







# Financial Report 2022

# Financial Report 2022 of NRW.BANK



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This is an unofficial translation of the Finanzbericht 2022 (German Financial Report 2022) and is provided for convenience purposes only. In the event of any ambiguity, the German text will prevail.

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**The following symbols indicate important information:**

-  Further information is available online.
-  Further information is provided in this Financial Report.



Michael Stölting,  
Gabriela Pantring,  
Eckhard Forst and  
Claudia Hillenherms  
(from left to right)

Dear Readers,

In 2022, NRW.BANK celebrated its 20th anniversary. For us, this was a reason to take pride in what we have achieved but also an encouragement to continue our work with great determination. The energy transition is one of the big tasks and has been made even more urgent by the war in Ukraine. Stopping climate change is the task of the century, and we also need to continue the digital and sustainable transformation. NRW.BANK can play an important role in this effort by providing suitable financing solutions.

And even though a lot still needs to be done, we do see positive signs, as more and more green start-ups are developing innovations, small and medium-sized enterprises are growing on new business ideas, and municipalities are taking measures aimed at climate adaptation. According to a study by the International Energy Agency, the structural change towards a climate-friendly economy is accelerating. And that's good not only for the climate. The transformation towards more sustainability can give rise to a new and profitable lead industry that will show the way toward growth, employment and innovation, while preserving our prosperity. Digitalisation can be part of the solution, as it enables new business models and innovative processes. This is what makes our federal state strong.

Maintaining its competitiveness is of great importance to North Rhine-Westphalia, which is the number one industrial location in Germany. This is why NRW.BANK supports the federal state's transformation into an economic region that is fit for the future. We see ourselves as a partner to the enterprises, municipalities, investors and citizens of NRW, offering them financing and advice.

NRW.BANK looks back on a successful year. Our thanks go to our employees, our customers, our partners and our owner, the State of North Rhine-Westphalia. They all help North Rhine-Westphalia achieve a successful transformation.

We look forward to the year 2023 and to working together for the benefit of NRW!

#### The Managing Board of NRW.BANK

**Eckhard Forst**  
Chairman of the Managing Board

**Claudia Hillenherms**  
Member of the Managing Board

**Gabriela Pantring**  
Member of the Managing Board

**Michael Stölting**  
Member of the Managing Board

# The Promotional Business of NRW.BANK

## 1 Overview

As the promotional bank for North Rhine-Westphalia, NRW.BANK supports its owner and guarantor, the State of North-Rhine Westphalia, in the fulfilment of its structural and economic policy tasks and in the efficient implementation of promotional programmes in North Rhine-Westphalia. The promotion provided by NRW.BANK is governed by the principles adopted by its Board of Guarantors as well as by the promotional strategy, which is based thereon. The promotional business is theme-oriented. This is reflected in the subdivision into the promotional fields “Economy”, “Housing” and “Infrastructure/Municipalities”.

To fulfil its promotional mission, NRW.BANK draws on a wide range of promotional instruments and contributes its lending expertise to the promotional process. The instruments used include, in particular, promotional loans with low interest rates and/or long-term fixed-interest options, the provision of equity and mezzanine capital, risk sharing with house banks as well as advisory services. Above and beyond the traditional banking business, the Bank also assumes service functions for grant-based promotion as a partner of the federal state.

Promotional fields of NRW.BANK (including the associated promotional themes)		
Economy	Housing	Infrastructure/Municipalities
SME/Foreign Trade	New Construction/Modernisation	Municipal Budgets
Start-ups/Innovation	Energy Transition/ Environmental Protection	Infrastructure
Energy Transition/ Environmental Protection		Energy Transition/ Environmental Protection

In the promotional business, NRW.BANK provides monetary and non-monetary services – also referred to as “Förderleistung” – in order to fulfil its promotional mandate and to support the structural and economic policy objectives of its owner. The use of own income for reduced interest rates on promotional loans is a key component of this “Förderleistung”. Moreover, NRW.BANK refrains from putting its equity capital in alternative investments yielding higher interest and, hence, income by using this capital to refinance promotional loans granted at reduced interest rates. Other components of the “Förderleistung” include the assumption of risk, the waiver of commitment fees for promotional loans as well as advisory services. The use of the “Förderleistung” specifically enables NRW.BANK to make available attractive promotional products to its respective target groups.

