

Internal

Brussels, 12 April 2023

Annex 1 to the communication NBB_2023_04

Summary of the EBA report of 7 March 2023 on the benchmarking of diversity practices and the gender pay gap

Pursuant to Article 91(11) of the CRD and Article 9(1) of the MiFID II, the EBA, together with the national competent authorities, is required to assess the diversity practices in the management bodies of banks and investment firms every three years. The EBA is also obliged to collect information on the gender pay gap among members of these management bodies.

On 7 March 2023, the EBA published the results of its third benchmarking study on diversity and gender pay gap practices in the management bodies of European banks and investment firms (analysis carried out in 2022 on the basis of 2021 data).

This statistical information was collected from a sample of 662 banks and 129 investment firms from the 27 EU Member States. In each Member State, the sample was composed in principle as follows:

- At least 5 credit institutions with a balance sheet of less than EUR 1 billion;
- At least 5 credit institutions with a balance sheet between EUR 1 billion and EUR 10 billion;
- At least 5 credit institutions with a balance sheet between EUR 10 billion and EUR 30 billion;
- At least 5 credit institutions with a balance sheet of more than EUR 30 billion; and
- At least 5 investment firms.

The main findings of the EBA report can be summarised as follows:

1. Despite being legally obliged to do so, 27.05% of the financial institutions in the sample have still not adopted a diversity policy (2018: 41.61%);
2. The representation of the under-represented gender in management bodies is insufficiently balanced:
 - The representation of women in executive positions remains limited: 2021:18.05%, 2018: 15.13%, 2015: 13.63%.
 - The representation of women in non-executive positions is slightly better but remains limited: 2021: 27.75%, 2018: 24.02%, 2015: 18.90%.

Furthermore, more than half (56%) of the financial institutions in the sample and nearly half of the larger credit institutions did not have a female executive director. Similarly, despite the existence of fairly large boards of directors in the financial institutions in the sample, 16% of these institutions had no female non-executive director either.

3. The EBA analysed the correlation between a credit institution's profitability, expressed as return on equity (RoE), and the gender diversity of its executive directors. Other factors that could also influence the RoE were not considered. While the average RoE of the sample is 6.36%, more than half (58.02%) of the credit institutions that have a gender-diverse management body in its management function, have an above-average RoE. Credit institutions with a gender-diverse management function have an average

RoE of 7.88%, while credit institutions with executive directors of only one gender have a lower average RoE of 5.27%. This correlation was already identified in the last EBA report on diversity. According to the EBA, several other studies come to the same conclusion.

4. The majority of the financial institutions in the sample reported a gender pay gap: without taking into account the remuneration of the CEO and based on the median remuneration, male executive directors earn on average 9.43% more than their female colleagues (5.90% more for non-executive directors).

5. The EBA also examined the age demographics of members of the board of directors, their educational and professional backgrounds and their geographical provenance. As with gender diversity, the level of diversity in these other dimensions is often low.

The EBA concludes that the data presented in the report clearly show that further improvements are needed with regard to gender balance and, more generally, diversity in the management bodies of financial institutions.

For more information on the EBA report, please see the EBA website ([Women's representation on boards has gradually improved, but imbalances remain | European Banking Authority \(europa.eu\)](https://www.europa.eu/en/press-releases/2023/04/12/women-representation-on-boards-has-gradually-improved-but-imbalances-remain))¹.

¹ In addition and for information purposes, please note that the OECD also publishes surveys on how diversity is promoted in OECD countries: [Diversity and inclusion - OECD](https://www.oecd.org/diversity/).