



OP Financial Group's Remuneration Statement

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OP FINANCIAL GROUP'S REMUNERATION STATEMENT

This remuneration statement is an up-to-date description of OP Financial Group's remuneration principles, pay policy and decision-making order related to remuneration. The Statement also includes a remuneration report for bonuses paid in 2019 to members of OP Cooperative's Supervisory Board and Board of Directors, or Executive Board members.

The remuneration principles and pay policy apply to all OP Financial Group employees and persons with an executive contract, and they are approved annually by OP Cooperative's Supervisory Board. OP Financial Group's remuneration takes into account the requirements of the European Union, national legislation, the European Central Bank, the Finnish Financial Supervisory Authority and other financial and insurance sector regulators. The remuneration principles, the pay policy and the terms and conditions of the performance-based bonus scheme approved by OP Cooperative's Supervisory Board, are a binding set of guidelines in accordance with Section 17 of the Act on the Amalgamation of Deposit Banks. They are brought to the attention of all OP Financial Group companies' boards of directors.

1 CHANGES IN REMUNERATION AND A NEW GOVERNANCE STRUCTURE 2020

OP Financial Group's remuneration principles and pay policy will mainly remain unchanged in 2020. The most significant change involves the termination of the long-term management remuneration scheme to be replaced with a performance-based bonus scheme.

In addition, the management structure of OP Cooperative became a three-tier one as of 1 January 2020. In future, OP Cooperative will have a Supervisory Council, Board of Directors and the President and Group Chief Executive Officer acting as the central cooperative's CEO. The Executive Board will continue as an operational Executive Management Team that supports the President and Group Chief Executive Officer. The remuneration decision-making system is described according to the new governance model.

The remuneration report in section 7 shows earned income paid for the financial year 2019.

2 OP FINANCIAL GROUP'S REMUNERATION PRINCIPLES 2020

Remuneration in OP Financial Group is based on the six principles shown below. The principles are permanent targets that control all remuneration in OP Financial Group.

2.1 Remuneration attracts, encourages and motivates skilled people

Encouraging and motivating skilled and capable employees is central to OP Financial Group's and its customers' continuous and long-term success. The competitiveness of the remuneration structure and its level in relation to market salaries in industries relevant to OP Financial Group provides an opportunity to attract new skilled people to OP Financial Group and to encourage and motivate the current employees. The principle is to reward for excellent performance, which is reflected in the development of fixed pay and in the variable remuneration amount.

2.2 Remuneration is in line with OP Financial Group's core values, mission and strategy, and it contributes to their implementation

Good and well-functioning remuneration schemes reward employees for the right things on a timely basis and contribute to the achievement of targets relevant to OP Financial Group. The performance appraisal criteria that form the basis of remuneration and the variable remuneration metrics are in line with OP Financial Group's core values, mission and targets. The various components of remuneration must take into account the realisation of the

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principles in OP Financial Group's equality plan. One key aspect is the equality of remuneration between age groups and gender, based on job grades. Remuneration forms a whole that includes fixed and variable remuneration and benefits, and benefits provided by the employer. OP Financial Group also offers non-financial remuneration, such as providing employees with opportunities for personal skills improvement.

2.3 Rewarding for excellent performance

The performance review takes into account both quantitative metrics and qualitative factors. This means that the performance review is not only based on achieving set targets, but also on whether the person has acted in accordance with OP Financial Group's core values and corporate culture, valid regulation, internal guidelines and risk management principles. The performance review may function as:

- a criterion for pay increases
- a variable remuneration factor
- a criterion for an inclusion in remuneration schemes and
- a criterion for non-financial remuneration (such as in talent recognition or internal recruitments).

Remuneration is a way to reward excellent performers. Basic pay includes compensation for standard performance, and variable remuneration (incl. pay increases) can be channelled to the best performers. Remuneration is also determined by other than personal performance, such as through company-/institution-/Group-level performance metrics based on variable remuneration.

2.4 Remuneration is competitive as a whole

The competitiveness of remuneration is evaluated in terms of total remuneration. This includes the pay in cash, benefits and variable remuneration. The competitiveness of fixed remuneration is reviewed in relation to the pay statistics of Confederation of Finnish Industries (EK) and OP Financial Group's pay scale, which is updated annually. The pay scale comprises Korn Ferry Hay Group's private sector pay data in Finland (the pay in cash + taxable benefits). In addition to OP Financial Group's pay scale, other comparison data may also be used for compensation benchmarking. The data may be specific to an industry or professional category.

