

# Report on Public Corporate Governance in the Year 2019

## 1 General Information

NRW.BANK reports annually on the corporate governance efforts undertaken by NRW.BANK on the basis of its own Public Corporate Governance Code (PCGC), which reflects the specific requirements of the Bank. Since its amendment in 2014, it has been based on the Code of the State of North Rhine-Westphalia but also takes into account the specific public mission and the particularities of a competition-neutral public-law promotional bank, which is almost budget independent. In accordance with Section 1.1 of the PCGC of NRW.BANK, the PCGC of NRW.BANK was adapted in the year under review to the currently applicable legal framework – essentially the inclusion of the Bank’s incapacity to become insolvent in the Act on NRW.BANK and the changeover from variable to fixed remuneration – taking into account the necessary comparability with the Public Corporate Governance Code of the State of North Rhine-Westphalia. The amended PCGC of NRW.BANK came into force on July 1, 2019. As in the past, it includes not only legal and statutory provisions but also recommendations and suggestions that go beyond the legal and statutory requirements.

In the past fiscal year, the role of Public Corporate Governance Adviser was transferred to the head of the Board Office. In addition, a deputy role has been established, which is performed by the deputy head of the Board Office.

For the fiscal year, the Managing Board and the Supervisory Board declare that the Bank has largely complied with the recommendations of the Code. In accordance with Section 29 Para. 8 of NRW.BANK’s Statutes as well as Clauses 1.3.5 and 1.4 of the Public Corporate Governance Code, the few deviations from these recommendations are disclosed and explained in the following Declaration of Conformity.

## 2 Guarantor and Board of Guarantors

The State of North Rhine-Westphalia is the guarantor of NRW.BANK. The State has assumed permanent institutional and guarantor liability for NRW.BANK and has issued the Bank with an explicit funding guarantee. In the past fiscal year, the guarantor additionally declared insolvency proceedings concerning the assets of NRW.BANK to be inadmissible under the NRW.BANK Act.

The State of North Rhine-Westphalia exercises its rights in line with its legal powers at the Board of Guarantors, where it exercises its voting right. The Board of Guarantors is composed of five members. The Board of Guarantors is chaired by the State Minister for Economics. The voting right is exercised unanimously by the “voting agent”, i.e. a member of the Board of Guarantors appointed by the guarantor. For the composition of the Board of Guarantors, please refer to [page 126](#).

The Board of Guarantors performed the tasks imposed on it by the Act on NRW.BANK and its Statutes and discussed, among other things, the strategy of NRW.BANK for the years 2020 to 2023 presented by the Managing Board and adopted the principles of the business, promotional and risk policy contained therein at the recommendation of the Supervisory Board. In addition, the Board of Guarantors decided to amend the Statutes of NRW.BANK and the PCGC of NRW.BANK in the year under review. On the basis of the Europe-wide invitation to tender for the audit of NRW.BANK’s financial statements issued in the year under review, the Board of Guarantors decided, on the recommendation of the Audit Committee and the Supervisory Board, on the selection of an auditor for the audit of the annual financial statements and further audits in the fiscal years 2020 to 2023. In the reporting year, the Board of Guarantors also resolved to renew the existing directors’ and officers’ liability insurance policy (D&O insurance) for the members of the Managing Board, the Supervisory Board and the Board of Guarantors for 2020. The agreed deductible amounts to 10% of each damage for each body but to no more than 1.5 times the fixed annual remuneration.

Increasing requirements in the banking environment and constant amendments of the regulatory conditions require continuous further training. For this purpose, NRW.BANK constantly refines the training concept for the members of the bodies. A training budget is available

to the members of NRW.BANK's bodies, which may be used in consultation with the Public Corporate Governance Adviser of NRW.BANK.

### 3 Managing Board

The Managing Board is responsible for independently managing NRW.BANK according to commercial principles taking the public benefit into account.

The Managing Board of NRW.BANK is composed of four members, one of whom is appointed Chairman. One fourth of the Managing Board members are women, while three fourths are men. In the reporting year, the term of office of Dietrich Suhlrie as member of the Managing Board was renewed until January 31, 2024. For the composition and the allocation of powers and responsibilities, please refer to the organisational chart on [page 149 et seq.](#)

When filling management positions at NRW.BANK, the Managing Board aims for diversity and an appropriate consideration of both genders. As of December 31, 2019, 34.3% of the management positions at the second to fifth level of the Bank were held by women, while 65.7% were held by men (2018: 33.1% women and 66.9% men).

