohjola Group, are listed on NASDAQ OMX Helsinki Ltd. Pohjola also regularly issues bonds, some of which may be traded on the NASDAQ OMX Helsinki and/or the London Stock Exchange or other stock exchanges. In its disclosure policy, Pohjola mainly complies with Finnish legislation, the rules of NASDAQ OMX Helsinki Ltd or another stock exchange and the instructions issued by the Finnish Financial Supervisory Authority.

Pohjola's Board of Directors has approved the Company's disclosure policy which describes the key principles used by Pohjola as a public limited company in its communication with capital market participants and other interested parties.

The disclosure policy is available at www.pohjola.fi > English > Investor Relations > Corporate Governance > Disclosure Policy.

12. Board of Directors and Group Executive Committee, and personal and other data on members

Board of Directors 1 Jan.–31 Dec. 2010



Chairman

(by virtue of law, the Articles of Association and his position)

Reijo Karhinen, b. 1955

Vuorineuvos (Finnish honorary title), Executive Chairman, OP-Pohjola Group
Finnish citizen

M.Sc. (Econ. & Bus. Adm.), Doctor Honoris Causa, Turku School of Economics
Board member since 1994

Other relevant positions:

- Federation of Finnish Financial Services: Chairman of the Board of Directors
- European Banking Federation: Board member
- Ilmarinen Mutual Pension Insurance Company: Board member
- Central Chamber of Commerce: Board member
- Luottokunta: Supervisory Board member
- OP-Pohjola Group Central Cooperative: Chairman of the Executive Board
- Unico Banking Group: Steering Committee member

Relevant previous experience:

President 1997–2006, Executive Vice President 1994–96, OKOBANK Group Central Cooperative; Managing Director 1990–94, Kuopion Osuuspankki; Managing Director 1988–1990, Savonlinnan Osuuspankki; Managing Director 1985–88, Varkauden Osuuspankki; Assistant Director 1979–1984, Juvan Osuuspankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 43,189 on 1 Jan. 2010 and 52,802 on 31 Dec. 2010.



Vice Chairman

(by virtue of law, the Articles of Association and his position)

Tony Vepsäläinen, b. 1959

Vuorineuvos (Finnish honorary title), Executive Chairman, OP-Pohjola Group
Finnish citizen

M.Sc. (Econ. & Bus. Adm.), Doctor Honoris Causa, Turku School of Economics
Board member since 1994

Other relevant positions:

- Luottokunta: Vice Chairman of the Board of Directors
- OP-Pohjola Group Central Cooperative: Vice Chairman of the Executive Board
- Finnish Cultural Foundation: Board member

Relevant previous experience:

President 2007–10, OP-Pohjola Group Central Cooperative; Managing Director 1998–2006, Tampereen Seudun Osuuspankki; Deputy Managing Director 1996–98, Turun Seudun Osuuspankki; Bank Manager 1993–96, Kuopion Osuuspankki; Deputy to Area Manager 1992–93, Suomen Säästöpankki SSP Oy; managerial duties 1985–1992, Pohjois-Savon Säästöpankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 1,767 on 1 Jan. 2010 and 8,665 on 31 Dec. 2010.



Merja Auvinen, b. 1960
 Managing Director, Savonlinnan Osuuspankki
 Finnish citizen
 M.Sc. (Econ. & Bus. Adm.), eMBA
 Board member since 2006

Other relevant positions:

- Etelä-Savo Chamber of Commerce: Vice Chairman of the Board of Directors

Relevant previous experience:

Managing Director, in addition to her regular duties, 1992–93, Pohjois-Savon OP-Kiinteistökeskus Oy; Bank Manager 1992–2001, Kuopion Osuuspankki; Marketing Director 1989–1992, Savonlinnan Osuuspankki; Bank Manager 1989, Marketing Manager 1987–89, Nilsin Osuuspankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 866 on 1 Jan. 2010 and 1,390 on 31 Dec. 2010.



Jukka Hienonen, b. 1961
 President and CEO, SRV Group Plc
 Finnish citizen
 M.Sc. (Econ. & Bus. Adm.)
 Board member since 2009

Other relevant positions:

- Helsinki Region Chamber of Commerce: Member of the Delegation

Relevant previous experience:

President and CEO 2005–10, Finnair Corporation; Executive Vice President 2003–05, Director of Department Store Division 2001–05 and Director of Foreign Operations 1995–2000, Stockmann Plc

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 15,712 on 1 Jan. 2010 and 15,712 on 31 Dec. 2010.



