

REMUNERATION

1 INTRODUCTION

- (1) This report describes how Oma Savings Bank Plc (“OmaSp”) complies with the provisions provided in Chapter 8 Sections 1–16 of the Act on Credit Institutions (610/2014).
- (2) The Board of Directors of OmaSp resolves on the remuneration policy applicable to the entire personnel and has approved the main principles of remuneration at OmaSp. The Board of Directors of OmaSp supervises compliance with the remuneration policy and annually assesses its functioning.
- (3) In its remuneration, OmaSp complies with the provisions based on EU and national laws and guidelines issued by the European Banking Authority, the Finnish Financial Supervisory Authority and other authorities. OmaSp’s remuneration policies are based on laws, provisions and recommendations applicable to the financial sector and on the Finnish Corporate Governance Code.

2 GENERAL REQUIREMENTS CONCERNING REMUNERATION POLICIES

- (1) OmaSp’s remuneration policy is consistent with the business strategy, objectives and values of the company and corresponds with the long-term benefit of the company. The aim of the remuneration policy is to assist in achieving OmaSp’s strategic and operational objectives by encouraging and committing personnel. Remuneration also impacts job satisfaction, well-being at work and commitment.
- (2) The remuneration policy is consistent with and advances the efficient risk management and risk-bearing capacity of OmaSp. The remuneration policies do not encourage to take risks exceeding the risk level that is determined on the basis of the risk-bearing capacity or otherwise sustainable risk level at OmaSp.

3 PERSONS AFFECTING OMASP’S RISK PROFILE

- (1) As part of its remuneration principles, OmaSp maintains a list of the persons whose professional activities have a material impact on the risk profile of OmaSp in accordance with the Act on Credit Institutions. The variable remuneration of these persons is subject to Chapter 8 Sections 11 and 12 of the Act on Credit Institutions regarding the payment of remuneration.
- (2) Such persons are:
 - (a) persons belonging to the management of OmaSp;
 - (b) persons holding a managerial position in the internal control functions or in the material business units of the credit institution, as referred to in Chapter 8 Section 6 of the Act on Credit Institutions; and

- (c) other persons whose professional activities have a material impact on the risk profile of the business unit and whose total remuneration amounts to at least EUR 500,000 in a year and to at least the total average remuneration of a person referred to in point (a).

4 DECISION-MAKING PROCEDURE RELATING TO REMUNERATION

The Board of Directors of OmaSp, based on the proposal by the Remuneration Committee, resolves on the remuneration principles and pay policy annually. The Board of Directors of OmaSp controls and supervises compliance with and functioning of remuneration principles and pay policy. The Remuneration Committee assists the Board of Directors in resolutions concerning the management and control of remuneration policies, taking into account the long-term benefit and interests of the shareholders, investors and other stakeholders of the credit institution.

5 REQUIREMENTS CONCERNING VARIABLE REMUNERATION

- (1) At OmaSp, total remuneration has been divided into fixed remuneration and variable remuneration. Variable remuneration includes short-term and long-term variable remuneration.
- (2) Variable remuneration may not exceed 100 per cent of an employee's fixed remuneration.
- (3) The following principles are applied to variable remuneration:
 - (a) Variable remuneration is always based on a total evaluation of the performance of the employee and the business unit in question as well as the total result of OmaSp and its development. In evaluating the performance, economic and other factors are taken into account as well as how the performance or result has been realised in the long term. Variable remuneration takes into account qualitative criteria, such as compliance with applicable regulation, risk management strategy and internal guidelines, conduct in the best interests of the client and assessments by internal control functions.
 - (b) The payment of variable remuneration requires OmaSp's risk management function to assess that there are no obstacles to payment, taking into account the known risks at the time of evaluation and future risks, costs of capital and necessary liquidity. If necessary, variable remuneration may be decreased or recovered afterwards.
 - (c) The total amount of variable remuneration payable by OmaSp cannot be so high as to limit the ability to strengthen OmaSp's capital base or liquidity position.
 - (d) Variable remuneration can only be paid if payment does not jeopardise the sufficient amount of own funds of OmaSp pursuant to the EU Capital Requirements Regulation and that the payment is justified when estimated as a whole for the result of the company and the employee's business unit as well as the individual performance of the employee.
- (4) For persons whose activities have a material impact on OmaSp's risk position, variable remuneration is subject to the requirements of the Act on Credit Institutions regarding the deferral of variable remuneration and the payment of variable remuneration in instruments.

6 REMUNERATION OF PERSONS WORKING IN CONTROL FUNCTIONS

- (1) Variable remuneration of persons working in the control functions must not jeopardise the objectivity and independence of the persons. Remuneration of persons working in the control functions is predominantly fixed and cannot be dependent on the result of the business area under that person's supervision. Variable remuneration of the staff working in the control functions is assessed separately from the business units they control, including the performance which results from business decisions. The performance criteria for variable remuneration are predominantly based on the objectives of the internal control functions.
- (2) The Remuneration Committee of the Board of Directors supervises the remuneration of persons in a managerial position in the control functions.

7 SUPERVISION OF THE REMUNERATION POLICIES

- (1) The Board of Directors of OmaSp supervises and assesses the effectiveness of the remuneration policies as well as compliance with the remuneration principles and pay policy at OmaSp. Remuneration policies are managed so that such conflicts of interest can be avoided, which can jeopardise the efficient management of the business activity of OmaSp in accordance with prudential business principles.
- (2) OmaSp's Internal Audit or an external independent party verifies, at least once a year, whether the remuneration principles and pay policy have been followed.