

OP Corporate Bank plc
Corporate Governance
Statement 2017



OP Corporate Bank plc's Corporate Governance Statement 2017

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1 APPLICABLE REGULATIONS

This document is a description of the Corporate Governance Statement of OP Corporate Bank plc, as referred to in Chapter 7, Sections 1–5 and Section 7 and Chapter 8, Section 15 of the Act on Credit Institutions and Chapter 7, Section 7 of the Securities Markets Act. The Statement has been issued separately from the Report by the Board of Directors.

At its meeting on 27 February 2018, the 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 Statement together with the Financial Statements, Report by the Board of Directors and Auditor's Report are available at www.op.fi > OP Financial Group > To the media > Publications > OP Corporate Bank publications.

OP Corporate Bank plc's up-to-date Corporate Governance Statement and Articles of Association are maintained on the OP debt investor relations website at www.op.fi > OP Financial Group > Debt Investors > Corporate Governance (OP Corporate Bank plc).

In its operations, OP Corporate Bank complies with Finnish legislation. In addition to the Finnish Limited Liability Companies Act, OP Corporate Bank complies with regulations governing securities issuers, financial services companies and insurance companies, its Articles of Association and the guidelines issued by OP Cooperative. In its international operations, OP Corporate Bank also complies with local laws when applicable.

OP Corporate Bank belongs to the amalgamation of cooperative banks, under applicable legislation, and is a subsidiary of OP Cooperative, the central cooperative of said amalgamation. Laws and OP Corporate Bank's Articles of Association set some restrictions on the composition of the Board of Directors. The company acts as the central financial institution for OP Financial Group member cooperative banks.

2 STRUCTURE OF OP FINANCIAL GROUP AND OP CORPORATE BANK GROUP, AND ADMINISTRATIVE BODIES

2.1 Group structure

OP Corporate Bank plc is a subsidiary wholly owned by OP Cooperative acting as OP Financial Group's central cooperative, and a member credit institution. In terms of operations and ownership, OP Corporate Bank belongs to OP Financial Group. OP Financial Group consists of around 167 cooperative banks (as of 31 December 2017) and their central cooperative, OP Cooperative, with its subsidiaries. OP Financial Group is supervised as a single entity.

The central cooperative 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.

Read more about OP Financial Group's structure in section 2 of OP Financial Group's Corporate Governance Statement 2017.

2.2 Structure of OP Corporate Bank Group

OP Corporate Bank Group comprises OP Corporate Bank plc, the parent company, and its subsidiaries. The most significant subsidiaries are OP Insurance Ltd, A-Insurance Ltd, Euroopalainen Insurance Company Ltd and Pohjola Health Ltd.



OP Corporate Bank plc has subsidiaries in Estonia, Latvia and Lithuania engaged in finance-company operations. In addition, the company has branches in Estonia, Latvia and Lithuania. OP Insurance Ltd has a non-life insurance subsidiary in Estonia with a branch in both Latvia and Lithuania. This subsidiary with its branches will be sold and the related contract of sale was signed on 18 December 2017. The completion of the sale is conditional on obtaining the regulatory approval of the authorities.

2.3 Administrative bodies

A shareholder exercises the highest decision-making powers at a General Meeting and the Meeting elects the Board of Directors (except for the Chair) and auditors. The Board of Directors is in charge of the company's strategic management. Responsibility for operational management rests with the President and CEO appointed by the Board of Directors.

3 GENERAL MEETING

The Annual General Meeting (AGM) must be held within six months of the termination of the financial year on a date specified by the Board of Directors. The AGM shall discuss matters assigned to it in accordance with the Articles of Association and any other business referred to in the notice of the meeting.

In accordance with OP Corporate Bank's Articles of Association, the AGM must be presented with

- the financial statements and the Report by the Board of Directors;

decide on

- the adoption of the financial statements;
- the allocation of profit shown on the balance sheet;
- the discharge from liability of the members of the Board of Directors and the President and CEO;
- the number of members of the Board of Directors and their emoluments;
- auditor's remuneration;

elect

- Board members and an auditor;

and discuss

- any other business in the Notice of the Meeting.

3.1 General Meeting 2017

OP Corporate Bank plc's Annual General Meeting (AGM) of 21 March 2017 adopted the Financial Statements for 2016, discharged members of the Board of Directors and the President and CEO from liability and decided to distribute a dividend of EUR 0.63 per share as well as elected members to the company's Board of Directors and the auditor.



4 BOARD OF DIRECTORS

4.1 Election of the Board of Directors

The Board of Directors has a Chair, who chairs the Executive Board of the central cooperative of the amalgamation, and a minimum of two and a maximum of three other members elected by the General Meeting. The AGM elects, except for the Chair, members to the Board of Directors for a term of office expiring upon the closing of the AGM following their election. In accordance with the Act on Cooperative Banks and Other Cooperative Credit Institutions, the Chair of OP Cooperative's Executive Board chairs the Board of Directors.

In accordance with the Articles of Association, OP Corporate Bank has not set any upper age limit for members of the Board of Directors, limited the number of their terms of office or in any other manner restricted decision-making powers of a General Meeting in electing Board members (with the exception of election of the Chair).

The parent institution, OP Cooperative, prepares proposals for the election of Board members submitted to the AGM.

Credit institutions' board members are required to demonstrate the kind of reliability and professionalism and to fulfil the fit and proper criteria specified in the Act on Credit Institutions and official regulations. Board members are subject to a regular Fit & Proper assessment.

4.2 Diversity of the Board of Directors

OP Financial Group has a long-term approach to planning the composition of its administrative bodies. Effective work in administrative bodies requires that their members have sufficiently diverse expertise, skills and experience. Read more about the principles of the diversity of administrative bodies in section 2.2 of OP Financial Group's Corporate Governance Statement 2017.

4.2 Members of the Board of Directors

Section 4.6 describes the composition of the Board of Directors and member attendance in 2017. Personal and other details of the Board members can be found in section 12.1 below.

4.3 Independence of Board members

All of the members of the Board of Directors are executive members dependent on the company and its shareholder (OP Cooperative). All Board members are members of the Executive Board of OP Cooperative, the parent institution: Reijo Karhinen, CEO, Chair of the Executive Board, OP Cooperative; Tony Vepsäläinen, Executive Vice President, Operations, OP Cooperative; Harri Luhtala, CFO, OP Cooperative; and Jari Himanen, Executive Vice President, Group Steering, OP Cooperative.

