

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 2021, 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 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 those 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)	2017	2018	2019	2020	2021
Average monthly gross remuneration	1 900	2 300	2 400	2 600	2 800
Yearly profit before income tax per employee	25 600	22 600	23 000	26 400	47 000

AS at 31.12.2021, total of 1 720 000 options were granted to employees with a maturity date of three years starting from the moment of the issue. In November, 2019, three-year share option program was confirmed by the shareholders, which allows to issue options to employees up to 1% of the total number of shares of the bank. The last share options issue in this program may take place in April 2022 based on Supervisory Board decision. The purpose of the share options program is to align long-term interests and goals of Management Board members and employees treated as such with long-term interests of the bank 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 program 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 to other employees are decided by the Management Board. The establishment of the option program 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 calculated expenses for options) and basic salary of the senior management and senior staff responsible for material business units and for management of specific risk categories in 2021 was:

- senior management – 60%
- staff managing control functions – 16%

The performance fees and options assigned to the Management Board are in accordance with the remuneration principles and are based on the general objectives of the Bank as well as 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 the 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.

Margus Rink (since February 2017)	2017	2018	2019	2020	2021
Basic salary	94 500	108 000	108 000	111 000	126 000
Performance pay	0	27 000	31 500	36 000	31 500
Total remuneration	94 500	135 000	139 500	147 000	157 500
Share of performance pay		20%	23%	24%	20%
Number of options granted	583 850			70 000	90 000
Subscription price	0,7305			1,01	1,10
Exercised options				-583 850	
Options outstanding at the end of year	583 850	583 850	583 850	70 000	160 000

Kerli Lõhmus (since February 2017)	2017	2018	2019	2020	2021
Basic salary	56 100	67 200	67 200	82 000	84 000
Performance pay	0	16 800	19 600	22 400	21 000
Total remuneration	56 100	84 000	86 800	104 400	105 000
Share of performance pay		20%	23%	21%	20%
Number of options granted		233 540		50 000	70 000
Subscription price		0,766		1,01	1,10
Exercised options					-233 540
Options outstanding at the end of year		233 540	233 540	283 540	120 000

Janek Uiboupin (until February 2020)	2017	2018	2019	2020	2021
Basic salary	63 600	67 200	67 200	28 000	
Performance pay	0	16 800	19 600	22 400	
Total remuneration	63 600	84 000	86 800	50 400	
Share of performance pay		20%	23%	44%	
Number of options granted		233 540			
Subscription price		0,766			
Exercised options					-116 770
Forfeited options				-116 770	
Options outstanding at the end of year		233 540	233 540	116 770	0

Heikko Mäe (since February 2020)	2017	2018	2019	2020	2021
Basic salary				74 000	84 000
Performance pay				0	17 500
Total remuneration				74 000	101 500
Share of performance pay				0%	17%
Number of options granted				50 000	70 000
Subscription price				1,01	1,10
Options outstanding at the end of year				50 000	120 000

Hans Pajoma (March 2017 - Oct. 2020)	2017	2018	2019	2020	2021
Basic salary	90 000	108 000	108 000	100 200	
Performance pay	0	27 000	31 500	49 500	
Total remuneration	90 000	135 000	139 500	149 700	
Share of performance pay		20%	23%	33%	
Number of options granted	583 850			50 000	
Subscription price	0,7305				
Excercised options				-583 850	
Forfeited options				-50 000	
Options outstanding at the end of year	583 850	583 850	583 850	0	

Arko Kurtmann (since November 2020)	2017	2018	2019	2020	2021
Basic salary				16 000	96 000
Performance pay				0	0
Total remuneration				16 000	96 000
Share of performance pay				0%	0%
Number of options granted					40 000
Subscription price					1,10
Options outstanding at the end of year					40 000

Rasmus Heinla (since November 2020)	2017	2018	2019	2020	2021
Basic salary				14 000	84 000
Performance pay				0	12 500
Total remuneration				14 000	96 500
Share of performance pay				0%	13%
Number of options granted				30 000	70 000
Subscription price				1,01	1,10
Options outstanding at the end of year				30 000	100 000