

# OP Financial Group's Remuneration Report for Governing Bodies 2023





# Remuneration Report for Governing Bodies at OP Financial Group 2023

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## 1 INTRODUCTION

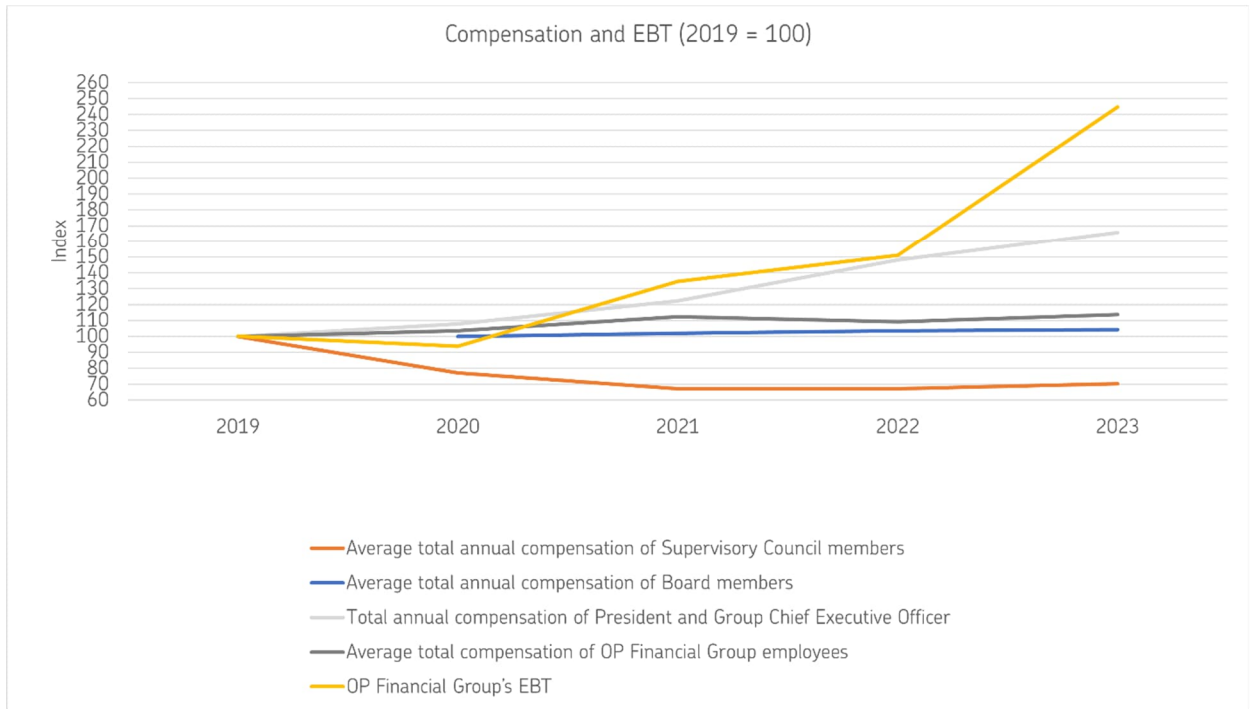
This Remuneration Report for Governing Bodies describes salaries and fees/bonuses for 2023 paid to the members of OP Cooperative's Supervisory Council and Board of Directors, the President and Group Chief Executive Officer and their deputy as well as comparative remuneration figures for five years.

OP Financial Group's current three-tier governance structure entered into force, and OP Cooperative's Board of Directors, based on the new structure, took up its duties on 1 January 2020. Previously, the Executive Board, which consisted of management executives, acted as OP Cooperative's board of directors. Considering that they were not paid any separate compensation for board work, comparative figures for the previous years' average compensation payable to Board members are not available.

The role of OP Cooperative's Supervisory Council has changed after the Board of Directors was created, which can be seen in the levels of fees in 2020. OP Financial Group employees' average compensation has been calculated by dividing OP Financial Group's total salaries and bonuses by the annual average number of OP Financial Group employees.

OP Financial Group's earnings before tax best describes the performance of OP Financial Group's business and the earnings are also a key indicator for remuneration at OP Financial Group.

Average remuneration (in euros)	2019	2020	2021	2022	2023
Average total compensation of Supervisory Council members	19,493	15,011	13,083	13,083	13,680
Average total annual compensation of members of Board of Directors	-	89,000	90,800	92,140	92,660
Total annual compensation of President and Group Chief Executive Officer (Ritakallio)	855,461	921,896	1,045,885	1,267,359	1,417,982
Average total annual compensation of OP Financial Group employees	51,875	53,660	58,267	56,646	59,011
OP Financial Group's EBT, € million	€838 million	€785 million	€1,127 million	€1,265 million	€2,050 million



In the graph, compensation paid to the Supervisory Council is not fully comparable for different years because the adoption of the three-tier governance structure affected the compensation levels of the Supervisory Council in 2020.