4.4 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 consolidation group's operations.

The Board of Directors and the President and CEO shall manage the company and its consolidation group professionally following sound and prudent business practices.



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

In this respect, the Board of Directors shall, among other things,

- decide on the company's business strategy, in line with the principles adopted by the central cooperative Executive Board, and supervise its implementation;
- confirm the core values applied in the company's business in line with principles adopted by the central cooperative Executive Board;
- approve an annual business plan and supervise its implementation in line with principles adopted by the central cooperative Executive Board;
- confirm the principles and procedures for ensuring the fitness and propriety of the company's management in line with the principles adopted by the central cooperative Executive Board;
- decide on the basic principles of the remuneration schemes governing the company's management and other employees in line with principles adopted by the central cooperative Executive Board;
- appoint and dismiss the President and CEO and his deputy after hearing the Executive Board of the central cooperative;
- annually adopt the company's capital adequacy management principles, risk policies/risk strategies, funding plan, capital plan, investment plan and significant operating principles governing risk management in line with principles adopted by the central cooperative Executive Board;
- confirm outsourcing guidelines in line with principles adopted by the central cooperative Executive Board;
- confirm the principles of internal audit and an action plan in line with principles adopted by the central cooperative Supervisory Board;
- confirm the key principles of the company's compliance policy and compliance activities in line with principles adopted by the central cooperative Executive Board;
- decide on the organisational structure and management system for the company and its functions in line with principles adopted by the central cooperative Executive Board;
- confirm the description of internal control and supervise the performance and adequacy of internal control within the company and its consolidation group, in line with principles adopted by the central cooperative Executive Board;
- discuss and approve the financial statements and interim reports;
- make a proposal on the amount of dividends payable in line with principles adopted by the central cooperative Executive Board;
- be responsible for any other duties of the Board of Directors as prescribed by legislation or in regulations issued by the relevant authority.

The following principles shall apply to Board meetings:

- A Board of Directors meeting is summoned by the Chair.
- The Chair and the President and CEO assume primary responsibility for the preparation of the meeting.
- The Board of Directors has a quorum when more than half of its members are present.
- Those present at Board meetings comprise Board members and the President and CEO but Board meetings may also be attended, if needed, by some other person whose presence is necessary due to the matter under discussion.
- Minutes of Board meetings shall be drawn up and be signed by all Board members and the secretary.

4.5 Responsibilities of Chair of the Board of Directors

The Board Chair 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 Chair shall ensure that an individual Board member has the experience and skills required to perform his/her



duties in an appropriate manner. The Chair 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/her opinion. The Chair is also responsible for the further development of Board work and ensures the company's good corporate governance.

4.6 Board work in 2017

The Board of Directors had 14 meetings in 2017. The Board of Directors was chaired by Reijo Karhinen, and Tony Vepsäläinen, Harri Luhtala and Jari Himanen were members. The attendance rate of members stood at 100%.

At its meetings, the Board of Directors discussed issues mentioned in 4.4 above. In addition to such issues, the Board of Directors discussed, for example, the bank's organisational changes, the organisation of wealth management sales to corporate customers in the Helsinki Metropolitan Area and the implementation of the OP 2016 strategy, and decided on changing the related efficiency target.

Board meetings: frequency and attendance in 2017

	Presence/number of meetings
Reijo Karhinen	14/14
Tony Vepsäläinen	14/14
Harri Luhtala	14/14
Jari Himanen	14/14

5 PRESIDENT AND CEO

5.1 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 laws and that financial management is organised in a reliable manner.

The President and CEO's duties include the management and supervision of the company's business, and responsibility for the development and coordination of the company'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 financial performance
- Managing Group operations and developing the organisation
- Group strategic development
- Group coordination
- Supervising subsidiary and associated company investments
- Cooperation with OP Cooperative and other OP Financial Group's units
- Regulatory and public affairs in the financial sector's cooperation bodies and
- Communication with customers, the corporate sector, Finnish and international banking and insurance organisations, investors and credit rating agencies and other stakeholder groups.

The Board of Directors appoints the President and CEO and decides on the terms and conditions of his executive contract. A written executive contract with Executive Vice President for Banking within OP Financial Group and its appendix specifies the terms and conditions of the executive contract with the President and CEO. The Board of Directors annually assesses the performance of the President and CEO.

Jouko Pölönen, M.Sc. (Econ. & Bus. Adm.), eMBA, Executive Vice President, Banking, OP Financial Group, acts as the President and CEO. He has acted as President and CEO since 2013.

Personal and other details of the President and CEO can be found in 12.2. below. Information on the President and CEO's remuneration can be found in 9 below.

5.2 The board of directors and Managing Director/President of OP Corporate Bank's subsidiaries

The board of directors of each OP Corporate Bank's subsidiary shall ensure that all OP Corporate Bank Group companies are managed in compliance with applicable laws, rules and regulations, and OP Financial Group's principles.

The board of directors and Managing Director/President of major subsidiaries in 2017

	Board of Directors	Managing director/President
A-Insurance Ltd	Karhinen Reijo (Chair) Vepsäläinen Tony Luhtala Harri Himanen Jari	Lehtilä Olli
Pohjola Health Ltd	Lehtilä Olli (Chair) Dahlström Tom Geber-Teir Carina	Saarni Samuli (as of 10 April 2017)
OP Insurance Ltd	Karhinen Reijo (Chair) Vepsäläinen Tony Luhtala Harri Himanen Jari	Lehtilä Olli
Seesam Insurance AS (Supervisory Board)	Lehtilä Olli (Chair) Pölönen Jouko Alameri Karri	Abner Toomas
Eurooppalainen Insurance Company Ltd	Karhinen Reijo (Chair) Vepsäläinen Tony Luhtala Harri Himanen Jari	Lehtilä Olli

6 MANAGEMENT SYSTEM

OP Corporate Bank Group's operations are managed in accordance with OP Financial Group central cooperative consolidated's management system through three business segments. The

description of this management system is part of the description of OP Financial Group's Corporate Governance Statement.

Read more about OP Financial Group's management system in section 6 of OP Financial Group's Corporate Governance Statement 2017.

