



Profit Share

Profit Shares are equity contributions made by owner-customers to OP cooperative banks. You can benefit from your bank's success by investing in it.

By investing in Profit Shares, you will strengthen your bank's capital adequacy and support local business. We will seek to pay you the highest possible interest rate. The interest will be paid if the return target and distribution criteria are fulfilled.

For 2023, the return target under our profit distribution policy is 4.5%. The return target is confirmed annually.



What is a Profit Share?

- ✓ A Profit Share is an equity contribution to your OP cooperative bank as referred to in the Co-operatives Act. Profit Share subscriptions strengthen the bank's capital adequacy and give you the chance to benefit from its success.
- ✓ Each year, we seek the best, most competitive interest rate possible for Profit Shares. The Representative Assembly or Annual Cooperative Meeting decides afterwards on the final amount of interest payable for each calendar year. The return target may change on an annual basis.
- ✓ The aim is to annually pay interest on Profit Shares in line with the return target but it cannot be guaranteed. Interest payment and its amount always depend on the bank's financial performance.
- ✓ The Representative Assembly or Annual Cooperative Meeting decides annually afterwards on the interest payable. Interest on Profit Shares is paid out of the distributable surplus under the Co-operatives Act. A cooperative bank does not necessarily generate a surplus every year. It is also possible that the distributable surplus remaining with the cooperative bank is larger than the amount of interest payable on Profit Shares.
- ✓ The aim is to pay the interest for the previous year in June of the following year, if the distribution criteria are fulfilled.
- ✓ The minimum investment is 100 euros and the maximum is set by each OP cooperative bank.
- ✓ When you invest in Profit Shares, you should be prepared for an investment period of at least three years.
- ✓ A Profit Share is not a deposit and is not protected by the deposit guarantee.

Tax treatment of Profit Shares

Taxation of Profit Shares is lighter than for many other investments. The interest payable on Profit Shares is considered capital income for personal taxation purposes. Of the interest payable, 75 per cent is exempt from tax, and 25 per cent is capital income subject to tax, up to 5,000 euros. Of the part exceeding this limit, 15 per cent is exempt from tax, and 85 per cent is capital income subject to tax.

Interest and comparable income received from different cooperatives are added up when reviewing the 5,000-euro limit. Of the interest payable on Profit Shares, the bank will deduct a withholding tax of 7.5 per cent up to 5,000 euros and a tax of 25.5 per cent of the exceeding amount. No withholding tax is charged on interest amounts below 20 euros.

For information on taxation of corporations and institutions, see vero.fi. Taxation is based on each customer’s circumstances and can change.

What else should you remember when investing in Profit Shares?

You can dispose of your Profit Shares by terminating them. The repayment period for Profit Shares is 12 months from the end of the termination year.

Profit Shares are not capital-protected products and their repayment is subject to certain conditions. You can lose the capital you have invested since the aggregate capital of Profit Shares can be used to cover the losses of the bank or OP Financial Group’s central cooperative and its member banks. The bank also has the right, under its bylaws, to refuse refunding the shares.

If Profit Shares cannot be refunded in their entirety, an OP cooperative bank has the right to make a refund afterwards during the next five financial years, after which the right to make such a refund afterwards expires.

Profit Shares cannot be freely transferred. They can only be transferred to another owner-customer of the OP cooperative bank in question. Profit Shares are not quoted on a secondary market.

Profit Shares do not bring OP bonuses.



As an OP cooperative bank owner-customer, you can influence and benefit

As an owner-customer, you will get OP bonuses, benefits and discounts.

You can invest in Profit Shares which is an investment in your OP cooperative bank and local business.

For 2023, the return target under the profit distribution policy of Profit Shares is 4.5 per cent. The return target is confirmed annually.

OP bonuses earned on your bonus account are used to pay charges and fees that would otherwise be charged from your account.

You can influence your OP cooperative bank’s decision-making through the Representative Assembly and the Board of Directors.



How can I invest in Profit Shares?

- ✓ As an owner-customer, you can invest in your bank's Profit Shares during their subscription period. It is a period during which you can buy Profit Shares.
- ✓ Please note that each bank has its own subscription periods. See your bank's website to check its subscription period.
- ✓ Subscribe by visiting your OP cooperative bank branch, booking an appointment or calling OP Customer Service at 0100 0500 (Mon–Fri 8–16, local/mobile network rate).
- ✓ Each OP cooperative bank independently decides whether corporate and institutional customers can become owner-customers and invest in Profit Shares.

Additional information

For additional information, visit your OP cooperative bank branch, book an appointment or call OP Customer Service at 0100 0500 (Mon–Fri 8–16, local/mobile network rate).

Learn more at op.fi/profit-share

The return target cannot be used for making reliable assumptions about future returns. The return target does not take into account tax, fees or other costs. The Profit Share is provided by OP cooperative bank.

This material was prepared in 2022/12. The information reflects the situation at the time of preparing this material, and the information may change or may have changed.