The evaluation of the Managing Board performed in the fiscal year by the Supervisory Board in accordance with Section 25d Para. 11 No. 3 and 4 KWG was, for the first time, carried out with support from NRW.BANK's Remuneration Officer. The Managing Board was evaluated with regard to the knowledge, skills and experience of its individual members and the body as a whole as well as with regard to its structure, size, composition and performance. The evaluation confirmed the good results of the previous year.

The members of the Managing Board are committed to the interest of the Bank and fulfil their tasks in virtue of their office in an independent, unbiased and selfless manner. No member of the Managing Board pursued personal interests when making decisions; no gifts, other benefits or promises thereof were solicited or accepted neither personally nor on behalf of third parties. No conflicts of interest occurred during the fiscal year. Potential conflicts of interest that may occur in the context of other mandates are managed in a forward-looking manner in the meaning of the PCGC.

Secondary activities on Supervisory Boards or comparable controlling bodies of enterprises are performed

only after they have been approved by the Supervisory Board. The respective approvals of the Supervisory Board for the existing mandates have been obtained. The remuneration received has been disclosed to the Bank and the Supervisory Board and is shown in the Financial Report.

NRW.BANK granted no individual loans to Managing Board members or their relatives. There was no need to obtain any approval of the Risk Committee for permissible promotional loans made available in connection with promotional programmes of NRW.BANK.

The Managing Board is committed to ongoing further training, especially in the field of regulatory amendments and requirements in the banking environment; Managing Board members undertake appropriate further training measures at their own initiative.

### 4 Supervisory Board

The Supervisory Board of NRW.BANK oversees the management activities of the Managing Board of NRW.BANK, also with respect to regulatory requirements.

The Supervisory Board is composed of 15 members as well as three permanent representatives.

At the beginning of the fiscal year, a successor was appointed for a position that was vacant as of December 31, 2018; this appointment had been initiated already in 2018. During the second half of the fiscal year, a vacant position resulting from the resignation of a Supervisory Board member was filled. The Supervisory Board is chaired by the Minister for Economics. For the composition of the Supervisory Board, please refer to [page 127 et seq.](#) In addition, the current brief CVs of the members of the Supervisory Board as well as the permanent representatives can be found on the website of NRW.BANK.

In order to ensure an efficient division of labour and to obtain advice and support in the performance of its tasks, the Supervisory Board forms committees from among its members, which focus on discussing and debating upcoming issues. The members were appointed to the individual committees based on their personal expertise as well as committee-specific requirements.

The Supervisory Board and its committees performed the tasks imposed on them by the Statutes and the applicable rules of procedure. The number and the dura-

tion of the meetings held by the Supervisory Board and the committees in the fiscal year were in line with the Bank's requirements. No member of the Supervisory Board attended less than half of the meetings held during his or her respective term of office.

In analogy to the evaluation of the Managing Board, the Supervisory Board carried out a self-evaluation with support from NRW.BANK'S Remuneration Officer in the fiscal year. The good overall result of the previous year was confirmed. The Supervisory Board also addressed the recommendations adopted as a result of the evaluation carried out in 2018, which were implemented in full. In addition, the Supervisory Board identified new recommendations, which are mostly of a processual nature.

No relevant conflicts of interest were disclosed to the Supervisory Board in the fiscal year. No member of the Supervisory Board pursued personal interests when making decisions. The members of the Supervisory Board ensured that they had enough time to fulfil their mandates. The limits for the number of permissible mandates and chairs on supervisory bodies pursuant to the PCGC were met by the members.

NRW.BANK granted no individual loans to Supervisory Board members or their relatives. There was no need

to obtain any approval of the Risk Committee for permissible promotional loans made available in connection with programmes of NRW.BANK.

No business or personal relations that give rise to a material and not only temporary conflict of interest exist between the members of the Supervisory Board and NRW.BANK. Potential conflicts of interest that may occur in the context of other mandates are managed in a forward-looking manner in the meaning of the PCGC.

The members of the Supervisory Board undergo regular training in order to ensure that they have the expert knowledge required under statutory regulations as well as under the Bank's own governance principles. NRW.BANK considers it its duty to support the members of the Bank's bodies through constant improvement of its training concept. A training budget is available to the members of NRW.BANK's bodies, which may be used in consultation with the Public Corporate Governance Adviser of NRW.BANK.