6.1 OP Corporate Bank as part of OP Cooperative Consolidated

OP Cooperative Consolidated comprises OP Cooperative, which acts as the central cooperative owned by the member banks of the amalgamation, and entities majority-owned or wholly-owned by the parent institution or any of its subsidiaries. OP Corporate Bank plc with its subsidiaries is part of OP Cooperative Consolidated. Credit institutions within OP Cooperative Consolidated are the member credit institutions of the amalgamation described in greater detail in the Act on the Amalgamation of Deposit Banks.

OP Cooperative is owned by OP Financial Group member cooperative banks. The Supervisory Board of the central cooperative represents the owners. The general role of the Supervisory Board is to oversee the corporate governance of OP Cooperative Consolidated as managed by the Executive Board and the President and Group Executive Chairman, the supreme operational decision-making body of the central cooperative consolidated, and ensure that the central cooperative's and its consolidation group's operations are managed in an expert and prudent manner in accordance with the Co-operatives Act and in the best interests of the central cooperative and OP Financial Group. The Supervisory Board also oversees compliance with OP Financial Group level policy guidelines and principles, which it has confirmed, within OP Cooperative Consolidated. The special task of the Supervisory Board is to confirm the general principles referred to in the Act on the Amalgamation of Deposit Banks. It is also tasked with deciding on issuing key OP Financial Group level guidelines.

6.2 Organisational structure as of 31 December 2017

Based on the management system, the organisation of OP Cooperative Consolidated is founded on the following three business segments: Banking, Non-life Insurance, and Wealth Management. OP Corporate Bank Group runs Banking and Non-life Insurance. The health and wellbeing business is included in the Non-life Insurance segment.

The support functions required by business segments (e.g. Finance and Treasury, Risk Management, HR Management, Legal Services, and Development) have been organised at the OP Cooperative Consolidated level.

6.3 Decision-making

OP Cooperative's Executive Board has operational responsibility for the management of the entire central cooperative consolidated. The basis for management within the Group consists of the following three business segments: Banking, Non-life Insurance, and Wealth Management. Executive Board members' duties and areas of responsibility follow this division. On the Executive Board, OP Corporate Bank's President and CEO is responsible for **B**anking.

The Executive Board is responsible for managing the central cooperative's and its consolidation group's operations in accordance with applicable laws, official regulations and the central cooperative Bylaws. The Executive Board takes charge of the governance and appropriate organisation of the parent institution and its consolidation group, as well for managing the Group's operations. Furthermore, the Executive Board confirms the central cooperative consolidated's operational and legal decision-making processes.

In the central cooperative consolidated, decisions are made as extensively as possible at Group level by the central cooperative's Executive Board. As a general rule, OP Corporate Bank's Board of Directors considers matters within its remit in line with principles adopted by the



central cooperative's Executive Board or after hearing the Executive Board about the matters discussed.

The Board charter describe the key tasks that the Board of Directors carries out.

6.4 OP Corporate Bank's performance monitoring and reporting

OP Corporate Bank 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 superiors and their subordinates are also aimed at discussing the achievement of goals and targets based on past performance, according to the organisational structure. 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 OP Corporate Bank

- 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
- abides by laws and comply with external and internal regulation.

7 INTERNAL AND EXTERNAL CONTROL

7.1 Internal control

Effective and reliable internal control forms the basis for compliance with sound and prudent business practices.

Internal control refers to procedures or practices within an organisation to ensure that the organisation achieves the targets set in the strategy, uses resources economically and the information in support of management decisions is reliable. Internal control also ensures that risk management, custody of client assets and protection of property is adequately arranged. Conformance to regulations and approved ethical principles, too, are ensured through internal control.

The central cooperative's Supervisory Board confirms the Group-level principles of internal control that all OP Financial Group entities follow. OP Corporate Bank complies with the principles of internal control adopted by the central cooperative's Supervisory Board.

Internal controls apply to all operations. The nature and extent of operations and, whenever necessary, special characteristics related to international operations are taken into consideration in specifying internal controls. Internal control covers all organisational levels. Internal control in its most extensive form primarily takes place at the operational level, where internal control is continuous and forms a part of daily activities.

Internal control is complemented by the opportunity of anyone employed by OP Financial Group to report through an independent channel if they suspect that rules or regulations have been violated (whistleblowing).

7.1.1 The Board of Directors' role

The Board of Directors is responsible for organising and maintaining adequate and effective internal control. It deals with the guidelines governing OP Financial Group's internal control,



ensures that OP Corporate Bank has an adequate set of guidelines specifying Group-level guidelines, and supervises internal control effectiveness and sufficiency.

Central cooperative consolidated-level risk management and financial reporting are performed in a coordinated way by a function independent of the business lines/divisions. 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 shall regularly report on the company's business, risk capacity and risk status, in accordance with the Group's management system.

7.1.2 Internal control in 2017

The Board of Directors is responsible for considering issues related to the Group's governance and is in charge of internal control effectiveness and ensuring regulatory compliance.

7.1.3 Compliance activities

The Compliance function is tasked with assisting senior management and executive management and business lines/divisions in the management of risks associated with regulatory non-compliance, supervising regulatory compliance and, for its part, developing internal control further. Finance and Treasury as well as HR Services are, for their part, in charge of regulatory compliance management.

Almost all activities involve compliance risk, and responsibility for the management of risks rests with the business lines/divisions. The President and CEO is in charge of the company's compliance activities. OP Financial Group's Compliance, whose director reports to the OP Financial Group's CRO, supports the President and CEO in this respect. Compliance activities and the related recommendations issued to the business lines/divisions are subject to regular reporting to OP Corporate Bank plc's Board of Directors. Compliance activities must also be reported to the Executive Board of the central cooperative consolidated and the Audit Committee of the Supervisory Board as part of OP Financial Group level reporting.

As part of the annual risk management plan, OP Financial Group's Compliance function shall annually draw up a compliance action plan which will be discussed and confirmed by OP Corporate Bank plc's Board of Directors with respect to the company. The Board of Directors also deals with the principles and instructions governing compliance. OP Financial Group's Compliance function is responsible for advice on and support of Group-level compliance risk management and also controls OP Corporate Bank's compliance.