2 SUPERVISORY COUNCIL COMPENSATION

Monthly fees and attendance fees confirmed by the Cooperative Meeting and payable to OP Cooperative's Supervisory Council Chair, Vice Chairs and members are as follows:

Supervisory Council compensation	Chair (€/month)	Vice Chair (€/month)	Member (€/month)	Attendance fee (€/meeting)
1 Jan–30 Apr 2023	5,000	2,500	400	600
1 May–31 Dec 2023	5,500	2,750	440	660

The compensation is paid in cash. The Chair, Vice Chairs and members of the Supervisory Council are covered by voluntary pension insurance, as referred to in the Employees Pensions Act (TyEL), through Ilmarinen Mutual Pension Insurance Company (only monthly fees accumulate TyEL pension).

The table below shows the meeting attendance of Supervisory Council members and the attendance fees paid to them in 2023:



Supervisory Council member	Meeting attendance****						Fees		
	Supervisory Council	Strategy Unit	Responsibility and Remuneration Unit	Cooperative Unit	Chairs	Supervisory Council Nomination Committee	Attendance fees	Monthly fees	Fees in total
Nikola Annukka, Chair	4/4	3/3	3/3	5/5	2/2	4/4	€11,520	€64,000	€75,520
Jurmu Taija, 1st Vice Chair	4/4		3/3	5/5	2/2	4/4	€11,120	€32,000	€43,120
Väänänen Ari, 2nd Vice Chair	4/4	3/3	3/3	5/5	2/2	4/4	€9,000	€32,000	€41,000
Drugge Jan**	3/3	2/2				3/3	€3,960	€3,520	€7,480
Hakasuo Päivi	4/4	3/3				4/4	€9,780	€5,120	€14,900
Harju Eeva***	0/2		1/1			0/2	€600	€2,040	€2,640
Helin Mika	4/4	3/3				4/4	€5,160	€5,120	€10,280
Hyvönen Raili	2/4	3/3				2/4	€3,900	€5,120	€9,020
Julkunen Saara	4/4	3/3				4/4	€5,160	€5,120	€10,280
Kainusalmi Mika	4/4		3/3			4/4	€5,160	€5,120	€10,280
Kiuru Matti	4/4	3/3				4/4	€5,160	€5,120	€10,280
Kujala Päivi	4/4	3/3				4/4	€4,560	€5,120	€9,680
Kuosa-Kaartti Katja	4/4	3/3				4/4	€5,160	€5,120	€10,280
Lehtonen Pekka	4/4	3/3				4/4	€5,160	€5,120	€10,280
Lohi Tuomas	4/4	3/3				4/4	€5,160	€5,120	€10,280
Loikkanen Toivo	4/4	3/3				4/4	€5,160	€5,120	€10,280
Manninen Veijo	4/4		3/3			4/4	€9,630	€5,120	€14,750
Markula Kaisa	4/4		3/3			4/4	€5,160	€5,120	€10,280
Mäkelä Anssi	4/4	3/3				4/4	€9,780	€5,120	€14,900
Mäkelä Kari	4/4		3/3			4/4	€5,160	€5,120	€10,280
Nurmela Jarmo	4/4	3/3				4/4	€5,160	€5,120	€10,280
Nylund Ulf	4/4		3/3			4/4	€5,160	€5,120	€10,280
Palosaari Heikki	4/4		3/3			4/4	€5,160	€5,120	€10,280
Perätalo Teuvo	4/4		3/3			4/4	€5,160	€5,120	€10,280
Pättiniemi Johanna	4/4		3/3			4/4	€5,160	€5,120	€10,280
Rajala Tiina	2/4	2/3				2/4	€3,240	€5,120	€8,360
Rantala Jyrki****	3/3	2/2				3/3	€3,840	€4,680	€8,520
Saksa Titta**	3/3		2/2			3/3	€3,960	€3,520	€7,480
Sandell Carolina*	1/1		1/1			1/1	€1,200	€1,600	€2,800
Sarhema Teemu	4/4	3/3				4/4	€5,160	€5,120	€10,280
Saukkonen Timo	4/4		3/3			4/4	€5,160	€5,120	€10,280
Selkee Leena	4/4		2/3			4/4	€4,500	€5,120	€9,620
Sotara Markku	4/4		3/3			4/4	€5,160	€5,120	€10,280
Sunikka Miika**	3/3		1/2			3/3	€3,300	€3,520	€6,820
Syrjälä Timo	4/4		3/3			4/4	€5,160	€5,120	€10,280
Takala Pauliina	4/4		3/3			4/4	€5,160	€5,120	€10,280
Tiiri Janne	4/4		3/3			4/4	€5,160	€5,120	€10,280
<b>Total</b>							€202,250	€290,240	€492,490