## 5 Cooperation between the Managing Board and the Supervisory Board

The Managing Board and the Supervisory Board cooperate closely to the benefit of the Bank. In this context, the regular communication of detailed information by the Managing Board to the Supervisory Board – either at meetings or in the form of written reports – on all relevant issues and changes regarding the business development, planning, the risk situation, risk management, compliance and the economic environment plays an important role. This is complemented by an ongoing exchange, especially between the Chairmen of the Managing Board and the Supervisory Board but also between the Managing Board and the Chairmen of the committees. The scope and the form of the committee meetings, of the reports and of the exchanges are continuously checked against the economic and legal framework and adjusted as necessary.

## 6 Transparency

NRW.BANK attaches great importance to creating transparency towards the public, the guarantor, the supervisory body, investors, customers and employees. Transparent and open communication forms the basis for trusting cooperation and sustainable corporate governance with the aim to promote the State of North Rhine-Westphalia.

The Financial Report, the Disclosure Report and the financial calendar are published on the website of NRW.BANK. In the context of its investor relations activities, the Bank regularly reports the latest corporate news with a focus on the capital market. Press releases and further publications supplement the comprehensive range of information offered by the Bank.

The Report on Public Corporate Governance as well as the Declaration of Conformity are published both as part of the Financial Report and as a separate document on the website of NRW.BANK.

## 7 Accounting

The annual financial statements of NRW.BANK were prepared by the Managing Board and audited by the auditor in accordance with the provisions of the German Commercial Code (HGB), the Ordinance Regarding Accounting for Banks and Financial Services Institutions (RechKredV), the Act on NRW.BANK and the Statutes of NRW.BANK. The obligations regarding immediate notification in accordance with the PCGC have been agreed with the auditor. The Audit Committee as well as the Supervisory Board discuss the results of the audit with the auditor. The Board of Guarantors resolves on the approval of the annual financial statements, formulates a profit appropriation proposal and appoints an auditor.

At the recommendation of the Audit Committee and the proposal of the Supervisory Board and in consultation with the North Rhine-Westphalian Court of Audit, the Board of Guarantors appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor of NRW.BANK's financial statements for the period ended December 31, 2019. The auditor's statement of independence has been submitted and filed.

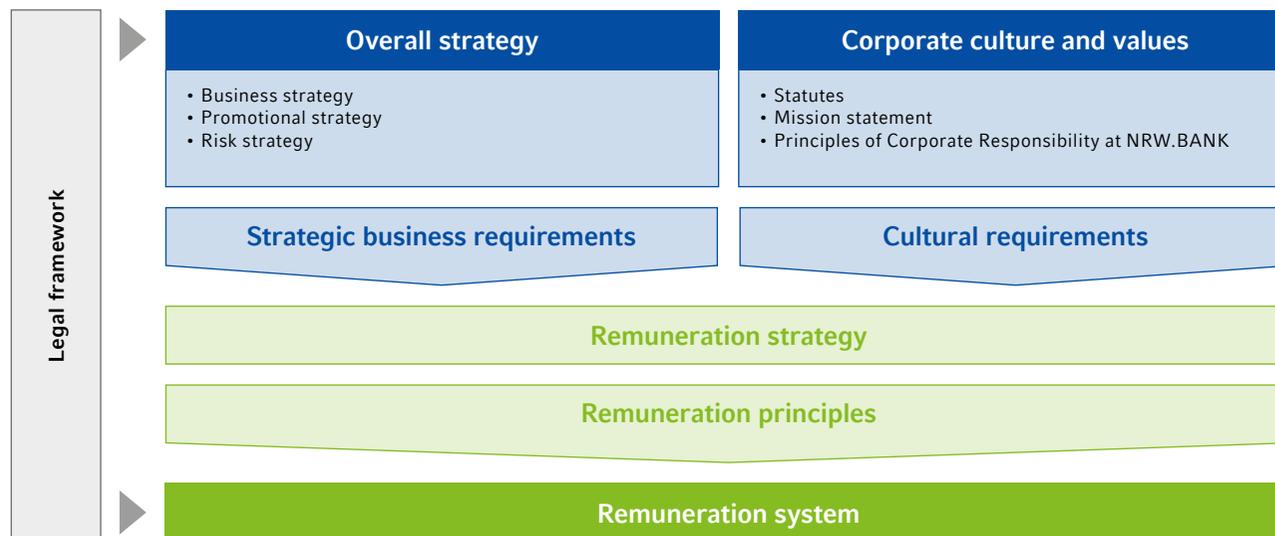
## 8 Remuneration Report

NRW.BANK reports on the key elements of the remuneration systems for its executive and controlling bodies and its employees. This report is in keeping with the requirements of the Bank's internal Public Corporate Governance Code, the North Rhine-Westphalian Transparency Act, the Management Remuneration Act and the Remuneration Ordinance for Institutions (Instituts-VergV) of December 16, 2013 and July 25, 2017, respectively, in conjunction with Art. 450 of Regulation (EU) No. 575/2013.