Compliance is aimed at preventing the materialisation of compliance risks. For this purpose, the Compliance function shall, for example,

- prepare and maintain guidelines on key matters related to practices;
- advise employees on, and train them in, matters related practices;
- support the business lines/divisions in the planning of development measures promoting the management of compliance risks;
- keep senior and executive management and the business lines/divisions informed of upcoming regulatory changes and monitor the business lines'/divisions' preparation for regulatory changes;
- supervise compliance within OP Corporate Bank Group with the current regulatory framework, ethical practices and internal guidelines related to practices; and
- regularly report to both senior and executive management on recommendations and the results of control given to the business and other observations related to compliance risk exposure.

7.1.4 Risk management

OP Financial Group's core values, strategic goals and financial targets form the basis for OP Corporate Bank's risk management 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 controlling that risks taken are proportional to risk capacity. Risk capacity is made up of effective risk management that is proportionate to the extent and complexity of operations and of adequate capital resources and liquidity based on profitable business operations. OP Corporate Bank adopts a policy of moderate risk-taking and its business operations are based on a reasoned risk/return approach. Risk management has been integrated as part of OP Corporate Bank Group's business and management.

OP Financial Group's principles governing the risk-taking system and the Risk Appetite Framework, adopted by OP Cooperative's Supervisory Board, define how the Group's risk-taking is controlled, restricted and supervised and how the risk management and internal capital adequacy assessment process is organised.

OP Financial Group's risk policy controls OP Corporate Bank's risk-taking. In the risk policy, the central cooperative's Executive Board confirms annually risk-management principles, actions, objectives, limits to be applied by all Group business segments and entities that are used to guide business to implement the policies confirmed in the Group's strategy and the principles of the Risk Appetite Framework. In addition, Non-life Insurance is guided by risk policies applied to private and corporate customers, reinsurance principles, investment plans and the policy governing hedging against interest rate risk associated with insurance liabilities.

The significant risks of OP Corporate Bank Group include credit risks, market risks, liquidity risks, underwriting risks, concentration risks and strategic, reputational and operational risks, including compliance risk associated with all business operations.

More detailed information on significant risks can be found in OP Corporate Bank Group's most recent Report by the Board of Directors and Financial Statements (see www.op.fi OP Financial Group > To the media > Publications > OP Corporate Bank publications).

7.1.4.1 Organisation of risk management and capital adequacy management

The Board of Directors decides on the business strategy based, among other things, on the principles issued by the central cooperative's Executive Board and approves a business plan and supervises their implementation. In line with the principles adopted by the central cooperative's Executive Board, it also confirms risk policy, funding plan, capital plan and proactive contingency plan for capital base, business continuity plan and significant risk management principles.

The Board of Directors supervises and monitors the implementation of risk and capital adequacy management and the fact that the company's risk management is in conformity with laws, official regulations and instructions issued by the central cooperative. The Board of Directors is responsible for the sufficiency of risk management systems and supervises their extent and performance. The Board of Directors is also tasked with supervising the company so that it does not take excessive risks which would materially jeopardise the company's capital adequacy, liquidity, profitability or business continuity. It also supervises the quantity and quality of capital, financial performance, risk exposure and compliance with the risk policy, limits and other instructions.

The Board assesses the appropriateness, extent and reliability of OP Corporate Bank Group's capital adequacy management on a holistic basis at least once a year.

OP Corporate Bank's President and CEO takes charge of the overall control of the company in such a way that the company as a whole achieves its profit, risk capacity and other targets and goals by following shared strategies and policies.

OP Cooperative is responsible for OP Financial Group-level risk and capital adequacy management and for ensuring that OP Financial Group's risk management system is sufficient and kept up to date. OP Financial Group's Risk Management is a function independent of business lines/divisions that defines, steers and supervises the overall risk management of the Group and its entities, and analyses their risk exposure.

The business lines/divisions shall bear primary responsibility for their risk-taking, financial performance and compliance with the principles of internal control and risk management and capital adequacy management. The business lines/divisions have the right to take decisions on risk-taking within the approved decision-making powers, exposure limits and credit limits.

A more detailed description of the company's risk management and capital adequacy management principles and risk exposure can be found in the Group's most recent Report by the Board of Directors and Financial Statements (see www.op.fi > OP Financial Group > To the media > Publications > OP Corporate Bank publications).

7.1.4.2 Risk management in 2017

In risk management of the central cooperative, 2017 included monitoring external regulatory changes and continuing to prepare for regulatory changes. The effects of IFRS 9, which became effective at the beginning of 2018, on the impairment process of receivables counted among significant changes.

Risk Management continued to further develop its risk management assessment processes and operational processes in order to ensure that controls related to risk management are automated so as to be part of all business. In addition, the Group updated its risk management guidelines, risk reporting and risk limitation. Stress tests have continued to play an increasing role in risk analyses. Model risk has been a special development work focus.

7.1.5 Internal audit

Internal Audit is tasked with assisting OP Corporate Bank plc's Board of Directors and the company's management in controlling, supervising and assuring operations by carrying out operational audits. Internal audit is based on an independent and objective assessment, assurance and consulting activities. It supports the management in their efforts to achieve objectives by providing a systematic, disciplined approach to assessing and upgrading the efficiency of the organisation's risk management, control and management and governance processes, with the focus on the identification of risk factors and the assessment of the performance of internal control.

Internal Audit of OP Cooperative, OP Corporate Bank plc's parent entity, has been responsible for internal audit. The Supervisory Board of OP Cooperative confirms the operating principles of Internal Audit. The Supervisory Board's Audit Committee is responsible for the guidance and assessment of Internal Audit activities. Internal Audit functions under the Audit Committee and thereby is independent of the executive management. The Chief Audit Executive reports to the Supervisory Board's Audit Committee and, in administrative terms, to the President and Group Executive Chairman. The Chief Audit Executive reports audit observations applying to the company to OP Corporate Bank plc's Board of Directors and the President and CEO. Internal Audit produces special reports at the senior management's request, if need be.

Internal audit is conducted 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 and the independence of objectivity of internal activities. Internal Audit has no operational responsibility or powers with respect to the functions subject to auditing.

