

# Remuneration Report

The Supervisory Board reviewed NIBC's remuneration policies in 2023 for the Supervisory Board and Managing Board. The review took into account all relevant laws, regulations and guidelines; the Dutch Banking Code; the DNB Principles on Sound Remuneration Policies (DNB principles), EBA Guidelines on Sound Remuneration, EBA guidelines on Internal Governance and the Dutch remuneration legislation for financial services companies ((Wet Financieel Toezicht (WFT), Regeling beheerst beloningsbeleid van banken (RBB) and Wet (nadere) beloningsbeleid financiële ondernemingen, (W(N)BFO)).

NIBC's remuneration policies of the Managing Board and Supervisory Board for 2023 are outlined in this chapter. An overview of the remuneration components of other staff is also presented. Please see our [website](#) for further information about the remuneration policies of the Managing Board and Supervisory Board.

To avoid unnecessary duplication, we refer to note [8 Personnel expenses and share-based payments](#) and [44 Related party transactions](#) of the consolidated financial statements in this Annual Report for all relevant tables. These are considered to be an integral part of this Remuneration Report.

## Remuneration principles

NIBC's remuneration policy is sustainable, balanced and in line with our chosen strategy, risk appetite and sustainability ambitions. It revolves around these six key principles: remuneration is (i) aligned with NIBC's business strategy, risk appetite and sustainability ambitions; (ii) appropriately balanced between short and long-term; (iii) differentiated and linked to the achievement of performance objectives and the results of NIBC; (iv) externally competitive and internally fair; (v) managed in an integrated manner that takes into account total compensation and (vi) is determined in a gender neutral manner.

## Managing Board remuneration in 2023

In order to determine appropriate market levels of remuneration for the Managing Board, the Supervisory Board has reviewed in 2023 the benchmark peer group, consisting of comparable European financial institutions that are or were private equity-owned and that was used since 2021. The composition of this peer group has been adjusted marginally based on current market developments and reflects the labour market in which NIBC competes for talent on Managing Board level. As such, it is an objective measure not based on an individual data point selected by NIBC. This updated peer group will be used going forward to review the Managing Board's remuneration level in the regular remuneration process.

Throughout the cycle, total compensation for the CEO and members of the Managing Board is targeted just below the median of their peers in the peer group, based on benchmark data provided by external independent compensation consultants and publicly available information. The positioning just below the median of the peer group is in line with the Dutch Banking Code.

## Base salaries

The base salaries of the Managing Board were increased with 2.5% per July 2023. In 2023 the base salary for the CEO was EUR 1,500,391 gross per year. In 2023, the base salary for the other members of the Managing Board was EUR 1,091,195 gross per year. The new CFO, who joined NIBC on 1 March 2023 and joined the Managing Board from 1 April, received a prorated base salary of EUR 911,575. Base salaries are paid in 12 equal monthly payments.

## Variable compensation

The CEO and the other members of the Managing Board are not eligible for an annual performance based variable compensation. However, a sign-on compensation was granted to the new CFO who joined the Managing Board on 1 April 2023. The pay mix for Identified Staff has been applied on this compensation (30% cash, 20% deferred cash, 30% Phantom Share Units (**PSUs**) and 20% Restricted PSUs (**RPSUs**). For the Managing Board members a holding period of five years applies to the PSUs and RPSUs.

## Pension

The CEO and other members of the Managing Board participate in the NIBC pension plan, in line with the arrangements available to all other employees. In 2023, the pension plan consisted of a) a collective defined-contribution pension arrangement (CDC arrangement) up to a (fiscal) maximum pensionable salary of EUR 128.810 , and; b) an additional (gross) contribution of 25% up to their respective base salaries above the maximum pensionable salary. The retirement age for the CEO and other members of the Managing Board was 68 in 2023. There are no contractual early retirement provisions.

Over 2023, NIBC has paid a standard flat-rate contribution for the CDC arrangement of 27,0 % (for the Managing Board as well as for all other employees). All employees are required to make a personal contribution of 5,0% of their pensionable salary to the CDC arrangement. The gross contribution by NIBC for pensions above the (fiscal) maximum pensionable salary is set at 25%.

## Other key benefits

The CEO and other members of the Managing Board are entitled to a company car up to a certain price limit or, if they prefer, the equivalent value of the lease car limit as a gross cash allowance. The CEO is entitled to the use of a permanent chauffeur from the chauffeurs pool whilst the other members of the Managing Board are entitled to the use of a chauffeur from the pool for business purposes only unless otherwise agreed by the Supervisory Board.

As is the case with all our employees, the members of the Managing Board are entitled to a contribution towards their disability insurance, accident insurance and permanent travel insurance.