\* Sandell's membership ended on 26 April 2023

\*\* Member since 26 April 2023

\*\*\* Member until 18 May 2023

\*\*\*\* Member until 9 November 2023

\*\*\* Some of the meetings of different governing bodies were held on the same day, in which case only one attendance fee was paid. Some of the meetings lasted two days, in which case the attendance fee was paid for both days.



## 3 BOARD COMPENSATION

Monthly fees for 2023 confirmed by the Board of Directors and payable to the Board Chair, Vice Chairs and members are as follows:

- Chair €11,000
- Vice Chair €7,000
- Other members €5,000

In addition, chairs of committees are paid a monthly fee of 2,000 euros. All Board members receive an attendance fee of 600 euros for each meeting. Board compensation is paid in cash.

Neither a separate monthly fee for being a Board member nor any attendance fee is paid to the President and Group Chief Executive Officer.

The Chair, Vice Chairs and members of the Board of Directors are covered by voluntary pension insurance, as referred to in the Employees Pensions Act (TyEL), through Ilmarinen Mutual Pension Insurance Company (only monthly fees accumulate TyEL pension).

The table below shows the meeting attendance of the members of the Board of Directors and compensation paid to them in 2023:

Board member	Board of Directors*	Meeting attendance**						Fees		
		Nomination and Remuneration Committee (until 1 May 2023)	Nomination Committee	Remuneration Committee	Risk Committee	Audit Committee	Supervisory Council, Strategy Unit, Nomination Committee and Chairs	Attendance fees	Monthly fees	Total
Pehkonen Jaakko, Chair	16/16	2/2		3/3			13/14	€17,800	€140,000	€157,800
Heinonen Jarna, Vice Chair	16/16					5/5	8/8	€15,600	€84,000	€99,600
Himanan Jari	16/16						1/1	€7,800	€60,000	€67,800
Levoranta Kati	16/16	2/2	3/3	3/3	5/5		1/1	€16,200	€76,000	€92,200
Loikkanen Pekka	16/16				11/11	5/5	1/1	€18,600	€84,000	€102,600
Ojanperä Tero	16/16	2/2	3/3	3/3		2/2	1/1	€14,400	€76,000	€90,400
Palomäki Riitta	16/16				11/11	5/5	1/1	€18,600	€84,000	€102,600
Ritakallio Timo	16/16									
Sahlström Petri	16/16				11/11		1/1	€15,000	€60,000	€75,000
Tarkkanen Olli	16/16						1/1	€7,800	€60,000	€67,800
Väisänen Mervi	16/16	2/2	3/3				1/1	€10,800	€60,000	€70,800
<b>Total</b>								€142,600	€784,000	€926,600

\* Four meetings were held as email meetings with no attendance fees paid, and one meeting lasted two days.

\*\* Some of the meetings of different governing bodies were held on the same day, in which case only one attendance fee was paid.



#### 4 SALARIES, BONUSES AND FRINGE BENEFITS OF THE PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER AND THEIR DEPUTY

##### PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

In 2023, Timo Ritakallio, OP Financial Group's President and Group Chief Executive Officer, was paid:

- a total salary of 843 000 euros, of which 816,720 euros in cash salary and 26,280 euros in fringe benefits
- a holiday bonus of 42,780 euros
- 13,811 euros in deferred performance-based bonuses earned for 2018
- 23,271 euros in deferred bonuses earned for the years 2017–2019 under the long-term management remuneration scheme;
- 28,683 euros in deferred performance-based bonuses earned for 2020
- 312,312 euros in deferred performance-based bonuses earned for 2021, and
- 154,125 euros in performance-based bonuses earned for 2022.

Variable remuneration accounted for around 60% of fixed annual salary.

In 2022, the maximum amount of performance-based bonus for the President and Group Chief Executive Officer was 863,000 euros (12-month fixed salary). The metrics for the performance-based bonus with a weight of 20% each were as follows:

- OP Financial Group's cost/income ratio, percentage points
- Net growth in the number of customers meeting the cross-product loyalty criteria
- RORAC (Return on risk-adjusted capital)
- Overall assessment of management
- Overall assessment of performance

In addition, the amount of performance-based bonus was affected by the earnings factor of 1.25 (scale 0.5–1.25) based on the central cooperative consolidated's EBT.