Following the changeover to purely fixed remuneration in 2017, only the earned portions of the deferred variable remuneration determined until 2016 have been or will be paid out until 2022.

## 8.1 Remuneration Strategy and Control

The State of North Rhine-Westphalia is the sole owner of NRW.BANK. Every year, the Bank's Board of Guarantors adopts the principles of the business, promotional and risk policy within the meaning of Section 10 No. 9 of its Statutes. These principles form the basis of the strategic orientation of NRW.BANK in its capacity as the promotional bank for North Rhine-Westphalia and, together with the business, promotional and risk strategy derived from them, constitute the overall strategy including the strategic business requirements. The remuneration strategy is derived from the above as well as from the corporate culture and values of NRW.BANK. It formulates the remuneration principles of NRW.BANK and defines measures for their implementation. The remuneration strategy thus provides the basis for NRW.BANK's remuneration system.



The above sources result in the following principles for NRW.BANK's remuneration strategy, which serve to secure the Bank's sustainable performance:

- **Target-oriented incentives implementing the strategy**

The remuneration system supports the implementation of the targets and objectives defined in the overall strategy. Incentives that help achieve the targets are supported, while those that are opposed to the targets are prevented.

- **Risk orientation**

The remuneration system supports NRW.BANK's consistent conservative risk policy and does not encourage undesirable risk-taking.

- **Resource efficiency**

Being the central promotional platform, NRW.BANK's main task consists in designing the promotional products efficiently and with a minimum impact on the state budget. In the context of its conservative capital market strategy, NRW.BANK generates surpluses which are mainly used for the promotional business and to secure the Bank's performance. The remuneration system considers these principles of a cautiously operating public-law promotional bank. At the same time, NRW.BANK is subject to all banking-specific requirements and requires employees with the corresponding qualifications.

- **Long-term motivation**

NRW.BANK pursues a long-term, sustainable business model and is a future-oriented public-law employer acting in a socially responsible manner. The Bank aims to strengthen the ties with its employees as well as to support their health, their ability to work and their motivation. NRW.BANK is particularly committed to a responsible human resources policy and fair dealings with each other. The motto "internal promotion is preferable to external hiring" underlines the Bank's sustainable and respectful human resources policy. The remuneration system supports this human resources policy, which is aimed at trusting, long-lasting cooperation and creates incentives for the necessary long-term motivation of the workforce.

These strategic requirements derived from the overall strategy form the framework for NRW.BANK's remuneration strategy, taking the corporate culture and values into account. This results in the following remuneration principles:

- All elements of NRW.BANK's remuneration system must meet the requirements of the conservative remuneration policy of a competition-neutral promotional bank whose primary objective is not the generation of profits.

- A total remuneration geared to the respective requirements and market environment forms the basis of NRW.BANK's remuneration system to secure the livelihood of its employees and ensure that NRW.BANK remains staffed with qualified employees to meet its bank-specific requirements at all times.
- NRW.BANK's remuneration system comprises consistent and transparent remuneration rules.

These remuneration principles must be fulfilled by all components of NRW.BANK's remuneration system. Amendments to NRW.BANK's remuneration system and their implementation are agreed with an in-house "Remuneration Commission" once a year as well as on special occasions. This Commission is composed of the Heads of Internal Audit, Human Resources, Credit Management (back office) and Risk Control, Compliance as well as the "Remuneration Officer" as defined in Section 23 of the Remuneration Ordinance for Institutions (InstitutsVergV). To review the Bank's remuneration policy, the meetings of the Remuneration Commission are additionally attended by the Heads of the Legal and Strategy/Communications/Board Office units. The Head of Finance and two representatives of the overall Staff Council complement the Remuneration Commission as guests. The tasks and the composition of the Remuneration Commission have been laid down in NRW.BANK's internal written instructions.

Based on the statement by the Remuneration Commission, the Managing Board decides on amendments to the remuneration system for the Bank's employees. No external advisory services were used in the definition of NRW.BANK's remuneration policy.

The Supervisory Board of NRW.BANK is the responsible main controlling body with regard to the remuneration systems. It decides on the contents and the appropriateness of the remuneration systems for the members of the Managing Board based on a review and recommendation by the Remuneration Committee, which, in turn, is supported by the Remuneration Officer. The same applies to the supervision of the appropriateness of the remuneration systems for the Bank's employees and to the assessment of the effects of the remuneration systems on the Bank's risk, capital and liquidity situation.