7.1.5.1 Internal audit in 2017

The internal audit action plan for 2017, confirmed by the Board of Directors, contained one audit applying to OP Corporate Bank plc. The audit based on the action plan was performed. In addition, internal audit has been performed indirectly as part of audit applying to the centralised functions of OP Financial Group. In its audits, Internal Audit assesses the effectiveness of OP Financial Group's centralised information systems and the controls of operating processes and internal control as well as the appropriateness of risk management and its procedures.

7.2 External control

7.2.1 Audit

In accordance with OP Corporate Bank plc's Articles of Association, a General Meeting shall elect an audit firm certified by Finland Chamber of Commerce to act as the company's auditor. The auditors' term of office is the financial year during which they were elected, ending upon the closing of the Annual General Meeting following their election.

The Audit Committee of the Supervisory Board of OP Cooperative, OP Corporate Bank plc's parent entity, puts audit services out to tender at some five years' interval (last time at the end of 2011) on the basis of which it proposes eligible auditors to OP Cooperative's Annual Cooperative Meeting to act as auditors for the entire OP Cooperative Consolidated. The Supervisory Board's Audit Committee annually assesses the quality of the auditor's performance and ancillary services and the independence of auditors and the statement of the ancillary services.

The auditors are tasked with auditing the accounting, internal control, accounting policies, management accounting judgements, presentation and structure of the financial statements of the company and its entities in order to obtain assurance that the financial statements of the Group and its entities have been prepared in compliance with the rules and regulations in force governing the preparation of financial statements and give the company's shareholders and other stakeholders a true and fair view of the financial position, financial performance and cash flows of the Group.

The auditors give the Annual General Meeting an Auditor's Report every year. Based on their observations, they shall also draw up audit memoranda delivered to OP Corporate Bank plc's Board of Directors, President and CEO, Internal Audit and the Financial Supervisory Authority. Whenever necessary, auditors also issue oral reports to the aforementioned persons and bodies.

The Board of Directors consults the auditor when dealing with the annual accounts and interim accounts, as well as the accounting policies. The auditors 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 Auditor's Report other than the unqualified opinion, as referred to in the Auditing Act, or result in an auditors' remark as referred to in Chapter 3, Section 5 and Paragraph 4 of the Auditing Act.

The auditor's remuneration is payable based on the reasonable invoice amount presented.

7.2.1.1 Audit in 2017

KPMG Oy Ab, a firm of authorised public accountants, acted as the company's auditor in 2017, with Raija-Leena Hankonen, APA, acting as the Chief Auditor, appointed by KPMG Oy Ab. KPMG Oy Ab has acted the company's auditor since 2002 with APA Raija-Leena Hankonen as the Chief Auditor since 2014. KPMG Oy Ab, a firm of authorised public accountants, and auditors appointed by KPMG Oy Ab acted as auditors of OP Corporate Bank Group's subsidiaries.



OP Corporate Bank Group's audit plan for 2017 was prepared as part of OP Cooperative Consolidated's audit plan. Aspects relevant to statutory audit included receivables from customers, investment assets and derivative contracts, insurance liabilities and the control environment related to financial reporting as well as information systems. Interim reports and financial statements bulletins are based on unaudited figures.

OP Corporate Bank Group has used KPMG Oy Ab's advisory services related mainly to the comfort letters of bond programmes and tax counselling.

7.2.1.2 Auditors' remuneration in OP Corporate Bank Group in 2017

In 2017, audit fees for audit paid to auditors totalled EUR 270,000 million (274,000), whereas fees for assignments as referred to in Section 1, Sub-paragraph 1(1) of the Auditing Act were EUR 0 (45,000), those for tax counselling EUR 41,000 (17,000) and for other services EUR 111,000 (89,000), or a total of EUR 422,000 (425,000).

7.2.2 Supervision by the central cooperative

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

In addition, the central cooperative supervises its member credit institutions in the manner as referred to in the Act on the Amalgamation of Deposit Banks. In its operations, the Group takes account of OP Financial Group's strategy, confirmed by OP Cooperative's Supervisory Board, and regulations and guidelines on risk management and other operations issued by OP Cooperative to the member banks. The Group reports to OP Cooperative in a separately agreed manner.

7.2.3 Regulatory supervision

The Group is supervised by the Financial Supervisory Authority and the ECB as prescribed in the laws governing financial and insurance markets. The company's operations in Estonia, Latvia and Lithuania are supervised when applicable by the respective national regulators.

8 FINANCIAL REPORTING PROCESS

The different financial management units subordinate to OP Financial Group's CFO take charge of not only the preparation of interim and annual accounts for OP Financial Group and Group entities, as required by financial accounting, but also of the production of management accounting reports, such as monthly reports on business performance. The Controller function within OP Financial Group also produces earnings forecasts and analyses the actual outcome in comparison with the forecasts and reports on any deviations.

This chapter, Financial reporting process, describes the main features of how OP Corporate Bank Group's internal control and risk management work with a view to ensuring that the Group's financial reports give substantially true information on the company's and its consolidation group's financial performance and position. Correctly consolidated information using

sub-ledger accounting and OP Corporate Bank Group companies' information forms the basis of reliable financial reporting.

OP Corporate Bank 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 of Directors as well as OP Cooperative's Executive Board meetings. Financial information in financial reports is compared with related plans and any differences are analysed and the report also describes earnings outlook for the current year and for a longer period of time. 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.

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 Financial Supervisory Authority. OP Financial Group's shared principles are applied in the accounting, financial statements and consolidated financial statements of all OP Financial Group companies. Responsibility for the interpretation of, guidelines on and advice on standards, other laws governing the preparation of financial statements and official accounting requirements as well as the preparation of and compliance with common accounting policies rests with OP Cooperative, OP Financial Group's central cooperative. Whenever necessary, the Group turns to auditors who give a statement of the selected principles and interpretations.

8.1 Organisation of financial reporting

OP Cooperative's Executive Board 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 in line with principles adopted by OP Cooperative. The Board of Directors discusses and approves the consolidated financial statements and interim reports.

The Board of Directors is tasked with 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 must also evaluate how the company complies with laws, regulations, official instructions and internal instructions. The Board 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, auditors, Internal Audit and the Compliance function.