We manage remuneration matters actively and make sure that the remuneration schemes comprising basic pay, benefits and variable remuneration are competitive. We develop remuneration on a long-term basis to secure profitability, good work motivation, good customer experience and skilled employees. Pay statistics and other comparison material assist us in decision-making.

2.5 Remuneration schemes comply with regulation and do not encourage excessive risk-taking

Remuneration in OP Financial Group complies with the regulation valid at each given time, meeting its regulatory requirements. This is reflected in the fact, for example, that remuneration does not encourage unnecessary risk-taking or actions that are against the customer's best interests.

In addition to the terms and conditions of the remuneration schemes, regulatory compliance is ensured through the cooperation of businesses, Compliance, Risk Management and Internal Audit. OP Financial Group's Compliance and Risk Management functions are involved in the preparation of the remuneration principles, remuneration policy and remuneration

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neration schemes and in the determination of the supervisory practices related to the remuneration processes. Internal Audit, for its part, annually assesses the remuneration scheme. Remuneration schemes are built in such a way that they encourage employees to act in accordance with OP Financial Group's Code of Business Ethics. The following aspects are taken into account in the regulatory compliance of remuneration:

- Determination of the remuneration schemes, monitoring of the actuals and acceptance and payment of bonuses must be performed independent of the person.
- Bonuses earned by a person in charge of control duties may not depend on the financial performance of the unit they control.
- A remuneration scheme may not encourage those covered by the scheme to act against the customer's best interests.
- Targets set for the scheme must be in harmony with the risk management principles and promote sound risk management practices.

The use of centralised system support binds the entire OP Financial Group. Only shared system support ensures that the remuneration schemes do not contain any features that will encourage uncontrolled risk-taking or that will tend to reduce the stability of the company or even markets. Remuneration may not in any respects lead to a situation that could jeopardise the general reliability of remuneration schemes or the entire company's reputation.

2.6 Remuneration is simple, transparent and understandable

Employees need to understand what they are rewarded for and how they can contribute to rewarding, in order for the remuneration schemes to motivate and engage employees. Transparency and understandability can be improved by increasing openness, communication and training, for example.

The schemes can be made simpler and more understandable by ensuring the following:

- Remuneration principles, the terms and conditions of the remuneration schemes and remuneration processes have been described and they are available to employees.
- Remuneration principles and the terms and conditions of remuneration schemes and remuneration processes are presented in the job induction of new employees, and regularly to the rest of the employees as well.
- Remuneration is predictable, and the employee knows for which they are rewarded. Only in special cases does OP Financial Group consider cutting the remuneration schemes. In such cases, the cuts are justified.
- Appraisal of personal performance is objective and the general appraisal criteria are public and consistent.

3 OP FINANCIAL GROUP'S PAY POLICY 2020

3.1 Overview of the pay policy

The pay policy describes the purpose of the various parts and the whole of pay and remuneration, how OP Financial Group wishes to further develop pay and remuneration, and how a person can affect their pay and remuneration.

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Pay and remuneration enable us to support and encourage our employees

- Implementing OP Financial Group's short and long-term business targets and strategy
- Implementing the change in practices that is currently underway in OP Financial Group
- Acting in compliance with core values and culture
- Providing a superior customer experience
- Increasing one's competencies and professional skills in a versatile manner
- Independent work, good communication skills and consideration
- Realisation of activities complying with the sound risk policy and
- Working in accordance with regulation and guidelines.

Pay and remuneration in OP Financial Group comprise various forms of remuneration.

Financial remuneration includes the following components:

- Salary
- Employee benefits
- Variable remuneration
- Supplementary pension (only for some employee groups).

Remuneration also includes other than financial components, such as

- Appreciation and feedback on work
- Interesting and challenging work and an opportunity for career development
- Opportunity to influence one's work
- Training and competence development.

Openness and collaboration with the employees and their representatives in terms of pay and remuneration are important for implementing successful pay and remuneration practices. Openness and collaboration are implemented by maintaining the current guidelines concerning pay and remuneration and other material on the intranet, through conversations between supervisors and employees, and through conversations with employee representatives concerning the pay and remuneration content, structure and level.