At its March 2019 meeting, the Supervisory Board of NRW.BANK addressed remuneration-related issues. The same applies to the Remuneration Committee as defined in Section 15 InstitutsVergV and Section 25d Para. 12 KWG. As of December 31, 2019, this Committee was composed of the following members:

- Minister Prof. Dr. Andreas Pinkwart (Chairman), Ministry for Economic Affairs, Innovation, Digitalisation and Energy of the State of North Rhine-Westphalia

- Minister Lutz Lienenkämper (Deputy Chairman), Ministry of Finance of the State of North Rhine-Westphalia
- Minister Ina Scharrenbach (Deputy Chairwoman), Ministry of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia
- Authorised officer (Prokurist) Matthias Elzinga (representative of the employees of NRW.BANK)
- Director Frank Lill (representative of the employees of NRW.BANK)
- Dr. Birgit Roos (Chairwoman of the Managing Board of Sparkasse Krefeld)

In accordance with Section 12 Para. 2 of the Statutes, the above ministers may appoint one permanent representative each and invite the latter to take part in the meetings. As of December 31, 2019, the following permanent representatives had been appointed:

- Assistant Secretary Gerhard Heilgenberg, Ministry of Finance of the State of North Rhine-Westphalia
- Assistant Secretary Dr. Christian von Kraack, Ministry of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia
- Senior Principal Dr. Johannes Velling, Ministry for Economic Affairs, Innovation, Digitalisation and Energy of the State of North Rhine-Westphalia

## 8.2 General Conditions for Appropriate Remuneration

Ever since its inception, NRW.BANK has, in agreement with its guarantor, geared its remuneration systems and remuneration parameters towards its promotional tasks and has based its remuneration structure exclusively on regionally and/or nationally used remuneration parameters to ensure that the amounts of its remuneration do not exceed the market level for comparable positions. This is examined applying external standards:

- The fixed salary for employees under collective agreements is based on the "Manteltarifvertrag für das private Bankgewerbe und die öffentlichen Banken" (basic collective agreement for private-sector and public-sector banks). Two consecutive wage groups are allocated to each position under collective agreement. The lower group represents the entry into the position, while the upper group represents the final target position. In addition, individualised extra pay is possible for each position, which is capped at 1 euro below the next higher group. This means that in individual cases, the fixed remuneration may be up to approx. 10% above the respective collective wage group.
- For positions not covered by collective agreements, remuneration comparisons of the consultancy firms, Willis Towers Watson, Frankfurt am Main, and hkp, Frankfurt am Main, are used to determine

market indicators for NRW.BANK, which supply benchmarks for the remuneration possibilities. These benchmarks are based on the median of a peer group of German banks previously defined by the Managing Board. The market data obtained are adjusted for obvious extremes, checked against comparable positions within the Bank and reviewed for adequate differentiation from the next higher and lower reporting levels. Salary increases may be decided by the managers only within the limits of these benchmarks. Salaries exceeding these limits are decided by the Managing Board on a case-to-case basis. In accordance with NRW.BANK's Company Car Directive, business unit and department heads of the Bank may be granted a company car (also for private use in compliance with applicable tax regulations).

The variable component last paid for the fiscal year 2016 has been replaced by an annual fixed bonus which is paid out on April 1 of the following fiscal year. The annual fixed bonus is not linked to collective agreements and does not increase the recipient's pension entitlement.

Sustainable developments (seniority, expertise, skills and work experience) are a precondition for the first-time granting and any future increases of the annual fixed bonus. Outstanding individual achievements are exclusively recognised within the – non-monetary – motivation concept developed in parallel by NRW.BANK,

which focuses on the following three fields of action: promote autonomy, permit development and give recognition. For this purpose, the Bank has implemented diverse measures, e.g. special development policies and a planning and assessment instrument (PUR), whose main purpose is to initiate improvements in the "autonomy" and "development" fields of action.

This process is also the central component of NRW.BANK's internal management system. A consistent top-down process ensures that the corporate objectives are communicated to employees at the downstream levels. For this purpose, the objectives of the Bank used to be laid down in the "Objectives agreement and results assessment" between the Supervisory Board and the Managing Board. In December 2019, the Supervisory Board decided to no longer agree objectives separately but to include the management-related objectives that are relevant to the Supervisory Board in the strategy of NRW.BANK. The Managing Board directly transfers these objectives to the individual business units of the Bank using the PUR system described above. The business unit heads and all senior managers are responsible for transferring these strategic objectives to the employees in an adequate manner.

