

Remuneration report

Coop Pank group applies a single remuneration policy that has been approved by the Supervisory Board of the bank and the effectiveness, adherence to objectives and implementation of the policy is supervised by the Remuneration Committee. In 2022, two Remuneration Committee meetings took place. The remuneration policy applies equally to all employees of the Group.

The compensation structure applicable in the Coop Pank group is comprised of two components:

- basic salary, which is fixed pay agreed between the employee and employer within a contract;
- variable pay, which is an additional pay based on the employer's resolution (sales bonus, performance pay, stock option).

Sales bonuses are paid to employees based on achieving monthly or quarterly goals. Performance pay is paid out the following period to employees whose contribution led to the results achieved while adhering to the Group's objectives and values. Performance pay supports efficient risk management and does not encourage taking excessive risks. The amount of pay is determined by the extent of reaching activity goals. The basic salary and performance pay are reasonably balanced. Each year, a performance bonus reserve of 15% of the salary fund is calculated.

The following is an overview of the average gross monthly remuneration of employees for the last five years, taking into account the basic salary and monetary performance pay for the previous calendar year. For comparison, the profit before corporate income tax per employee for the respective year is presented.

In euros (rounded down to the hundred)	2018	2019	2020	2021	2022
Average monthly gross remuneration	2,300	2,400	2,600	2,800	3,000
Yearly profit before income tax per employee	22,600	23,000	26,400	47,000	63,300

As at 31.12.2022, a total of 2,212,200 options were granted to employees with a maturity date of three years starting from the moment of the issue.

In November 2019, a three-year share option programme was confirmed by the shareholders, which allows the issuing of options to employees every year making up to 1% of the total number of shares of the bank. The last share options issued in this programme took place in April 2022 based on the Supervisory Board's decision.

In April 2022, a new three-year share option programme was confirmed by the shareholders, which allows the issuing of options to employees every year making up to 1% of the total number of shares of the bank. Based on the new share option programme the share options issuing can take place between April 2023 and April 2025 based on the Supervisory Board's decision.

The purpose of the share options programmes is to align long-term interests and goals of Management Board members and employees treated as such with long-term interests of the bank's shareholders. The common interests are expressed in the professional and balanced management of the Group, which ensures the sustainable development and long-term growth of the Group in accordance with the set goals and strategy. The options are issued based both on the results of the Group and results of the person entitled to participate in the option programme in the relevant year. Options can be reduced or cancelled if the employment relationship is terminated, the person does not meet the performance criteria, the financial results of the group have significantly deteriorated or the risks of the group are not sufficiently covered by own funds.

The total amount of performance bonuses are decided by the Supervisory Board, which also determines the specific amounts of bonuses for members of the Management Board and the internal audit unit. Bonuses for other employees are decided by the Management Board. The establishment of the option programme and its conditions shall be decided by the general meeting of shareholders. The issuance of specific options is decided by the Supervisory Board on the proposal of the Remuneration Committee.

The ratio between performance pay (including value of options granted) and basic salary of the senior management and senior staff responsible for material business units and for management of specific risk categories in 2022 was:

- senior management – 71%
- staff managing control functions – 26%

The performance fees and options assigned to the Management Board are in accordance with the remuneration principles and are based on accomplishment of the general objectives of the Bank as well as on the accomplishment of the personal goals of each member of the Management Board. No exceptions have been made for the members of the Management Board and no extraordinary bonuses have been granted. The right to reclaim cash performance fees has not been exercised, but options have been revoked upon the departure of a member of the Management Board. The following is an overview of the five-year remuneration of the members of the Management Board, in euros.

Margus Rink (since Feb 2017)	2018	2019	2020	2021	2022
Basic salary	108,000	108,000	111,000	126,000	139,500
Performance pay	27,000	31,500	36,000	31,500	31,500
Value of options granted	0	0	8,274	74,934	94,615
Total remuneration	135,000	139,500	155,274	232,434	265,615
Share of performance pay	20%	23%	29%	46%	47%
Number of options issued	0	0	70,000	90,000	61,200

Heikko Mäe (since Feb 2020)	2018	2019	2020	2021	2022
Basic salary	0	0	73,500	84,000	93,000
Performance pay	0	0	0	17,500	21,000
Value of options granted	0	0	5,910	58,282	63,077
Total remuneration	0	0	79,410	159,782	177,077
Share of performance pay	-	-	7%	47%	47%
Number of options issued	0	0	50,000	70,000	40,800

Arko Kurtmann (since Nov 2020)	2018	2019	2020	2021	2022
Basic salary	0	0	16,000	96,000	96,610
Performance pay	0	0	0	0	24,000
Value of options granted	0	0	0	33,304	72,044
Total remuneration	0	0	16,000	129,304	192,654
Share of performance pay	-	-	0%	26%	50%
Number of options issued	0	0	0	40,000	46,600

Rasmus Heinla (since Nov 2020)	2018	2019	2020	2021	2022
Basic salary	0	0	14,000	84,000	93,000
Performance pay	0	0	0	12,500	21,000
Value of options granted	0	0	3,546	58,282	63,077
Total remuneration	0	0	17,546	154,782	177,077
Share of performance pay	-	-	20%	46%	47%
Number of options issued	0	0	30,000	70,000	40,800

Paavo Truu (since Feb 2022)	2018	2019	2020	2021	2022
Basic salary	0	0	0	0	66,971
Performance pay	0	0	0	0	0
Value of options granted	0	0	0	0	35,094
Total remuneration	0	0	0	0	102,065
Share of performance pay	-	-	-	-	34%
Number of options issued	0	0	0	0	22,700

Kerli Lõhmus (until Jan 2022)	2018	2019	2020	2021	2022
Basic salary	67,200	67,200	81,900	84,000	12,348
Performance pay	16,800	19,600	22,400	21,000	21,000
Value of options granted	37,377	0	5,910	0	0
Total remuneration	121,377	86,800	110,210	105,000	33,348
Share of performance pay	45%	23%	26%	20%	63%
Number of options issued	233,540	0	50,000	0	0

Janek Uiboupin (until Feb 2020)	2018	2019	2020	2021	2022
Basic salary	67,200	67,200	28,400	0	0
Performance pay	16,800	19,600	22,400	0	0
Value of options granted	18,689	0	0	0	0
Total remuneration	102,689	86,800	50,800	0	0
Share of performance pay	35%	23%	44%	-	-
Number of options issued	116,770	0	0	0	0

Hans Pajoma (until Oct 2020)	2018	2019	2020	2021	2022
Basic salary	108,000	108,000	100,200	0	0
Performance pay	27,000	31,500	36,000	13,500	0
Value of options granted	0	0	0	0	0
Total remuneration	135,000	139,500	136,200	13,500	0
Share of performance pay	20%	23%	26%	100%	-
Number of options issued	0	0	0	0	0