OP Cooperative's Supervisory Council confirms the decision by OP Cooperative's Board of Directors governing the principles governing OP Financial Group's remuneration schemes.

3.2 Salary

Basic pay is determined by job grade and personal competencies, experience and performance. Various employee groups have their own job grades in accordance with each group's collective agreement. Based on such grading, the job grades and salaries of jobs under each collective agreement are determined. In addition, the employer has adopted Group-level OP job grading. Based on the OP job grading, the Group creates OP Financial Group's pay scale which OP Cooperative's Board of Directors annually confirms. The pay scale is based on annual market remuneration surveys, and it is used to benchmark compensation in the market.

Pay developments are affected by the budget available for pay increases, the person's achievements and value-based performance. The assessment criteria concerning achievements and value-based performance are specified before any pay increase round. As a rule, pay increases are implemented once a year in pay discussions, as stipulated in the collective agreement.

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The Group-level principles of pay increases not stipulated in the collective agreement are decided annually by OP Cooperative's Board of Directors. The boards of directors of OP Cooperative and OP cooperative banks decide on company-specific implementation of pay increases.

3.3 Employee benefits

Providing competitive employee benefits is an important part of pay and remuneration. The boards of directors of OP Cooperative and OP cooperative banks annually decide on employee benefits on a company-specific basis.

3.4 Variable remuneration

Variable remuneration comprises performance-based bonus, special bonus and the personnel fund. Variable remuneration is based on a performance review, where both quantitative and qualitative targets are taken into account. Remuneration schemes are built in such a way that they do not encourage a person to act against OP Financial Group's Code of Business Ethics, and that the remuneration does not lead to actions against the customer's best interests.

The risk policy and qualitative components are taken into account in advance in target-setting, and afterwards in the performance review and bonus payment. In addition to reviewing financial risks, the performance reviews take in consideration reputational risk and actions that conform to OP Financial Group's core values and corporate culture.

Bonuses of identified staff members are paid as required by special regulation. A person is classified as member of identified staff in accordance with regulatory requirements, in case the person's professional activities may have an impact on OP Financial Group's risk exposure. Persons who work in control functions have been included in the variable remuneration schemes, but their remuneration may not depend on the controlled unit's profit/loss.

The variable remuneration scheme in OP Financial Group is equivalent at most to a person's 1–12-month pay, depending on the job grade and competition.

3.4.1 Performance-based bonus

Performance-based bonus is used for controlling and supporting the achievement of the targets based on OP Financial Group's strategy and annual plan, and for rewarding employees for reaching and exceeding challenging yet realistic targets. Targets at company and business line level are decided annually by OP Cooperative's Board of Directors and OP cooperative banks' boards of directors.

Personal targets are set in performance reviews and are derived from OP Financial Group's annual plan or strategic targets. Section 6.1 shows a more detailed description of OP Financial Group's performance-based bonus scheme.

3.4.2 Special bonus

Special bonus is used for spontaneous rewarding of individuals or groups. Special bonuses may be paid out as a reward for an innovation providing the employer with financial benefits or for exceptionally good performance. There are no pre-set targets for special bonuses, and a special bonus may not replace a pay increase, a performance-based bonus or other additional compensation determined in the collective agreement. OP Cooperative's Board of Directors decides on the special bonus scheme. The prerequisite for special bonus payout is that the criteria for remuneration (such as profitable customer business) are fulfilled and that the person's actions are in conformity with guidelines and rules.

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The special bonuses are approved on a one-over-one basis in such a way that the person approving the bonus is the second-level manager of the manager proposing the bonus.

3.4.3 Personnel fund

The personnel fund supports the implementation of OP Financial Group's strategy, long-term profitability and employee motivation to achieve Group-level targets. The personnel fund has Group-level targets, which are common to all employees. OP Cooperative's Board of Directors annually decides on the targets. Section 6.3 contains a more detailed description of the personnel fund.

3.4.4 Variable remuneration payout

Variable remuneration is, as a rule, paid in cash right after the performance period in question has ended, unless regulation requires otherwise. Section 6 describes the variable remuneration schemes in greater detail.

3.5 Supplementary pension

Supplementary pension plans are only used for the remuneration of OP Cooperative's President and Group Chief Executive Officer and Executive Management Team members (see sections 5.1 and 5.2).

