

# Corporate Governance Statement for Aktia Bank plc

This statement was approved by the Board of Directors of Aktia Bank plc on 27 February 2014. The report is drawn up separately from the Report by the Board of Directors.

## Recommendations concerning corporate governance

In addition to complying with legislation in force and the company's articles of association, Aktia follows the corporate governance code for listed companies issued by the Finnish Securities Market Association ('Corporate Governance Code'). Aktia complies with the recommendations laid down in the Corporate Governance Code with the exception of recommendation 8 (election of members of the Board of Directors), recommendation 28 (setting up a nomination committee), 29 (election of and members of the nomination committee) and 40 (decision-making process for remuneration).

## Deviations from the recommendations

By way of deviation from recommendations 8 and 40, Aktia's annual general meeting appoints a Board of Supervisors, whose tasks include appoint-

ing Aktia's Board of Directors and making decisions on issues which involve the significant restriction or expansion of operations. These decision-making arrangements have been adopted by Aktia shareholders in current articles of association. The arrangements are deemed to describe and ease implementation of the company's strategy on local operations.

Aktia's Board of Directors has not set up a nomination committee in itself, which means that Aktia is deviating from recommendations 28, 29 and 30 of the Corporate Governance Code. The reason for these deviations is that the members of the Board of Directors are appointed by the Board of Supervisors, the presiding officers of which prepare issues that relate to the composition, appointment and remuneration of the Board of Directors.

## Corporate Governance Code publicly available on the Internet

The Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

## Composition of and work undertaken by the Board of Directors

### Aktia's Board of Directors 2013:

Name	Born	Education, title and main occupation:
Dag Wallgren, Chair	1961	M.Sc. (Econ.), Managing Director of The Society of Swedish Literature in Finland
Nina Wilkman, Deputy Chair	1958	LL.M., Attorney-at-Law, postgraduate student, doctoral program
Sten Eklundh	1960	M.Sc. (Econ.)
Jannica Fagerholm*	1961	M.Sc. (Econ.), Managing Director of Signe and Ane Gyllenberg Foundation
Hans Frantz,	1948	Senior Teacher, Lic. Soc. Sc.
Kjell Hedman	1951	Business Economist, Managing Director of Landshypotek
Nils Lampi**	1948	B.Sc. (Econ.), CEO of Wiklöf Holding Ab
Catharina Stackelberg-Hammarén	1970	M. Sc. (Econ.), Managing Director of Marketing Clinic Ab
Arja Talma***	1962	M.Sc.(Econ.), eMBA, Director, Store sites and investments, Kesko Corporation

1 January – 27 February 2013

1 January – 12 March 2013

7 May – 31 December 2013:

## The composition of the Board of Directors is unchanged in 2014

The Board of Directors deems all Board members of Aktia Bank plc to be independent in relation to Aktia and in their relationships with significant shareholders (shareholders who hold at least ten per cent of the total number of shares or votes) within the meaning of the Corporate Governance Code.

The Board of Directors represents Aktia and is responsible for managing the company in accordance with the provisions of the applicable laws, the articles of association and the instructions issued by the Board of Supervisors. Apart from assignments given by the Board of Directors to its members in individual cases, board members do not have individual duties related to the governance of the company.

In keeping with the provisions of the articles of association, Aktia's Board of Directors encompasses a minimum of five and a maximum of twelve ordinary members, whose term of office is one calendar year. No person who turns 67 before the beginning of the term can be elected as a board member. Aktia's Board of Directors is appointed by the Board of Supervisors for one calendar year at a time. The Board of Supervisors also appoints the chair and vice chair of the Board of Directors. No members of the Board are appointed through special order of appointment.

Meetings of the Board of Directors are deemed quorate when more than half the members, including the chair or vice chair, are present. No member of the Board of Directors may be a member of the Board of Supervisors.

The rules of procedure adopted by the Board of Directors define, in greater detail, the general duties of the Board, meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at Board meetings and reporting procedures.