Simo Kauppi, b. 1954
 Managing Director, Länsi-Suomen Osuuspankki
 Finnish citizen
 M.Sc. (Econ. & Bus. Adm.), eMBA
 Board member since 2006

Other relevant positions:

- Satakunnan OP-liitto: Vice Chairman of the Board of Directors
- Satakunta Chamber of Commerce: Vice Chairman of the Board of Directors
- Länsi-Suomen Diakonialaitoksen säätiö: Chairman of the Board of Directors
- Finda Oy: Board member
- Satakunnan korkeakoulusäätiö: Board member

Relevant previous experience:

Deputy Managing Director from 2006 until 30 April 2009, Länsi-Suomen Osuuspankki; Managing Director 1996–2006, Rauman Seudun Osuuspankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 3,163 on 1 Jan. 2010 and 5,671 on 31 Dec. 2010.



Satu Lähteenmäki, b. 1956

Director from 1 January 2010 until 31 July 2012, Turku School of Economics / University of Turku (Professor of Management and Organisation)
Finnish citizen
D.Sc. (Econ. & Bus. Adm.)
Board member since 2006

Other relevant positions:

- University of Turku: Chairman of the Board of the Turku School of Economics
- Turku School of Economics Support Foundation: Board member
- Member of the Scientific Advisory Council for Public Administration and Management set up the Ministry of Finance
- Member of the Board of OP-Pohjola Group Research Foundation
- Member of the Board of the Kyösti Haataja Foundation

Relevant previous experience:

Professor of Management and Organisation since 1999, Assistant Professor 1997–98 and various teaching and research positions 1985–1996, Turku School of Economics; Career and Outplacement Consultant 1996, MPS/DBM Scandinavia; visiting professor since 2004 Johannes Kepler University, Linz, Austria

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 0 on 1 Jan. 2010 and 0 on 31 Dec. 2010.



Harri Sailas, b. 1951

President and CEO, Ilmarinen Mutual Pension Insurance Company
Finnish citizen
M.Sc. (Econ.)
Board member since 2010 (since 26 March 2010)

Other relevant positions:

- Finnair Corporation: Board member
- Helsinki Region Chamber of Commerce: Chairman of the Board of Directors
- Central Chamber of Commerce: Board member
- Finnish Pension Alliance TELA: Chairman of the Board of Directors
- Aalto University Properties Ltd: Chairman of the Board of Directors

Relevant previous experience:

Head of Regional Bank 2004–06 and Deputy Managing Director, Head of Retail Banking Finland 2002–04, Nordea Bank Finland Plc; Deputy Managing Director, Head of Regional Bank during 1998–2002, Merita Nordbanken/Merita Bank Finland Plc; District Director of Uusimaa 1995–98, Merita Bank Plc; Various duties 1975–1995, Kansallis-Osake-Pankki

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 0 on 1 Jan. 2010 and 0 on 31 Dec. 2010.



Tom von Weymarn, b. 1944

Retired, board professional
Finnish citizen
M.Sc. (Eng.)
Board member since 2006

Other relevant positions:

- Hartwall Capital Oy Ab: Chairman of the Board of Directors
- Turku Science Park Ltd: Chairman of the Board of Directors
- Sibelius Academy: Chairman of the Board of Directors
- IK Investment Partners Ltd: Senior Advisor
- Boardman Ltd: partner
- Oy Empower Ab: Board member
- Hydrios Biotechnology Oy: Board member

Relevant previous experience:

President and CEO 1997–2004, Oy Rettig Ab; Executive Vice President 1991–97, Cultor Plc; Director 1983–1991, the last two years of this period as President and CEO, Oy Karl Fazer Ab; Managing Director 1981–83, Telko Oy; Executive Vice President 1975–1981, Oy Huber Ab

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 1,650 on 1 Jan. 2010 and 1,650 on 31 Dec. 2010.



Markku Vesterinen, b.1951

President and CEO, Suomi Mutual Life Assurance Company

Finnish citizen

Lic.Phil.

Board member from 2008 (until 26 March 2010)

Other relevant positions:

- Ilmarinen Mutual Pension Insurance Company: Board member
- Finsilva Oyj: Board member

Relevant previous experience:

Senior Executive Vice President 2001-07, Suomi Mutual Life Assurance Company; Director General 1999-2001, Insurance Supervisory Authority; Managing Director 1998-99, Fennia Life Insurance Company Ltd; Director, Deputy to Managing Director 1995-98, Federation of Finnish Insurance Companies; Chief Actuary 1987-95, Suomi Mutual Life Assurance Company; Chief Actuary 1986-87, Nova Life Insurance Company; Managing Director 1983-86, Kansa Pension Insurance Company Ltd

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 0 on 1 January 2010 and 0 on 26 March 2010.