### **8.3 Conditions for the Deferral and Payment of Variable Remuneration Components**

For the fiscal years 2014 to 2016, NRW.BANK has deferred variable remuneration components until

April 2022 and successively reviews their conditions for payment when they become due. For the principles laid down in this respect in accordance with Sections 18 et seq. of the Remuneration Ordinance for Institutions (InstitutsVergV), please refer to the reports until 2017. The deferred remuneration components that were up for review in April 2019 were paid out in full as all relevant criteria were fully met.

### **8.4 Composition of the Managing Board Remuneration**

The remuneration of the Managing Board is regularly reviewed for appropriateness. For this purpose, NRW.BANK participates in an annual comparison of Managing Board salaries performed by an external remuneration consulting firm. This comparison covers the market data of Germany's top 30 banks, with the data of the banks directly participating in the remuneration comparison complemented by additional information taken from the annual and remuneration reports. Based on the total remuneration received by the Managing Board members of this peer group, the remuneration received by the Managing Board of NRW.BANK is clearly below the median. Compared to other large promotional banks the Managing Board remuneration of NRW.BANK is at a medium level.

Since the fiscal year 2017, all Managing Board members of NRW.BANK have exclusively received fixed remuneration. However, variable remuneration components that have been deferred in accordance with

Section 20 InstitutsVergV may still have to be paid out if they are approved.

The partial amounts of the variable remuneration for the fiscal years 2014 to 2016 that were subject to the sustainability and malus arrangement reserve and due in April 2019 were approved for payment following the respective review by the responsible bodies on March 18, 2019. For a detailed presentation of the remuneration received by the individual Managing Board members, refer to [page 106](#) in the notes.

In September 2019, the Supervisory Board concluded a follow-up contract for Mr Suhlrie at unchanged conditions as a result of his reappointment to the Managing Board from June 1, 2020 until he reaches the age of 65.

At its meeting on December 2, 2019, the Supervisory Board additionally carried out the contractually agreed review of the appropriateness of the remuneration of Mr Forst and Ms Pantring, which is to be performed at least every three years, with regard to potential inflation losses. It was decided to adjust the salaries of both Managing Board members with retroactive effect from November 1, 2019.

In the event of an inability to work caused by an accident or illness, all four Managing Board members are entitled to their fixed annual salary for an indefinite period but no longer than up to the end of their employment.

Thereafter, a benefit for invalidity will be paid depending on the individual pension commitment for the respective member. The members of the Managing Board are not entitled to pension if the Bank terminates the employment relationship for reasons attributable to the Managing Board members.

In case of a premature resignation without serious cause, the total payments to Mr Forst and Ms Pantring including potential fringe benefits are limited to the remaining contractual term and to a maximum of two annual remunerations, respectively.

If the contract of Mr Forst is not renewed before he turns 62 and this is not his fault and he is still able to work, he may apply for early retirement benefits after having reached the age of 62, whose payment will end once he receives his statutory pension but no later than after having reached the age of 66 plus two months.

After the end of the employment relationship, Mr Stölting and Mr Suhlrie will receive a life-long pension, in analogy to the pension granted in the event of invalidity.

All members of the Managing Board are entitled to pension benefits as they reach the age of retirement or in case of invalidity. In the event of their death their dependants are also entitled to benefits.

All commitments are contractually unforfeitable or unforfeitable by law because of the number of years served. Mr Forst, Mr Suhlrie and Ms Pantring benefit from a contribution-linked pension commitment. In the context of this pension commitment, personal pension accounts, some with a starting component, have been set up for them, into which annual pension components are paid. The pension component is calculated at an individual contribution rate on the basis of 69% of the fixed annual salary (equivalent to the fixed remuneration less annual fixed bonus, benefits in money's worth and benefits in kind). Each pension account carries an individual interest rate. At the time the insured event occurs, the pension capital built-up in the account – in the event of invalidity, plus additional components, if applicable – is actuarially converted into a pension.

Mr Stölting benefits from a pension commitment pursuant to the German Civil Servant's Pension Act (Beamtenversorgungsgesetz) as amended from time to time. Depending on the number of pensionable service years, the maximum pension entitlement is 71.75% of the pensionable salary reachable at the age of 65. The pensionable salary is 69% of the fixed annual salary defined above. The amount of the pension in the event of invalidity depends on the entitlement achieved as well as on the additionally agreed attributable period credited at the time the insured event occurs.