The actual performance-based bonus achieved was 770,625 euros with an around fixed 11-month salary, of which 20% was paid in 2023 as permitted by regulation.

A total of 1,118,377 euros of performance-based bonuses earned for the years 2018, 2020, 2021 and 2022 and bonuses earned for the years 2017–2019 under the long-term management remuneration scheme will be paid out between 2024 and 2029 under the deferral procedure that complies with regulation. Half of the deferred bonuses are paid as portion paid in instruments to which one-year retention period is related (linked to Profit Shares and an instrument determined using a factor based on OP Financial Group's CET1 ratio, return on equity and non-performing exposures).

Based on the defined benefit pension plan, the supplementary pension insurance of the President and Group Chief Executive Officer did not incur costs in 2023.

##### DEPUTY PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

In 2023, Harri Nummela, OP Financial Group's Deputy President and Group Chief Executive Officer, was paid:

- a total salary of 462,000 euros, of which 449,000 euros in cash salary and 12,900 euros in fringe benefits



- a holiday bonus of 23,400 euros
- 33,081 euros in deferred bonuses earned for the years 2014–2016 under the long-term management remuneration scheme
- 4,540 euros in deferred performance-based bonuses earned for 2018
- 9,909 euros in deferred performance-based bonuses earned for 2020
- 134,609 euros in deferred performance-based bonuses earned for 2021, and
- 94,257 euros in performance-based bonuses earned for 2022.

Harri Nummela's variable remuneration accounted for around 57 per cent of fixed annual salary.

In 2022, the maximum amount of performance-based bonus for Harri Nummela was 380,000 euros (10-month total salary). The metrics for the performance-based bonus with a weight of 20 per cent each were as follows:

- OP Financial Group's cost/income ratio, percentage points
- Net growth in the number of customers meeting the cross-product loyalty criteria
- RORAC (Return on risk-adjusted capital)
- Earnings from Retail Banking customer business
- Retail Banking operational objective.

In addition, the amount of performance-based bonus was affected by the earnings factor of 1.25 (scale 0.5–1.25) based on the central cooperative consolidated's EBT. Under the terms and conditions of the remuneration scheme, the performance-based bonus may exceed the maximum because of the earnings factor. However, the performance-based bonus may not exceed the fixed total 12-month salary.

The actual performance-based bonus achieved was 314,190 euros (total salary of around 8,25 months), of which 30% was paid in 2023 as permitted by regulation.

A total of 416,484 euros of bonuses earned for the years 2014–2016 under the long-term management remuneration scheme and performance-based bonuses earned for the years 2018, 2020, 2021 and 2022 will be paid out between 2024 and 2029 under the deferral procedure that complies with regulation. Half of the deferred bonuses are paid as portion paid in instruments to which one-year retention period is related (linked to Profit Shares and an instrument determined using a factor based on OP Financial Group's CET1 ratio, return on equity and non-performing exposures).

Contributions paid to the supplementary pension insurance of Harri Nummela based on the defined benefit pension plan totalled 11,046 euros in 2023.

The table below provides a summary of the salaries and bonuses paid to the President and Group Chief Executive Officer and to the Deputy President and Group Chief Executive Officer in 2023 as well as of the deferred bonuses to be paid in 2024–2029.



euros	Regular cash salary and holiday bonus	Fringe benefits	Performance-based bonus for 2022 paid in 2023	Deferred performance-based bonuses for 2018, 2019, 2020 and 2021 and long-term bonuses for 2014–2016 and 2017–2019 paid in 2023	Total salaries, bonuses and fringe benefits paid in 2023	Deferred performance-based bonuses for 2018, 2019, 2020, 2021 and 2022, and deferred bonuses for 2014–2016 and 2017–2019 based on the long-term management remuneration scheme; to be paid between 2024 and 2029
President and Group Chief Executive Officer	859,500	26,280	154,125	378,077	1,417,982	1,118,377
Deputy President and Group Chief Executive Officer	472,500	12,900	94,257	182,139	761,796	416,484
Total	1,332,000	39,180	248,382	560,216	2,179,778	1,534,861

Since the Group-level criteria for remuneration applied to the payout of performance-based bonuses were fulfilled (OP Financial Group's liquidity coverage ratio (LCR) exceeded 110 per cent and the CET1 ratio exceeded 13.8 per cent), and the earnings of the employer company and customer business showed a profit, the performance-based bonuses and deferred bonuses were paid out in 2023 in accordance with the terms and conditions.