NRW.BANK takes into account the existing offers by the Federal Promotional Institutes in the arrangement of its promotion and supports the use of federal and European promotional funds in the State of North Rhine-Westphalia. In its capacity as the central

institution of the North Rhine-Westphalian savings banks, the Bank serves as a conduit for the federal promotional programmes of KfW Bankengruppe and Landwirtschaftliche Rentenbank. NRW.BANK uses the international capital market to fund its promotional activities. Other funding options include funds made available to the Bank by KfW Bankengruppe, Landwirtschaftliche Rentenbank, the European Investment Bank (EIB) as well as the Council of Europe Development Bank (CEB).

In 2022, NRW.BANK recorded an above-average volume of new commitments of € 13.6 billion. The on-lending business of KfW Bankengruppe and Landwirtschaftliche Rentenbank accounted for a total share of around 17% of this amount (2021: 31%). This decline in the on-lending business is primarily due to lower demand for the housing programmes of KfW Bankengruppe and the expiry of the Covid-related special programmes.

The table below shows a breakdown of the volume of new commitments by promotional fields:

### Volume of new commitments

Breakdown by promotional fields	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions	Change € millions
Economy	4,664	3,973	691
Housing	2,920	3,606	-686
Infrastructure/Municipalities	5,973	4,434	1,539
<b>Total</b>	<b>13,558</b>	<b>12,014</b>	<b>1,544</b>

In the further development of the contents of its promotional offerings, NRW.BANK takes current challenges for North Rhine-Westphalia into account. To mitigate the social impact of Russia's war of aggression against Ukraine, the Bank adjusted its promotional portfolio to the new financing requirements, as there was a need to support companies affected by the sharp rise in energy prices and to assist the municipalities in accommodating refugees. The recipients benefited from low-interest loans, partly in combination with repayment discounts financed with state funds. In addition, NRW.BANK continued to grant low-interest promotional loans to private households, enterprises and municipalities to assist them in coping with the consequences of the heavy rainfalls in the summer of 2021, again acting as the paying and granting agent for grants awarded for equity reasons within the scope of the reconstruction fund.

## **2 Economic Promotion Provided by NRW.BANK**

NRW.BANK's economic promotion activities comprise a wide range of promotional instruments such as low-interest promotional loans, risk sharing with house banks, equity strengthening solutions as well as advisory services. With its range of promotional products and services, the Bank helps lay the foundations for a prospering economy by supporting creative action, economically sound investments and technological progress. Its promotional offerings cover the entire life cycle of companies.

The cornerstones of the Bank's economic promotion activities are the NRW.BANK.Universalkredit and the NRW.BANK.Grün-

und Wachstum programme, which was launched at the beginning of 2022. These two programmes offer small and medium-sized enterprises low-interest loans for working capital requirements and investments that can be used for a wide range of purposes. Since the end of 2022, small enterprises have received low-interest loans and repayment discounts in the context of a limited special variant of the Universalkredit to effectively support them in changing from natural gas to renewable energy. Special promotional loans programmes exist to promote projects in the fields of innovation and digitalisation, electromobility, resource and efficiency savings, as well as for the benefit of innovative enterprises and start-ups. Subject to certain conditions, optional liability releases may be applied for as an additional promotional component for these offerings to relieve the risk for the on-lending house banks. Banks and savings banks may also obtain global loans to refinance their own loans to SMEs at favourable interest rates and enter into syndicate partnerships with NRW.BANK.