Supplementary pension plans granted to certain employee groups (mainly those with an employment contract concluded with OP before July/1991 who are covered by OP Bank Group Pension Foundation, and Pohjola employees with an employment contract concluded before 2005 who are covered by group pension insurance), which include an early retirement age, and a promise of a certain pension benefit level, are closed and no new employees are granted supplementary pension plans supplementing statutory pension cover.

3.6 Non-monetary remuneration

OP Financial Group provides versatile and challenging work duties, and possibilities for various career paths. Appreciation and feedback on work affect work motivation and professional development. Training and competence development is one key remuneration component in OP Financial Group. This includes the opportunity provided by the employer to use working time for training.

In many jobs, employees can influence their work. For example, flexible work enables a whole new kind of work-life balance. Flexible work includes flexitime, flexibility in where people work, the opportunity to influence one's work and its content, and the technical tools for performing work and communicating with others.

4 STRUCTURE AND DECISION-MAKING ORDER OF MANAGEMENT AND ADMINISTRATION REMUNERATION IN 2020

4.1 OP cooperative banks' boards of directors and supervisory boards

OP Cooperative's Board of Directors annually issues a recommendation to OP cooperative banks on management remuneration. The Nomination and Remuneration Committee of the Board of Directors prepares the recommendation. Such statement involves a recommendation on monthly emoluments and meeting attendance allowances of chairs and members of OP cooperative banks' supervisory boards and boards of directors.

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4.2 OP Cooperative's Supervisory Council

The Cooperative Meeting is responsible for deciding on emoluments payable to OP Cooperative's Supervisory Council (until 31.12.2019, the Supervisory Board) and the OP Financial Group Nomination Committee is responsible for related preparation. Supervisory Council emoluments comprise meeting allowances and monthly fees.

In March 2020, the Annual Cooperative Meeting decides on emoluments payable to the Supervisory Council for 2020. Monthly emoluments for 2020 confirmed by the Cooperative Meeting and payable to the Supervisory Council Chair, Vice Chairs and members are as follows: Chair 10,000 euros, Vice Chair 4,000 euros and other members 400 euros. Chairs of committees not acting under the Supervisory Council Chair receive 2,000 euros in monthly emoluments. In addition, all Supervisory Council members receive a meeting allowance of 600 euros for each meeting. Supervisory Council emoluments are 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 (395/2006), through Ilmarinen Mutual Pension Insurance Company.

4.3 OP Cooperative's Board of Directors

OP Cooperative's Supervisory Council (until 31.12.2019, the Supervisory Board) is responsible for deciding on emoluments payable to OP Cooperative's Board of Directors and the Supervisory Council's Nomination Committee is responsible for related preparation. Board emoluments comprise meeting allowances and monthly fees.

Monthly emoluments for 2020 confirmed by the Supervisory Board and payable to the Board Chair, Vice Chairs and members are as follows: Chair 11,000 euros, Vice Chair 7,000 euros and other members 5,000 euros. In addition, chairs of committees are paid a monthly fee of 2,000 euros. In addition, all Board members receive a meeting allowance of 600 for each meeting. Board emoluments are paid in cash.

Neither a separate monthly fee for being a Board member nor any meeting allowance 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 (395/2006), through Ilmarinen Mutual Pension Insurance Company.

5 STRUCTURE AND DECISION-MAKING ORDER OF GROUP EXECUTIVE MANAGEMENT REMUNERATION IN 2020

5.1 President and Group Chief Executive Officer

OP Cooperative's Supervisory Council is responsible for deciding on salary and remuneration payable to the President and Group Chief Executive Officer acting as OP Cooperative's CEO, and the Supervisory Council's Nomination Committee is responsible for related preparation.

A written executive contract, approved by the Supervisory Council, stipulates the terms governing the President and Group Chief Executive Officer's employment.

The President and Group Chief Executive Officer's remuneration consists of the following three components:

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- 1) basic pay (total remuneration which includes salary and fringe benefits; the job grade and the person's competencies and performance as the basis)
- 2) performance-based bonus (the achievement of strategic targets and targets based on the annual plan; the maximum bonus equals 12-month pay)
- 3) supplementary pension.