The Board of Directors convened 12 times in 2013. In addition, the Board of Directors adopted separate decisions on 7 occasions concerning matters that fell under its authority.

Attendance of Board members in 2013:

Wallgren Dag, Chair	12/12
Eklundh Sten	12/12
Fagerholm Jannica*	2
Frantz Hans	12/12
Hedman Kjell	11/12
Lampi Nils**	3
von Stackelberg-Hammarén Catharina	9/12
Talma Arja***	6
Wilkman Nina, Vice Chair	11/12

## Composition of and work undertaken by the Board of Directors' committees

The Board of Directors set up three committees from among its members to take decisions on certain predefined matters and to draw up issues to be resolved upon by the Board of Directors.

Within the framework established by the Board of Directors, the risk committee can make independent decisions on risk-taking and risk management issues. In addition, the committee lays down measurement, limit and reporting structures for risk issues, oversees the capital management process and lays down methods for calculating economic capital, plus addresses reporting on risk issues, and draws up risk-related matters for the Board of Directors to pass decision on. The committee convened 12 times in 2013.

Members of the risk committee and attendance in 2013:

Eklundh Sten, Chair	12/12
Hedman Kjell	11/12
Wallgren Dag	12/12

The composition of the risk committee is unchanged in 2014.

The audit committee draws up matters to be decided upon by the Board of Directors that concern proposals for the financial statements and interim reports. The committee determines the principles for internal auditing, sets down the Group's internal audit schedule and annual plan, and adopts routines and procedures for the compliance function. The committee studies the reports issued by the external auditor, the internal audit unit and the compliance unit and assesses the sufficiency of the other internal reports. The audit committee assesses the independence of the auditor or firm of auditors and, in particular, the provision of accessory services. The committee convened 9 times in 2013.

Members of the audit committee and attendance in 2013:

Wilkman Nina, Chair	9/9
Frantz Hans	8/9
Talma Arja	3***

The composition of the audit committee is unchanged in 2014.

The remuneration and corporate governance committee prepares and puts forward proposals to be decided upon by the Board of Directors concerning guidelines for the remuneration and incentive schemes of executives, approval of the CEO's main duties outside the company, and on matters relating to the development of the Group's administration and control system. The committee convened 4 times in 2013.

Members of the remuneration and corporate governance committee and attendance in 2013:

Wallgren Dag, Chair	4/4
Frantz Hans	3/4
von Stackelberg-Hammarén Catharina	4/4
Wilkman Nina	4/4

The composition of the remuneration and corporate governance committee is unchanged in 2014.

## Composition and work undertaken by the Board of Supervisors

At the time of the merger between Aktia plc and Aktia Bank plc on 1 July 2013, the newly appointed Board of Supervisors for Aktia Bank plc, the

composition of which mostly corresponds to that of Aktia plc's Board of Supervisors, entered into office. Number of meetings and attendance below is reported for the Board of Supervisors of Aktia plc 1 January – 30 June 2013 and for Aktia Bank plc 1 July – 31 December 2013.

Aktia Bank plc's Board of Supervisors as of 1 July 2013:

Name	Born	Education, title and main occupation
Håkan Mattlin, Chair	1948	Lic.Soc. Sc., Honorary Counsellor, Director General
Christina Gestrin, Deputy Chair	1967	M. Sc. (Agr. & For.), Member of Parliament
Patrik Lerche, Deputy Chair	1964	M.Sc. (Econ.), Managing Director
Jan-Erik Stenman, Deputy Chair	1953	LL.M., Managing Director
Henrik Sundbäck, Deputy Chair	1947	M. Sc. (Agr. & For.), Consultant
Lorenz Uthardt, Deputy Chair	1944	Agrologist, Doc.Soc.Sc., Honorary Counsellor
Bo-Gustav Wilson, Deputy Chair	1947	M.Sc. (Econ.)
Harriet Ahlnäs	1955	M.Sc. (Eng.), Principal
Mikael Aspelin	1954	LL.M.
Johan Aura	1972	MA (Education), Chief Secretary
Anna Bertills	1979	M.Soc.Sc., Managing Director
Roger Broo	1945	M.Soc.Sc, Chamber Counsellor
Agneta Eriksson	1956	M.A., Director
Håkan Fagerström	1956	Forester, Managing Director
Sven-Erik Granholm	1951	B.Sc. (Econ.)
Gun Kapténs	1957	M.Soc.Sc., Special Adviser
Erik Karls	1947	Farmer, Entrepreneur
Bo Linde	1946	B.Sc. (Econ.), Honorary Counsellor
Per Lindgård	1946	Teacher
Kristina Lyytikäinen	1946	B.A. (Soc. Sc.), Entrepreneur
Stefan Mutanen	1953	M.Soc.Sc, Managing Director, Honorary Counsellor
Clas Nyberg	1953	M.Sc. (Eng.), Entrepreneur in agriculture and tourism
Jorma J. Pitkämäki	1953	M.Sc. (Econ.), Director General
Henrik Rehnberg	1965	M.Sc. (Eng.), Farmer
Gunvor Sarelin-Sjöblom	1949	M.A., Author, Artist
Peter Simberg	1954	Agrologist
Bengt Sohlberg	1950	Agrologist, Agricultural Entrepreneur, Honorary Counsellor
Sture Söderholm	1949	Lic. Odont.
Maj-Britt Vääriskoski	1947	Financial Director
Lars Wallin	1953	Service Manager
Mikael Westerback	1948	Chamber Counsellor
Ann-Marie Åberg	1950	Physiotherapist

The Board of Supervisors is responsible for overseeing the administration of Aktia and comments on Aktia's accounts, the report by the Board of Directors and the audit report at Aktia's Annual General Meeting. The Board of Supervisors makes decisions on matters that involve the significant restriction or expansion of operations, determines the number of members on the Board of Directors appoints and dismisses the chair of the Board of Directors, the deputy chair and other board members and determines the remuneration of the board members. It may issue instructions to the Board of Directors in matters that are of special importance or fundamentally vital.

The Board of Supervisors, which consists of at least seven and no more than 36 members, is appointed by Aktia's Annual General Meeting for a term of three years. No person who turns 67 before the beginning of the

term of office can be elected as a member of the Board of Supervisors. Within the Board of Supervisors, there are presiding officers and a controlling committee. The members of the Board of Supervisors are Finnish citizens.

The rules of procedure adopted by the Board of Supervisors define, in greater detail, the general duties of the Board, of Supervisors meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at meetings of the Board of Supervisors and reporting procedures.

The Board of Supervisors convened 4 times in 2013 and the average attendance of members was 92 %.

## Composition of and work undertaken by the Board of Supervisors' presiding officers and controlling committee

At its first meeting following the annual general meeting, the Board of Supervisors appoints a number of presiding officers and a controlling committee.

The presiding officers are tasked with drawing up matters to be dealt with by the Board of Supervisors, studying reports on decisions taken by the Board of Directors concerning overall strategy and studying reports concerning loans and guarantee commitments that have been extended to members of the Board of Directors. The presiding officers include the chair and deputy chair of the Board of Supervisors. The presiding officers 2013 were Håkan Mattlin (chair), Christina Gestrin, Patrik Lerche, Jan-Erik Stenman, Henrik Sundbäck, Lorenz Uthardt and Bo-Gustav Wilson. The presiding officers convened 4 minuted meetings in 2013 and attendance of the officers was 96 %.