In addition to traditional loans, NRW.BANK offers young, innovative as well as small and medium-sized companies a comprehensive range of mezzanine and equity finance products. In this context, NRW.BANK has, since 2022, used the Block Exemption Regulation (BER) as the state aid law basis, specifically when granting convertible loans to start-ups. Through its activities as a fund investor in third-party managed funds, the bank also stimulates the development of the venture capital and private equity market in North Rhine-Westphalia.

Advisory services are available to SMEs both with regard to the full range of NRW.BANK's promotional products and regarding the funding offered by other providers. To promote innovation among young enterprises, the Bank offers an in-house advisory centre for technologically oriented up-and-coming business founders from universities and research institutions as well as new innovative start-ups. NRW.BANK also supports investments by business angels in innovative, newly established or young companies through advisory, support and mediation activities.

### **3 Housing Promotion Provided by NRW.BANK**

The activities in this promotional field are designed to improve housing and living standards. NRW.BANK's products help enhance the housing supply in North Rhine-Westphalia by promoting the construction of new housing as well as the modernisation of the existing housing stock. Its promotional offerings also support projects aimed at increasing energy efficiency and at implementing environmental and climate protection targets in residential properties.

Public housing promotion under the Law on the Promotion and Use of Housing for the State of North Rhine-Westphalia (WFNG NRW) represents an indispensable element in reaching these targets. Its purpose is to ensure a sufficient supply of quality and affordable housing in North Rhine-Westphalia. The relevant promotional loans of NRW.BANK are applied for with the local governments and disbursed directly to the recipients. The promotional activities reflect the State of North Rhine-Westphalia's housing promotional programme (Wohnraumförderungspro-

gramm, WoFP) as well as the respective development guidelines. NRW.BANK's public housing promotion programmes are designed to support, in particular, the creation of affordable, high-quality housing for households that are unable to obtain adequate housing in the market.

NRW.BANK's Housing Promotion provides complementary offerings for private homeowners whose household income exceeds the limits of the WFNG NRW. Measures for building refurbishment, the modernisation of sanitary installations, the reduction of barriers or the protection against burglary benefit from special promotion in the form of low-interest loans, regardless of income. Since 2022, NRW.BANK has also acted as the approval agent for grants of the State of North Rhine-Westphalia for the acquisition of owner-occupied housing in North Rhine-Westphalia.

### **4 Infrastructure and Municipal Promotion Provided by NRW.BANK**

A functioning infrastructure is an important precondition for economic growth in individual regions and in North Rhine-Westphalia as a whole. For society, climate protection, e.g. in the form of the energy transition, as well as adaptations to climate impacts through appropriate infrastructural measures have gained importance in recent years.

The mobilisation of private capital plays an important role in the expansion and modernisation of infrastructure in North Rhine-Westphalia. NRW.BANK therefore offers favourable terms and

conditions to encourage corporate investment in social and public infrastructure projects. The Bank additionally supports entrepreneurial infrastructure projects by way of customised corporate and project loans in the context of syndicates with other banks. These broad-based promotional offerings are complemented by a number of special programmes with especially attractive terms for selected investment projects to provide effective stimulation in selected infrastructure sub-segments. At the request of the federal state, NRW.BANK also supports North Rhine-Westphalia's university hospitals in optimising their existing financing structures.

In the context of its infrastructure promotion activities, NRW.BANK offers the North Rhine-Westphalian municipalities, their enterprises and municipal cooperatives specific low-interest and long-term investment loans, which are extended directly. Municipalities may use these loans for their investment measures. As a general rule, all investments in municipal infrastructure are co-financed via this promotional offering, with investments in climate action and resilience receiving an additional interest subsidy. Since 2022, plants that focus on the local provision of energy instead of feeding it into the public grid have also benefited from promotion in the context of energy infrastructure projects. NRW.BANK offers municipal school operators and municipal school associations in North Rhine-Westphalia long-term loans at highly attractive terms with maturities of up to 30 years for the construction and refurbishing of school buildings.

In spring 2022, NRW.BANK additionally implemented an interest-free promotional loan programme to assist municipalities in providing accommodation for refugees, especially from Ukraine.