The supplementary pension of President and Group Chief Executive Officer Timo Ritakallio is based on a defined benefit plan and his retirement age is 65 years. The President and Group Chief Executive Officer is covered by OP Bank Group Pension Foundation's supplementary pension scheme. Pension accrued under the supplementary pension scheme may begin to be disbursed as a paid-up pension before the old-age pension if employment with OP Financial Group terminates.

The period of notice applicable under the President and Group Chief Executive Officer's executive contract is six months. Upon termination of employment in cases specifically stipulated in the executive contract, the President and Group Chief Executive Officer is entitled to a severance pay and a sum equivalent to his 12 months' pay.

5.2 Members of OP Cooperative's Executive Management Team

The Board of Directors of OP Cooperative determines the remuneration and other benefits to OP Cooperative's Executive Management Team (until 2020 the Executive Board) members (excl. President and Group Chief Executive Officer), and the Nomination and Remuneration Committee of the Board of Directors is in charge of related preparation. A written executive contract, approved by OP Cooperative's Supervisory Council, stipulates the terms governing the employment of the members of the Executive Management Team.

Remuneration payable to the members of OP Cooperative's Executive Management Team consists of the following three components:

- 1) basic pay (total remuneration which includes salary and fringe benefits; the job grade and the person's competencies and performance as the basis)
- 2) performance-based bonus (the achievement of the targets based on the strategy and the annual plan; the maximum bonus equals 10-month pay) and
- 3) supplementary pension.

The supplementary pension of members of the Executive Board, who became members before 2018, is based on a defined benefit plan, and their retirement age is 63 years. The supplementary pension of members of the Executive Board, who became members in and after 2018, is based on a defined contribution plan and their retirement age corresponds to the minimum pensionable age under TyEL (Employees Pensions Act). Executive Board members' supplementary pension cover has been arranged through OP Bank Group Pension Foundation and supplementary pension taken out with OP Life Assurance Company.

The period of notice followed by the employer for Executive Management Team members is 6 months. Upon termination of their employment in cases specifically stipulated in their executive contracts, Executive Management Team members are entitled to a severance pay and a sum equivalent to a maximum of 6 months' pay.

In June 2019, the Supervisory Board of OP Cooperative decided not to initiate a new performance period for the long-term management remuneration scheme in 2020. OP Financial Group's variable remuneration comprises performance-based bonuses and the personnel fund. Group-level strategic goals and targets will be taken into account in the metrics of performance-based bonuses and the personnel fund. Bonuses for 2014–2016 and 2017–

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2019 under the long-term management remuneration scheme will be paid normally, and section 6.2 below describes the principles of the remuneration schemes in greater detail.

6 DESCRIPTION OF VARIABLE REMUNERATION SCHEMES

6.1 OP Financial Group's performance-based bonus scheme

OP Cooperative's Board of Directors decides the key principles of the performance-based bonus scheme (previously decided by the Supervisory Board). The performance-based bonus scheme is aimed at guiding, engaging and encouraging employees to achieve annual goals and targets and perform successfully, ensuring the achievement of the goals and targets deriving from the strategy, and rewarding them for achieving and exceeding challenging targets. The performance periods of the scheme vary between 1 month and 12 months.

OP Financial Group cooperative banks decide for their part objectives and metrics of the performance-based bonuses on the basis of the guidelines issued by OP Cooperative's Board of Directors (previously issued by the Supervisory Board). OP Cooperative's Executive Management Team determines performance-based bonus schemes for the central cooperative consolidated and the board of directors of each central cooperative consolidated company confirms the inclusion of the company in the remuneration scheme of the central cooperative consolidated.

The performance-based bonus scheme in OP cooperative banks is based on shared Group-level and bank-level targets and personal targets. Customer experience, sales and the strategy-based targets for profitability and digitality are highlighted in the metrics.

The Group-level precondition for remuneration is that OP Financial Group's LCR (Liquidity Coverage Ratio) is over 110% and the CET ratio is over 14.5% on the bonus payout date. In the central cooperative's remuneration scheme, the final amount of the bonus earned based on the metrics in the balanced scorecard is also determined by OP Financial Group's EBT. No bonus will be paid if the person's employment has terminated before the bonus payout. Performance-based bonuses will be paid, provided that the bank's or the central cooperative's business segments' customer business is profitable.

Performance-based bonuses are mainly paid in cash. With respect to its identified staff, OP Financial Group complies with the legal requirements for the deferral of bonuses and their payment using an instrument other than cash in case variable remuneration exceeds a defined level.