## Total Remuneration overview

The total amount of the remuneration of the Managing Board over 2023 is shown below:

In EUR	Base salary		Variable compensation <sup>1</sup>		Pension		Other key benefits		Total	
		%		%		%		%		%
Managing Board	5,133,217	64	1,427,723	18	129,375	2	1,289,972	16	7,980,287	100

<sup>1</sup> Includes the sign-on payment of EUR 350,000 and severance payment of EUR 1,077,723, related to the employment of the new CFO and termination of employment of the former CFO.

## Employment contracts

The CEO and members of the Managing Board all have indefinite employment contracts. Their appointment to the Managing Board is for a maximum term of four years. The term can be renewed. Any severance payment is limited to 12 months' base salary.

### Other staff remuneration

In line with the DNB Principles, employees whose professional activities have a material impact on NIBC's risk profile are designated Identified Staff. Specific remuneration conditions may apply to Identified Staff (other than Managing Board members). The outlines of the remuneration policies for Identified Staff and other staff are given below. For further details on the policies for Identified Staff, please see our [website](#).

### Total compensation funding

Each year, based on a proposal by the Managing Board, the Supervisory Board decides, at its discretion, on the overall amount of money available for total compensation, the amount of money available for variable compensation and the specific forms in which variable compensation may be awarded.

### Variable compensation

An increasingly small group of selected employees are eligible for variable compensation have a pre-agreed set of financial and nonfinancial (at least 50%) performance targets. Their performance assessments take into account the achievement of pre-agreed targets, how they have behaved according to NIBC's corporate values, as well as their contributions towards the bank's longer-term objectives. Non-financial performance aspects include client satisfaction, employee satisfaction, transparency, and sustainability. The Dutch Banking Code serves as a guideline for all employees.

Whether or not an employee actually receives a variable compensation for his or her performance, is wholly discretionary and depends on the overall financial and non-financial performance of the bank, of the respective business unit, personal performance and relevant market levels of remuneration. Employees do not qualify for variable remuneration if their performance has been inadequate or poor, if they have failed to meet duty-of-care or compliance requirements, if they have displayed behaviour contrary to NIBC's policies and corporate values, or if they were subject to disciplinary action.

For employees the variable compensation, if any, is delivered in various components: cash, deferred cash, PSUs or RPSUs. The Managing Board determines the precise split between cash and equity linked components, the proportion of deferred compensation and whether a threshold applies for the deferred component and, if so, how high that threshold is.

The process initiated earlier to build variable pay into fixed salary as much as possible continued in 2023. A further decreasing group of employees in an originator function in the Netherlands is eligible for the Originator bonus scheme. When awarded it will be delivered in a pre-defined mix of 40% in PSUs and 60% in RPSUs. In addition, employees in the international branches are also eligible for variable compensation.

For Identified Staff variable compensation is delivered in a pre-defined mix: 30% in cash, 20% in deferred cash, 30% in PSUs and 20% in RPSUs. In this way, NIBC complies with regulations that require Identified Staff to receive 50% of all variable compensation in the form of equity-linked instruments and for at least 40% of both the cash and equity linked component to be deferred. Since 2021, proportionality is introduced in the legislative framework with regards to remuneration.

### Special situations

Only in exceptional cases and only in the first year of employment the Managing Board can offer sign-on or guaranteed minimum bonuses to new employees. Additionally, the Managing Board can decide, in exceptional cases, to offer retention bonuses to existing employees. In the unlikely event that these bonuses amount to more than 100% of the base salary of the individual employee concerned, procedures will be followed in accordance with the regulations; the maximum ratio between fixed and variable remuneration will be respected.

Any severance payment made when NIBC terminates employment without cause, is subject to local legislation. For the Netherlands, the prevailing transition formula and, in the case of reorganisation, NIBC's Social Protocol, are applicable. Special compensation plans for specific groups of employees are subject to prior approval by the Managing Board, which annually informs the Remuneration and Nominating Committee (RNC) and Supervisory Board about these arrangements.

### Supervisory Board remuneration in 2023

The SB remuneration is laid down in the SB remuneration Policy. The remuneration level is based on the peer group of comparable European financial institutions that are or were private equity-owned. The SB remuneration consists of basic fees and attendance fees.

The Chair, the Vice-Chair and the other members of the SB are entitled to an annual basic fee. The Chair and the members of a subcommittee are also entitled to an annual basic fee. In addition to the annual basic fees, the Chair and other members of the SB are entitled to further fees for the attendance of meetings.