In the case of Mr Stölting, the pension from the statutory pension insurance and the pension from additional pension insurance will be counted towards the pension from the time they are granted.

After the death of a Managing Board member, their dependants receive a reduced pension (up to 60% of the pension). Children are entitled to 20% of the pension if they are orphans and to 12% if they are half-orphans.

While the pension benefits paid out to Mr Forst, Mr Suhlrie and Ms Pantring will be increased by 2.0% p. a., the pension paid to Mr Stölting will be adjusted in accordance with the linear changes applicable to pensions paid by the state of North Rhine-Westphalia. As Mr Stölting benefits from commitments that are similar to those for civil servants, he is exempted from statutory pension insurance but will receive benefits as defined in the North Rhine-Westphalian "Beihilfenverordnung" in the event of illness. Ms Pantring will receive benefits in the event of illness on the same basis.

The expenses for the pensions of the Managing Board members and the present values of the obligations are shown in the notes on [page 107](#).

## 8.5 Remuneration of the Members of the Supervisory Board

The remuneration paid to the members of the Supervisory Board is based on a general resolution by the

Board of Guarantors and is paid regardless of the business performance. This remuneration structure very well reflects the underlying idea according to which the generation of profits is not the primary business objective. The remuneration of the Supervisory Board and its committees consists of a work remuneration that is unrelated to the meetings held depending on committee membership and an additional meeting-related fee. No distinction is made between a member, the vice chairperson or the chairperson. Besides this remuneration, travel expenses incurred by mandate holders are adequately refunded. The payment of value added tax depends on the respective tax status of the individual members. Besides the remuneration paid to the members of the Supervisory Board, the members of the Board of Guarantors, the Advisory Board for Housing Promotion, the Advisory Board and the Parliamentary Advisory Board also receive individual remuneration on the basis of the resolution passed by the Board of Guarantors. The respective remuneration complies with the principles above, but the absolute

amount varies based on the different tasks and specific responsibilities. An itemised disclosure of the remuneration received by the individual members of the Supervisory Board, the Board of Guarantors and the Advisory Board can be found in the notes to the Financial Report ([page 109 et seq.](#)).

## 8.6 Disclosure Pursuant to Section 16 InstitutsVergV of July 25, 2017 in Conjunction with Art. 450 of Regulation (EU) No. 575/2013 No. 1g et seq.

Since the fiscal year 2017, all employees of NRW.BANK, including the Managing Board, have exclusively received fixed remuneration components. The total fixed compensation is paid in cash and, on a small scale, in the form of benefits in money's worth (e.g. for the private use of company cars). There is no compensation in the form of shares or similar instruments.

### 8.6.1 Quantitative Information Regarding the Remuneration of the Risk Takers on the Managing Board

#### Composition of the Remuneration for the Year 2019

Fixed remuneration <sup>1)</sup>	Other benefits <sup>2)</sup>	Total remuneration	Remuneration for mandates <sup>3)</sup>	Number of risk takers
€ 2,527,809	€ 1,877,080	€ 4,404,889	€ 98,830	4

<sup>1)</sup> Incl. benefits in money's worth and benefits in kind.

<sup>2)</sup> Employer contributions to social security insurance, benefits in the event of illness and allocations to the provision for old-age pensions incl. interest expenses.

<sup>3)</sup> Remuneration received in 2019 for mandates/shown incl. VAT

## Complementary Information Regarding Deferred Variable Remuneration Components from Previous Years

	Amount <sup>1)</sup>	Number of risk takers
Deferred variable amounts from the years 2014 – 2016	€ 471,825	5
– thereof vested by 2019 and paid out in 2019	€ 192,750	5
– thereof vested in 2019 but not paid out because of sustainability arrangement	€ 92,175	4
– thereof not yet vested in 2019	€ 186,900	4
– thereof reduced in 2019	€ –	0

<sup>1)</sup> Including variable remuneration for Managing Board members who have resigned from the organisation.

## Information Regarding Other Remuneration Benefits

	Amount	Number of risk takers
Guaranteed payments pursuant to Section 5 Para 5 IVV made in 2019	€ –	0
Severance payments made in 2019	€ –	0
– thereof single highest amount	€ –	0
Persons whose remuneration in 2018 exceeded € 1.0 million	€ 2,850,845	2

For a breakdown of the payments to the Managing Board members by names, please refer to [page 106](#) of the notes.