Within each organisation, the decision-making body in charge of the remuneration scheme may change their terms and conditions of the short-term scheme, cancel it during the year or defer the payment of bonuses if there has been a change in circumstances which would place the company in an unreasonable situation when applying the scheme. An OP cooperative bank or the central cooperative consolidated may withhold payment of bonuses partly or fully citing its financial position.

Bonuses earned based on the balanced scorecard will be reduced before bonus payout if binding internal guidelines within the Group or task or regulatory requirements have been ignored and risk management elements have been materialised. Paid bonuses may also be fully or partly reclaimed if the beneficiary is found guilty of misdemeanours, of intentionally endangering the future of business, or of breaking the law.

6.2 OP Financial Group's long-term management remuneration schemes for 2014–2019

The long-term management remuneration scheme consists of three performance periods.

Performance period 2014–2016

The primary performance metrics for the performance period of 2014–2016 included growth in the number of customers using OP as their main bank and insurer, OP Financial Group's EBT and Common Equity Tier 1 (CET1) ratio. In addition, the scheme takes account of profitability (return on economic capital) and capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates. No bonus will be paid out if capital adequacy under said Act is less than the minimum 130% on the date of payout.

During the performance period of 2014–2016, it was possible to annually earn bonuses equalling a person's regular 2–8 month salary subject to PAYE tax. The bonus will be paid to the beneficiary in cash in three instalments between 2018 and 2020. If the person is a member of identified staff and the total amount of variable remuneration exceeds the regulatory level, the bonus will be paid in four instalments between 2018 and 2021 (in six instalments to Executive Board members and the Chief Audit Executive between 2018 and 2023) partially tied to the value of the debenture loan issued by OP Corporate Bank.

Bonus payout includes conditions relating to the duration of employment or executive contracts and stipulations governing the hedging prohibition and the retention period.

The 2014–2016 scheme covers some 270 persons and the achievement of the targets accounted for 57% of the maximum. Bonuses paid in 2019 totalled around 6 million euros.

Performance period 2017–2019

The targets for the performance period 2017–2019 are according to the strategy in force and they are based on OP Financial Group's EBT, customer experience and use of digital services. No bonuses will be paid out if the Group's CET1 ratio is less than the CET1 capital buffer set by the ECB +3%.

During the performance period of 2017–2019, it is possible to annually earn bonuses equalling a person's regular 1–8 month salary subject to PAYE tax. The bonus will be paid to the beneficiary in cash in four instalments between 2020 and 2023. If the person is a member of identified staff and the total amount of variable remuneration exceeds the regulatory level, the bonus will be paid in four instalments between 2020 and 2023 (in six instalments to Executive Board members and the Chief Audit Executive between 2020 and 2025) partially tied to the value of the debenture loan issued by OP Corporate Bank.

Bonus payout includes conditions relating to the duration of employment or executive contracts and stipulations governing the hedging prohibition and the retention period.

The 2017–2019 scheme covers some 300 persons and the achievement of the targets accounted for 13% of the maximum.

6.3 OP Financial Group's Personnel Fund

All those who have concluded an employment contract for an indefinite or fixed term with an OP Financial Group company belonging to the Fund are members of the Fund (excl. those included in the long-term management remuneration scheme).

About 95% of all personnel were members of the Personnel Fund in 2019.

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Payment of profit-based bonuses to OP Financial Group's Personnel Fund in 2019 was based on the achievement of the following targets: OP Financial Group's EBT with a weight of 60%, use of digital services with a weight of 20%, service encounter NPS with a weight of 15% and brand NPS with a weight of 5%. Profit-based bonuses for 2019 transferred to the Fund account for some 2.4% of the combined salaries and wages earned by the Fund's members.

6.4 Remuneration to OP Financial Group's identified staff

Information required by the EU capital requirements regulation and directive concerning the remuneration of OP Financial Group's identified staff is published annually on OP's website at www.op.fi > OP Financial Group > About us > Corporate governance > [Remuneration](#).

6.5 Deferred payment of variable remuneration.

The Act on Credit Institutions (610/2014) prescribes payment of variable remuneration to persons whose action may cause significant risk to the company ("identified staff"). OP Financial Group's identified staff includes CEOs/Managing Directors and other key management personnel as well as those involved in internal control.