Under the Limited Liability Companies Act, the President and CEO shall ensure that the Company's and its consolidation group's accounting practices comply with the law and that financial management is organised in a reliable manner. OP Cooperative's Finance and Treasury, independent of business lines/divisions, is responsible for the Group's financial reporting. This function produces reliable, relevant and up-to-date information on the Group's performance and finances, and keeps the Board of Directors and the President and CEO and other decision-makers informed of the Group's financial performance and near-term outlook. The President and CEO is also tasked with controlling the quality of outsourced accounting services and services for reports to regulators and other relevant authorities, and developing business control and risk management methods, indicators and the supporting systems.

Compiling financial statements information and interim reports is coordinated at the central cooperative consolidated level. The needs of the management and business lines/divisions as



well as applicable legislation guide reporting. Reporting systems and communications are defined so as to enable appropriate monitoring and supervision of objectives, performance, operations and risk at all organisational levels. When reporting OP Corporate Bank Group's and its business lines' results and other confidential company information, the Group ensures that information confidentiality has been mentioned in the reports and that confidentiality remains when distributing the reports.

Business control primarily uses OP Financial Group's shared systems. Operational duties related to financial and management accounting are coordinated at OP Cooperative Consolidated level.

8.2 Independent assessment of financial reporting

As provided by law, auditors shall assess the accuracy of external financial reporting. The auditors are tasked with auditing the accounting, financial statements and governance of the company and its consolidation group in order to obtain assurance that the financial statements of the company have been prepared in compliance with the rules and regulations in force and give owners and other stakeholders a true and fair view of the financial position of the company and its consolidation group and its financial performance and cash flows.

In its audits, Internal Audit assesses the effectiveness and adequacy of the company's and its consolidation group's financial reporting, and reports these audits to the executive management and the Board of Directors.

8.3 Financial reporting in 2017

OP Corporate Bank Group's financial statements were prepared in accordance with IFRS, applying IASs, IFRSs and SIC and IFRIC interpretations effective on 31 December 2017.

In 2017, OP Financial Group and OP Corporate Bank Group adopted the following standards and interpretations:

- IAS 7 Statement of Cash Flows was amended, effective as of 1 January 2017. The amendment requires the presentation of a description of changes in financial liabilities classified as cash flows from financing activities. The standard does not require the presentation of comparatives when applying the amendment for the first time.
- Annual improvements to IFRS for cycles 2014–2016 (applicable mainly to accounting periods beginning on or after 1 January 2017). Minor amendments are annually made to standards through the Annual Improvements process. The effects of the amendments vary by standard but they are not significant.
- In addition, amendments have been made to IAS 12 Income Taxes, effective since 1 January 2017. The amendments did not have any major effect on OP Corporate Bank's financial statements.

9 REMUNERATION

9.1 Board emoluments and other benefits

The Annual General Meeting (AGM) decides on Board emoluments and other benefits, proposed by the parent entity, OP Cooperative.

The Board members did not receive any separate attendance fees or monthly emoluments in 2017.

9.2 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. A written executive contract with Executive Vice President for Banking within OP Financial Group and its appendix specifies the terms and conditions of the executive contract with the President and CEO.

The President and CEO as OP Financial Group's Executive Vice President, Banking, is a member of OP Cooperative's Executive Board whose members' retirement age is 63 years. Pension benefits are determined in accordance with pension laws and OP Financial Group's own pension plans. The President and CEO is covered by TyEL (the Finnish Employees Pensions Act) which provides pension benefits based on the years of employment and earnings as prescribed in the Act.

The period of notice applicable under the President and CEO's executive contract is six months. According to the executive contract with the Executive Vice President of OP Financial Group's Banking, the Company must pay the President and CEO severance pay equalling his 6-month total salary, in addition to compensation for loss of office, if the company dismisses him or he has to resign or terminate the contract due to a reason attributable to the company. In case the executive contract terminates due to reasons attributable to the company, the President and CEO will be entitled to bonuses under the short- and long-term incentive schemes for the year of contract termination, provided that the schemes' performance criteria and the criteria for payment under the schemes' terms and conditions are fulfilled.

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

The remuneration schemes approved by OP Cooperative Consolidated are aimed at encouraging and engaging key human resources in the development of business and ensuring that the company attracts new key employees. The Remuneration Committee of OP Cooperative's Supervisory Board assesses and monitors regularly the effectiveness of the company's remuneration schemes with the aim of ensuring that remuneration policies and practices with respect to all personnel groups are in line with core values, strategy, targets and goals, risk policies and control systems. The regulations regarding the financial sector's remuneration schemes have been taken into account in establishing the incentive schemes.

Remuneration of the President and CEO and other management consists of the following three components: 1) Basic pay (salary and fringe benefits, based on the job grade and skills); 2) short-term remuneration (performance-based bonuses, based on the achievement of targets under the annual plan); and 3) long-term remuneration (OP Financial Group's long-term management remuneration scheme, based on the achievement of the Group's shared strategic goals and targets).

The Board of Directors is responsible for deciding on remuneration to the President and CEO and other management.

9.4 Short-term management incentive scheme

The Board of Directors decides annually on the short-term management incentive scheme, based on targets shared by the executives and deriving from the company's annual plan and the results achieved, on the one hand, and on personal targets set during the performance reviews held at the beginning of each year, on the other hand. In addition, the entire OP Financial Group's financial performance is taken into account with respect to the President and CEO. The next performance reviews a year later involves the assessment of the achievement of these targets. The company's financial performance vis-à-vis the target set affects maximum bonus amounts stepwise. No bonuses under the short-term scheme will be paid out to the management if OP Financial Group's EBT relative to the target set for 2017 are less than 50%. Bonuses will be multiplied by factor 0.75 if OP Financial Group's EBT relative to the target set for 2017 are 50–75%. A precondition for the bonus payout is that the Banking segment

too shows a profit before tax. If OP Financial Group's CET1 ratio on the payout date is less than the CET1 capital buffer set by the ECB + 3%, no bonuses will be paid either.

For 2017, the President and CEO is entitled to a maximum bonus corresponding to his regular four-month salary subject to PAYE tax. Bonuses under the short-term incentive scheme are paid in cash, in view of OP Financial Group's payment guidelines with respect to persons affecting the company's risk profile (Identified Staff).