## 8.6.2 Quantitative Information Regarding the Remuneration of All Employees below the Managing Board

### Composition of the Remuneration for the Year 2019

Segment	Number <sup>1)</sup>	Fixed remuneration <sup>2)</sup>	Other benefits <sup>3)</sup>	Total remuneration	Remuneration for mandates <sup>4)</sup>
<b>Programme-based Promotion</b>	<b>589</b>	<b>€ 39,078,585</b>	<b>€ 26,325,588</b>	<b>€ 65,404,173</b>	<b>€ 50,252</b>
– risk taker	15	€ 2,785,153	€ 1,328,997	€ 4,114,150	€ 11,352
– no risk taker	574	€ 36,293,432	€ 24,996,591	€ 61,290,023	€ 38,900
<b>Other Promotion/Liquidity Management</b>	<b>57</b>	<b>€ 6,885,277</b>	<b>€ 3,460,950</b>	<b>€ 10,346,227</b>	<b>€–</b>
– risk taker	26	€ 4,539,925	€ 2,272,864	€ 6,812,789	€–
– no risk taker	31	€ 2,345,352	€ 1,188,086	€ 3,533,438	€–
<b>Staff/Services</b>	<b>920</b>	<b>€ 63,058,024</b>	<b>€ 34,221,659</b>	<b>€ 97,279,683</b>	<b>€ 600</b>
– risk taker	41	€ 6,982,712	€ 3,702,806	€ 10,685,518	€–
– no risk taker	879	€ 56,075,312	€ 30,518,853	€ 86,594,165	€ 600
<b>Total</b>	<b>1,566</b>	<b>€ 109,021,886</b>	<b>€ 64,008,197</b>	<b>€ 173,030,083</b>	<b>€ 50,852</b>

<sup>1)</sup> Incl. employees who departed in the course of the year (pro-rated remuneration for the term of employment); apprentices/trainees are included in the data for Staff/Services.

<sup>2)</sup> Incl. benefits in money's worth and benefits in kind. The total amount includes a severance payment of € 60,000. In the context of NRW.BANK's purely fixed remuneration scheme, this was presented to BaFin in accordance with the Interpretation Guide to the Remuneration Ordinance for Institutions (InstitutsVergV).

<sup>3)</sup> Employer contributions to social security insurance, benefit payments and allocations to the provision for old-age pensions incl. interest expenses.

<sup>4)</sup> Incl. VAT. The remuneration for the Supervisory Board activities of the employee representatives is shown in Table 8.6.3.

### Complementary Information Regarding Deferred Variable Remuneration Components from Previous Years

	Amount <sup>1)</sup>	Number of risk takers
Deferred variable amounts from the years 2014 – 2016	€ 1,666,726	36
– thereof vested by 2018 and paid out in 2019	€ 909,029	36
– thereof vested in 2019 but not paid out because of sustainability arrangement	€ 372,009	36
– thereof not yet vested in 2019	€ 385,688	32
– thereof reduced in 2019	€ –	0

<sup>1)</sup> Including deferred amounts for risk takers who have resigned or retired from the organisation

## Information Regarding Other Remuneration Benefits

	Amount	Number of risk takers
Hiring bonuses paid or guaranteed payments made in 2019	€ –	0
Severance payments made in 2019	€ –	0
– thereof single highest amount	€ –	0
Persons whose remuneration in 2018 exceeded € 1.0 million	€ –	0

### 8.6.3 Quantitative Information Regarding the Remuneration of the Risk Takers on the Supervisory Board

#### Composition of the Remuneration for the Year 2018 for Persons Identified as Risk Takers on Account of Their Membership of the Supervisory Board

	Non-performance-linked remuneration <sup>1)</sup>	Performance-linked variable remuneration <sup>1)</sup>	Total remuneration <sup>1)</sup>	Number of risk takers <sup>2)</sup>
Members of the Supervisory Board pursuant to Section 12 Para. 1 Letters a – d, Para. 2 of the Statutes	€ 257,050	– €	€ 257,050	14
Members of the Supervisory Board pursuant to Section 12 Para. 1 Letter e of the Statutes (staff representatives)	€ 91,900	– €	€ 91,900	5

<sup>1)</sup> Including remuneration for risk takers on the Supervisory Board who resigned during the course of the year

<sup>2)</sup> Number of risk takers on the Supervisory Board as of December 31, 2019

Where staff representatives have been identified as risk takers, the remuneration they receive for this activity is shown in the tables under point 8.6.2. For a breakdown of the remuneration by names, please refer to the Notes, [page 109](#).