The remuneration levels have not changed in 2023. Chair of the SB is entitled to an annual fee of EUR 135,000, the Vice-Chair of the SB is entitled to an annual fee of EUR 100,000 and the other members of the SB are entitled to an annual fee of EUR 75,000.

In addition, all Chairs of the AC, RPCC and RNC of the SB are entitled to an annual fee of EUR 20,000. Members of the AC, RPCC and RNC are entitled to an annual fee of EUR 10,000. The members of the RPTC are entitled to an annual fee of nil. Per meeting, an attendance fee is applicable. For the Chair of the SB this equals EUR 5,000, for members of the Supervisory Board this fee is EUR 4,000. For the Chair and members of a committee, it equals EUR 2,500. All members of the SB are entitled to reimbursement of genuine business expenses incurred while fulfilling their duties.

### Remuneration governance

In line with the various recommendations and guidelines issued by regulators, NIBC has strengthened governance around the annual remuneration process and agreed upon key roles for the Human Resources, Risk Management, Compliance, Audit and Finance functions (control functions).

The Supervisory Board discussed the performance and remuneration of Identified Staff, as well as the performance and remuneration of control functions. The Supervisory Board also discussed the highest proposed variable compensations in 2023. Scenario analyses were conducted by Risk Management to assess the possible outcomes of the variable remuneration components on an individual and collective basis.

Any vested amounts of variable remuneration are subject to clawback by the Supervisory Board in the event they have been based on inaccurate financial or other data, fraud, or when the employee in question is dismissed 'for cause'. Moreover, in exceptional circumstances, the Supervisory Board has the discretion to adjust downwards any or all variable remuneration if, in its opinion, this remuneration could have unfair or unintended effects. In assessing performance against pre-agreed performance criteria, financial performance shall be adjusted to allow for estimated risks and capital costs. In addition to clawbacks, the concept of 'malus' is part of the remuneration policy. This is an arrangement that permits NIBC to prevent vesting of all or part of the amount of deferred compensation in relation to risk outcomes of performance. Malus is a form of ex-post risk adjustment, one of the key requirements in addition to ex-ante risk adjustments. If an employee resigns, any unvested amounts of variable compensation are forfeited. In 2023 no claw back of malus has been applied.

The internal report on compensation developments (Harrewijn) is discussed in the RNC as well as with the Works Council. This report provides information on the composition and development of compensation and benefits of its employees. In 2023, the base salary pay ratio of the CEO compared to the base salary of the other members of the Managing Board was 1.4 (2022: 1.4).

In 2023, the average base salary pay ratio of the total Managing Board compared to the base salary of the non-statutory members of the Executive Committee was 2.7 (2022: 2.7).

In 2023, the base salary pay ratio of the CEO compared to the median fulltime base salary of all employees was 18.6 (2022: 18.8). NIBC also reports on gender pay gaps and when needed takes appropriate actions towards our goal of a near zero adjusted pay gap. NIBC has decided to report on two ratios:

- Equal Pay for Equal work, the adjusted pay gap taking in to account the position and experience.
- Equal Pay, an unadjusted pay gap to show the average difference between the salaries of women and men, not considering the position, seniority and experience.

Based on the figures (see below) it is concluded that NIBC is near its goal of equal pay for equal work. The overall adjusted gender pay gap<sup>1</sup> (Equal Pay for Equal Work) is 0.7% (2022: 1.3%) for NIBC, which means that on average women are paid 0.7% less than men. At several levels the gap is effectively zero or is a gap in favor of women (men are paid less than women). The residual gap is mostly due to the level of seniority of an employee (less time in job profile). The unadjusted gender pay gap (Equal Pay) for women at NIBC in the Netherlands is 19.5% (2022: 26.2%) which means that on average women are paid 19.5% less than men at NIBC.

## Conclusion

The RNC and the Supervisory Board believe NIBC's remuneration policy responsibly links performance and reward and is compliant with the applicable laws, regulations and guidelines. The Supervisory Board continues to believe in prudent management of remuneration whilst recognising that NIBC operates in a competitive market place where it needs to be able to attract, motivate and retain sufficient talent.

NIBC is determined to make a positive contribution towards fair compensation practices in the banking sector in consultation with its stakeholders. Furthermore, we aim to create the level playing field that regulators envisage with regard to variable compensation.

<sup>1</sup> Ratio is based on NIBC Bank level.

### **Disclosure on Dutch Remuneration Legislation for Financial Services Companies**

The total amount of variable income granted in 2023 with respect to the performance over 2022, amounts to EUR 2.8 million. This grant consists of (direct and deferred) cash and (vested and unvested) equity-linked instruments (PSUs and RPSUs). In 2023, five employees were awarded a total compensation of more than EUR 1 million (2022: three employees).