9.5 Long-term management incentive scheme

Based on the decision by the company's Board of Directors, OP Corporate Bank adheres to OP Financial Group's long-term management remuneration scheme. OP Financial Group's shared management incentive scheme consists of consecutive three-year performance periods, of which the second period covered 2014–2016. The third performance period started at the beginning of 2017, covering 2017–2019. The Supervisory Board shall determine the performance metrics for the scheme and a target set for them separately for each performance period. The President and CEO and other persons confirmed by the Board of Directors are included in the scheme.

The scheme has Group-level targets with the primary performance indicators for the performance period of 2014–2016 including growth in the number of customers using OP Financial Group as their main bank and insurer, OP Financial Group's EBT and OP Financial Group's Common Equity Tier 1 (CET1) ratio. Profitability (return on economic capital) and capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates are indicators incorporated into the scheme. No bonus will be paid out if OP Financial Group's capital adequacy under said Act is less than the minimum 130% on the date of payout. For the performance period of 2017–2019, the performance metrics include OP Financial Group's EBT, customer experience and use of digital services.

At the beginning of the scheme for 2014–2016, bonuses were determined in euro terms and bonuses that may be paid under the terms and conditions of the scheme will be paid in terms of debentures issued by OP. The earned euro bonus will be converted into the number of debentures once the outcome of the scheme is known. In 2017, OP Cooperative's Supervisory Board decided to change the terms and conditions of the scheme in such a way that, instead of the debentures, the bonus payout is tied to a reference instrument decided by the Supervisory Board or the Remuneration Committee it has appointed. The bonus based on the scheme will be paid out to the beneficiary in terms of cash tied to the reference instrument in three instalments in 2018, 2019 and 2020 after the performance period, provided that OP Financial Group's capital adequacy is higher than the minimum requirement on the payout date. Bonus payout includes conditions relating to the duration of employment or executive contracts and stipulations governing the hedging prohibition and the retention period. The hedging prohibition refers to a prohibition against use of financial instruments or insurance under the incentive scheme for hedging personal risks. The President and CEO must hold the debentures received under the scheme for one year from the bonus payout date (retention period). Restrictions governing the retention period also apply to other people included in the scheme on certain terms specified in greater detail.

Bonuses for the performance period of 2017–2019 will be paid in cash unless deferral procedures under regulation are applied to the beneficiary. Bonuses will be paid in four equal instalments between 2020 and 2023. The bonus will be paid to members of OP Cooperative's Executive Board and the Chief Audit Executive in six equal instalments between 2020 and 2025.

The bonus is determined by the management position. If the set targets are annually achieved at 100%, the management and key employees and the President and CEO will be entitled to a bonus equalling their regular 4–6-month salary subject to PAYE tax.

9.6 Long-term incentive scheme for other employees

Personnel (excl. management) is included in the long-term incentive scheme based on OP Financial Group Personnel Fund. This long-term scheme is grounded on the achievement of OP Financial Group's shared strategic goals and targets. The scheme uses the same target performance metrics as the long-term management incentive scheme. The Board of Directors annually determines the amount of profit-based bonuses transferred to the Fund.

Salaries paid to President and CEO Jouko Pölönen in 2017, euro

Regular pay	394,921
Fringe benefits	11,760
Short-term performance-based bonus for 2016	48,000
Total salaries, bonuses and fringe benefits paid in 2017	454,681
Deferred amount of performance-based bonuses earned for 2013 and paid in 2017 *,**	143,107
Total salaries, bonuses and fringe benefits, and deferred performance-based bonuses paid in 2017	597,789

* Including the amount of performance-based bonuses earned for 2013 and paid in 2017 as well as the amount of long-term performance-based bonuses earned for 2011–2013 and paid in 2017. Payment of deferred amounts requires a separate decision.

** Capital adequacy according to the Act on Credit Institutions (610/2015).

10 INSIDER MANAGEMENT

As provider of investment services and securities issuer, OP Corporate Bank has its own Insider Guidelines and Guidelines for Insider Trading as part of OP Financial Group's Guidelines for Insiders and Insider Trading. The Guidelines contain regulations governing inside information, prohibition against abuse and improper disclosure of inside information, disclosure of insider information, public insider registers, non-public lists of insiders, list of executives as well as reporting and disclosure of transactions, trading restrictions applicable to insiders as well as insider management. The Guidelines also cover restrictions imposed on relevant persons and the organisation of supervision of compliance with the restrictions. Those who are considered to have ongoing access to all inside information on securities issued by OP Corporate Bank plc are included in the permanent non-public insider list of the company concerned.

The Guidelines for Insiders and Insider Trading are based on laws governing securities markets, such as the Market Abuse Regulation, and regulations issued by the Finnish Financial Supervisory Authority and Guidelines for Insiders of Listed Companies issued by Nasdaq Helsinki.

These Guidelines are aimed at fostering stock market players' trust in OP Corporate Bank plc.

Legal Services and Public Affairs maintains public insider registers of OP Financial Group entities, registers of relevant persons and lists of company-specific permanent insiders and lists of executives. Such maintenance is organised through the SIRE system maintained by Euroclear Finland Ltd and through OP Financial Group's SIPI system.

When necessary, OP Corporate Bank plc maintains lists of project-specific insiders.

As a credit institution, OP Corporate Bank's operations include participation in securities trades performed by clients or in other transactions related to securities. In connection with financing arrangements or as part of OP Corporate Bank plc's other ordinary operations, OP Corporate Bank plc and its executives and salaried employees may receive inside information on client companies. For the abovementioned reasons, among other things, OP Corporate Bank plc and its executives and salaried employees are subject to insider regulation as referred to in the applicable law.

Training in insider issues is available on a regular basis. In particular, training takes place as a result of changes in the insider-related guidelines.

10.1 Access to insider registers and lists of insiders and their display for public inspection

Anyone has the right to access the public register of insider holdings and receive extracts and copies of the information in the register against a charge. However, a natural person's personal ID code and address and the name of a natural person other than the insider are not publicly available. Information included in the list of permanent insiders or the list of project-specific insiders is not publicly available, unlike that included in public insider registers such as the register of relevant persons. Extracts from and copies of the public insider register can be ordered from Wealth Management Legal Support, Legal Services and Public Affairs. Written requests for such information specifically describing the information sought should be submitted to:

OP Lakiasiat ja edunvalvonta, Varallisuudenhoidon juridinen tuki
P.O. Box 1068
00013 OP

11 DISCLOSURE POLICY

OP Corporate Bank plc pursues OP Financial Group's communications and disclosure policy.