The deferment of variable remuneration payment and variable bonuses paid in other than cash on a fifty-fifty basis apply to the identified staff of OP Financial Group or its company if their variable remuneration for a 12-month performance period exceeds EUR 50,000 – the maximum recommended by the Financial Supervisory Authority. The remuneration of the identified staff is reviewed up to the EUR 50,000 deferment limit as a whole, considering both long- and short-term remuneration.

If the euro maximum for deferment is exceeded, 60% of the remuneration will be paid immediately and 40% is deferred and the deferred bonus will be paid in equal instalments within the next three years (within the next five years for the Executive Management Team). In such a deferment situation, half of the variable remuneration is paid in cash and half is tied to the value of the reference instrument decided by OP Cooperative's Board of Directors. The bonus tied to the reference instrument will be paid to its beneficiary after a one-year retention period.

7 REMUNERATION REPORT 2019

7.1 Remuneration of the Supervisory Board and the Board of Directors in 2019

Remuneration of OP Cooperative Supervisory Board Chair and members in 2019:

Monthly emoluments for 2019 confirmed by the Cooperative Meeting and payable to the Supervisory Board Chair, Vice Chairs and members are as follows: Chair 10,000 euros, Vice Chair 4,000 euros and other members 400 euros. Chairs of committees not acting under the Supervisory Board Chair receive 2,000 euros in monthly emoluments. In addition, all Supervisory Board members receive a meeting allowance of 600 euros for each meeting. Management emoluments are paid in cash.

The Chair, Vice Chairs and members of the Supervisory Board are covered by voluntary pension insurance, as referred to in the Employees' Pensions Act (395/2006), through Ilmarinen Mutual Pension Insurance Company.

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euros	Chair of the Supervisory Board	Vice Chair and other Supervisory Board members	Total
Regular monthly emoluments	120,000	282,800	402,800
Meeting allowances	17,400	281,540	298,940

No separate compensation was paid to the members of OP Cooperative's Board of Directors, or those of the Executive Board, for being a Board member in 2019.

7.2 Salaries, bonuses and fringe benefits of the President and Group Chief Executive Officer and members of the Executive Board in 2019

In 2019, OP Financial Group's President and Group Chief Executive Officer Timo Ritakallio received 781,515 euros in salary, 26,280 euros in fringe benefits and 47,667 euros in bonuses for 2018. A total of 111,222 euros of bonuses earned for 2018 will be paid in between 2020 and 2025 under the regulatory deferral procedure.

Other Executive Board members received a total of 2,715,466 euros in salary and 77,411 euros in fringe benefits. A total of 608,375 euros of bonuses earned in 2018 and bonuses earned for 2014–2016 under the long-term management remuneration scheme were paid out in 2019. Salaries and bonuses paid to other Executive Board members totalled 3,401,252 euros. A total of 817,919 euros of performance-based bonuses earned in 2018 and bonuses accrued for 2014–2016 under the long-term management remuneration scheme will be paid out between 2020 and 2025 under the regulatory deferral procedure.

The supplementary pension insurance of the President and Group Chief Executive Officer did not incur costs in 2019. In 2019, contributions paid into the supplementary pension insurance for the Executive Board members totalled 541,766 euros.

	Regular pay	Fringe benefits	Performance-based bonus earned in 2018 and paid in 2019	Portion of bonus under the long-term remuneration scheme earned between 2014 and 2016 and paid in 2019	Total salaries, bonuses and fringe benefits paid in 2019	Deferred performance-based bonuses earned in 2018 and bonuses earned in 2014–2016 under the long-term remuneration scheme, to be paid in 2020–2025
Timo Ritakallio, President and Group Chief Executive Officer	781,515	26,280	47,667	-	855,461	111,222
Tony Vepsäläinen	617,997	13,200	23,778	221,825	876,801	394,745
Vesa Aho	343,040	240	-	-	343,280	-
Katja Keitaanniemi	412,920	240	-	-	413,160	-
Olli Lehtilä	388,289	40,751	42,614	108,333	579,987	165,685
Juho Malmberg	314,160	240	15,696	13,593	343,689	36,624
Harri Nummela	404,220	11,580	15,669	120,507	551,975	220,865
Tiia Tuovinen	234,840	11,160	46,360	-	292,360	-