The controlling committee tasked with closely monitoring the activities of the Board of Directors and executive management and with reporting its observations to the Board of Supervisors. The observations of the external and internal auditors as well as the compliance functions are also reported to the controlling committee. Members of the Board of Supervisors' controlling committee 2013 were Håkan Mattlin (chair), Anna Bertills, Sven-Erik Granholm, Gun Kapténs, Erik Karls, Bengt Sohlberg, Lars Wallin and Mikael Westerback. The controlling committee convened once in 2013 and the attendance of committee members was 100 %.

## CEO and his duties

Aktia's CEO is Jussi Laitinen, born 1956, M.Sc. (Econ.).

The Board of Directors appoints and dismisses the CEO. The CEO is responsible for the day-to-day management of the Aktia Group. The CEO is to attend to his duties of overseeing the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board of Supervisors. The CEO prepares matters for the consideration of the Board of Directors and implements the Board's decisions. The Executive Committee assists the CEO in day-to-day management.

## The most important elements of the internal control and risk management system associated with the financial reporting process in the Aktia Group

Internal controls in the financial reporting process are based on the following underlying principles: having clear roles, a clear division of responsibility, sufficient understanding of operations in the parts of the organisation concerned and comprehensive and regular reporting procedures with the Aktia Group.

To ensure that the financial reporting is accurate, system-based internal controls, duality and reconciliation have also been built into all key processes where information is recorded. Internal control is supported by observations from the Group's internal audit unit which, by means of random sampling, verifies the accuracy of information flows and the sufficiency of the level of control. The internal audit unit reports directly to the Aktia Group's Board of Directors and its committees.

The Aktia Group's operational organisation for financial reporting comprises a finance unit at Group level which is in charge of, among other things, Group consolidation, budgeting, upholding accounting principles and internal reporting guidelines and instructions. For each business segment and/or key individual companies within these units, segment controllers have been appointed with responsibility for financial monitoring and analysis.

Important parts of current accounting activities in companies within the Aktia Group have been outsourced to external companies that provide accountancy services. These accountancy services also include the maintenance of securities, purchasing and fixed asset ledgers and the preparation of accounts in accordance with Finnish accounting standards. The services are rendered in accordance with agreements entered into between the parties and comply with the guidelines and directives issued by the Financial Supervisory Authority and other authorities. In order to develop and assess cooperation, meetings are arranged regularly with service providers. The Aktia Group is represented in different groups and bodies on different organisation levels steering the service providers' development of systems and processes. Concerning the most important service provider, the Group has a direct ownership interest and is represented in the company's Board of Directors.

Within the Aktia Group, duties and responsibilities have been organised so that people involved in the financial reporting process only have very restricted rights of use to the different production systems and business applications in the respective business area. The Aktia Group's Chief Financial Officer, who is in charge of internal and external financial reporting, is not involved in making direct business decisions. His incentive is mainly neutral when it comes to factors driving the business.

The Aktia Group's internal reporting and monthly financial statements are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts. The monthly reports, supplemented by comparative analysis on previous periods, the budget, planned projects and central key figures for analysing the respective business segment are currently distributed to Aktia Group's Board of Directors and management, selected key personnel and the auditors.

The Group's financial development and performance is addressed each month by the Aktia Group's executive committee. Similar detailed review takes place on a quarterly basis by the Group's Board of Directors and its audit committee in the form of interim reports and an annual report. The interim reports and the annual report are scrutinised by the Group's external auditors who report their observations to the audit committee. New or revised accounting principles are to be dealt with and approved by the Group's Board of Directors and its audit committee.

The Aktia Group's risk control unit, which is a part of the Group's internal process for risk management but independent of business operations, oversees and evaluates risk management in the Group and reports to the management and Board of Directors. The unit is responsible for measuring, analysing and monitoring risks in all areas of operation within the Group, and for evaluating the Group's total risk exposure. The purpose of the reports that the risk control unit provides to management regularly and to the Group's Board of Directors and its risk committee on a quarterly basis encompasses all the central risk exposure and balance sheet items that can have an essential impact on the outcome indicated in the Group's financial reporting.