OP Cooperative's subsidiaries OP Corporate Bank plc and OP Mortgage Bank (OP MB) are in charge of OP Financial Group's funding from money and capital markets. Securities issued by OP Financial Group entities are traded on the London Stock Exchange, SIX Swiss Exchange or other stock exchanges, in addition to or in place of Nasdaq Helsinki. OP Corporate Bank has also issued unlisted bonds and/or certificates of deposit the Finnish, UK and Japanese markets.

In their disclosure policy, OP Financial Group, OP Corporate Bank and OP MB comply with legislation, decrees and other binding regulations and the rules of Nasdaq Helsinki and, to the appropriate extent, those of other stock exchanges and the regulations and guidelines issued by the Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA). OP Financial Group's Communications takes into account not only the above but also the Corporate Governance Recommendations and the Code of Business Ethics.

This disclosure policy approved by OP Cooperative's Executive Board applies to the disclosure principles and practices of bond issuers (OP Corporate Bank plc and OP MB) and OP Financial Group. The board of directors of both OP Corporate Bank and OP MB has approved the disclosure policy. It is the duty of OP Cooperative to ensure that OP Corporate Bank and OP MB too

disclose, distribute and make information available on matters covered by the disclosure obligation as prescribed by law. The subsidiaries report and publish their own interim reports, financial statements and reports by the board of directors. OP Cooperative discloses information for and on behalf of its subsidiaries that falls under its disclosure obligation. In practice, the central cooperative issues bulletins and releases in the name of OP Financial Group or the issuer. Communication with regard to securities issued by OP Corporate Bank and OP MB is decided upon on a case-by-case basis with the issuer. Responsibility for the issuer's disclosure obligation rests with each issuer.

The disclosure policy describes the key principles and policies followed by OP Financial Group and issuers in their communication with capital market participants and other stakeholders. In addition, the policy describes the disclosure, dissemination and storage of the information within the scope of the disclosure obligation as prescribed by law. OP Financial Group assesses its disclosure policy's consistency, suitability and sufficiency on a regular basis, at least once a year.

OP Financial Group's communications are tasked with promoting the Group's business by providing all stakeholders with accurate information on the Group's goals, targets and operations. External and internal communications aim to support the Group's strategic and business goals and enhance and maintain the Group's strong corporate image while fostering cooperation within the Group. Both external and internal communications are based on facts and provide a true picture of the state of affairs.

OP Financial Group's Communications and Disclosure Policy followed by OP Corporate Bank can be found on OP's website at www.op.fi > OP Financial Group > Corporate Governance > Communications and Disclosure Policy.

12 PERSONAL AND OTHER DETAILS OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

12.1 Board of Directors in 2017

Chair (by virtue of law and his position)

Reijo Karhinen, b. 1955

- President and Group Executive Chairman, OP Financial Group; CEO, OP Cooperative
- Vuorineuvos (Finnish honorary title), M.Sc. (Econ. & Bus. Adm.), Honorary Doctor of Turku School of Economics, the University of Eastern Finland and the Lappeenranta University of Technology
- Board member since 1994
- Executive member dependent on the Company and its major shareholder (OP Cooperative)

Other relevant positions:

- Foundation for Economic Education: Chair of the Board of Directors
- Maanpuolustuksen Tuki ry: Chair of the Board of Trustees
- New Children's Hospital Foundation: Vice Chair of the Board of Trustees
- HelsinkiMissio: Chair of the Delegation
- Unico Banking Group: Member of the Board
- Service Sector Employers Palta: member of the Board and its Executive Committee

Relevant previous experience:

- OP Bank Group Central Cooperative: President 1997–2006, Executive Vice President 1994–1996
- Kuopion Osuuspankki: Managing Director 1990–1994
- Savonlinnan Osuuspankki: Managing Director 1988–1990
- Varkauden Osuuspankki: Managing Director 1985–1988
- Juvan Osuuspankki: Assistant Director 1979–1984

**Tony Vepsäläinen, b. 1959**

- Executive Vice President, Operations, deputy to President and Group Executive Chairman, OP Financial Group
- LL.M, eMBA
- Board member since 2007
- Executive member dependent on the Company and its major shareholder (OP Cooperative)

Other relevant positions:

- Housing Fair Finland Co-op: Member of the Supervisory Board
- Automatia Pankkiautomaatit Oy: Vice Chair of the Board of Directors

Relevant previous experience:

- OP-Pohjola Group Central Cooperative: Chief Business Development Officer 2011–2014
- OP-Pohjola Group Central Cooperative: President 2007–2010
- Tampereen Seudun Osuuspankki: Managing Director 1998–2006
- Turun Seudun Osuuspankki: Deputy Managing Director 1996–1998
- Kuopion Osuuspankki: Bank Manager 1993–1996
- Suomen Säästöpankki SSP Oy: Deputy to Area Manager 1992–1993
- Pohjois-Savon Säästöpankki: managerial duties 1985–1992

Harri Luhtala, b. 1965

- CFO, OP Financial Group
- M.Sc. (Econ. & Bus. Adm.)
- Board member since 2014
- Executive member dependent on the Company and its major shareholder (OP Cooperative)

Other relevant positions:

- VTS Fund: Chair of the Board of Directors
- Financial Stability Fund: Member of the Board of Directors
- Confederation of Finnish Industries (EK): Member of Finance and Tax Commission

Relevant previous experience:

- OP-Pohjola Group: various expert and managerial duties 1989–2007



12.2 President and CEO

Jouko Pölönen, b. 1970

- President and CEO, OP Corporate Bank plc
- Executive Vice President, Banking, OP Financial Group
- Managing Director, Helsinki Area Cooperative Bank
- Employed by OP Corporate Bank Group since 2001
- M.Sc. (Econ. & Bus. Adm.), eMBA

Relevant previous experience:

- Pohjola Insurance Ltd: President 2010–2014
- Pohjola Bank plc: CFO 2009–2010
- Pohjola Bank plc: CRO 2001–2008
- PricewaterhouseCoopers: Authorised Public Accountant 1999–2001 and auditor 1993–1999

Other relevant positions:

- Unico Banking Group: Member of the Board