Secretary of the Board of Directors

Markku Koponen, b. 1957

Chief Legal Officer

Finnish citizen

Master of Laws trained on the bench, eMBA

Other relevant positions:

- OP-Pohjola Group Central Cooperative: Deputy member of the Executive Board
- HSO-säätiö: Chairman of the Board of Directors



Executive Committee 1 Jan.–31 Dec. 2010



Chairman

Mikael Silvennoinen, b. 1956

President and CEO, Pohjola Bank plc

Finnish citizen

Employed by Pohjola Group since 1989. President and CEO of Pohjola Bank plc (formerly OKO Bank plc) since 1997 and member of the Executive Board 1997–2006, Chairman of the Pohjola Group's Executive Committee since 2006
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Managing Director of various Group companies 1989–97, Pohjola Group; various managerial positions 1983–89, Wärtsilä Group

Other relevant positions:

- Unico Banking Group: Steering Committee member
- Konecranes plc: Board member

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 37,055 on 1 Jan. 2010 and 40,797 on 31 Dec. 2010.



Mikko Koskimies, b. 1967

President, Pohjola Asset Management Ltd

Finnish citizen

Employed by Pohjola Group since 2005

Member of Pohjola Group's Executive Committee since 2006

M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Managing Director 1998–2005, ABN Amro Omaisuudenhoido Oy; various managerial positions at Nordea Group 1989–97 and during 1993–97 at Merita Bank Luxembourg S.A.

Other relevant positions:

- St1 Oy: Board member

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 5,000 on 1 Jan. 2010 and 5,000 on 31 Dec. 2010; 2.5% indirect shareholding in Pohjola Asset Management Ltd.



Jouko Pölönen, b. 1970

CFO, Pohjola Bank plc

Finnish citizen

Employed by Pohjola Group since 2001

Member of Pohjola Group's Executive Committee since 2008

M.Sc. (Econ. & Bus. Adm.), eMBA

Relevant previous experience:

CRO 2001–08, Pohjola Bank plc; Authorised Public Accountant 1999–2001 and auditor 1993–99, PricewaterhouseCoopers

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 3,004 on 1 Jan. 2010 and 3,517 on 31 Dec. 2010.



Reima Rytsölä, b. 1969

Senior Executive Vice President, Banking, Group-level responsibility for major corporate and institutional customers, Pohjola Bank plc
Finnish citizen
Employed by Pohjola Group since 1996
Member of Pohjola Group's Executive Committee since 2008
M.Soc.Sc., CEFA

Relevant previous experience:

Various managerial duties 1998–2007 and chief dealer, domestic money market, 1996–97, Pohjola Bank plc and its subsidiaries; foreign exchange dealer, Merita Plc 1994–96

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 2,188 on 1 Jan. 2010 and 2,719 on 31 Dec. 2010.



Eva Valkama, b. 1949

Senior Executive Vice President, Human Resources, Pohjola Bank plc
Finnish citizen
Employed by Pohjola Group since 1984
Member of Pohjola Group's Executive Committee since 2009
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Various managerial positions 1984–2009, Pohjola Insurance Ltd

Other relevant positions: -

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 720 on 1 April 2010 and 1,386 on 31 December 2010.



Petri Viertiö, b. 1962

CRO, Pohjola Bank plc
Finnish citizen
Employed by Pohjola Group since 2009
Member of Pohjola Group's Executive Committee since 2009
M.Sc. (Tech.)

Relevant previous experience:

Director 2007–2009, Advisory Services, Ernst & Young; Chief Risk Officer 2002–2007, Sampo plc; Chief Risk Officer 2000–2001, Sampo Bank plc; Risk Manager 1999–2000, Varma-Sampo; various managerial positions 1997–1999, Leonia Group

Other relevant positions:

- OP Life Assurance Company Ltd: Board member

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 1,572 on 1 Jan 2010 and 1,572 on 31 Dec 2010.



Tomi Yli-Kyyny, b. 1962

President, Group-level responsibility for private and corporate customers, Pohjola Insurance Ltd

Finnish citizen

Employed by Pohjola Group since 1990 (except 1999–2000)

Member of Pohjola Group's Executive Committee since 2006

M.Sc. (Tech.)

Relevant previous experience:

Various managerial duties 2000–05, Pohjola Insurance Ltd; Managing Director

1999–2000, Oy Porasto Ab O

Other relevant positions:

- Federation of Accident Insurance Institutions: Chairman of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

No. of Series A shares: 15,716 on 1 Jan. 2010 and 17,368 on 31 Dec. 2010.