Moreover, NRW.BANK supports municipalities in North Rhine-Westphalia with municipal loans and liquidity loans to help them secure their financial resources; to complement its financial offers, the Bank also provides advice on promotional options as well as on economic and financial issues. In the context of the energy crisis, a special offering aimed at securing the liquidity of public utilities was launched in cooperation with the State of North Rhine-Westphalia.



# Report on Public Corporate Governance in the Year 2022

## 1 General

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 that is almost entirely budget-independent. Besides legal and statutory provisions, it also includes recommendations and suggestions that go beyond the legal and statutory requirements. Against the background of changes in the legal environment, NRW.BANK's PCGC was last updated on July 1, 2019.

For the fiscal year, the Managing Board and the Supervisory Board declare that the Bank complied with the recommendations of the Code, save for one exception. In accordance with Section 29 Para. 8 of NRW.BANK's Statutes as well as Clauses 1.3.5 and 1.4 of the PCGC, this exception is 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.

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.

As a result of the elections in the federal state of North Rhine-Westphalia and the related formation of the new North Rhine-Westphalian government with effect from June 29, 2022, changes occurred on the boards of NRW.BANK in mid-2022. As far as the Board of Guarantors is concerned, one member delegated by the guarantor was appointed respectively confirmed, in addition to the members by virtue of office. The Board of Guarantors is generally composed of five members. As of the reporting date December 31, 2022, one position to be filled by a member delegated by the guarantor was vacant. 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 delegated by the guarantor. For the composition of the Board of Guarantors, please refer to [page 139](#).

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 2023 to 2026 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 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 2023. 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, also with respect to the implementation format. 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 generally composed of four members, one of whom is appointed Chairperson. Mr Suhlrie went into retirement and resigned from the Managing Board at the end of March 31, 2022. He was succeeded by Ms Hillenherms, who joined the Managing Board as a new member on June 1, 2022.

As of the reporting date December 31, 2022, the Managing Board was made up of equal numbers of men and women. For the composition of the Managing Board, please refer to [page 142](#).

In addition, the current brief CVs and responsibilities of the members of the Managing Board can be found on the website of NRW.BANK.

When filling management positions at NRW.BANK, the Managing Board aims for diversity and an appropriate consideration of both genders. As of December 31, 2022, 33.6% of the management positions at the second to fifth level of the Bank were held by women, while 66.4% were held by men (2021: 34.1% women and 65.9% men).

The evaluation of the Managing Board performed in the fiscal year by the Supervisory Board – as composed at the time – in accordance with Section 25d Para. 11 No. 3 and 4 KWG was supported by an independent function within the Compliance Department. 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. 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. Therefore, it was not necessary in the reporting year 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.

Especially as a result of the elections in the federal state of North Rhine-Westphalia and the related formation of the new North

Rhine-Westphalian government with effect from June 29, 2022, changes occurred on the boards of NRW.BANK in mid-2022. As far as the Supervisory Board is concerned, further members delegated by the guarantor were appointed respectively confirmed at the recommendation of the Supervisory Board, in addition to the members by virtue of office. Moreover, some of the permanent representatives were newly appointed. When appointing the new members to the Supervisory Board, attention was also paid to ensuring an appropriate continuity of committee work on the Supervisory Board and its committees, taking into account the balance and diversity of knowledge, skills and experience of all members.

As of the reporting date December 31, 2022, 53.3% of the members of the Supervisory Board were women and 46.7% were men, which means that the 40% minimum for both genders specified in Clause 4.5.1 of the PCGC was met.

The Supervisory Board is chaired by the Minister for Economics. For the composition of the Supervisory Board, please refer to [page 140 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 duration of the meetings held by the Supervisory Board and the committees in the fiscal year were in line with the Bank's requirements.

Against the background of the coronavirus pandemic, not all meetings could be held as physical meetings, but some were held as video conferences. No member of the Supervisory Board attended fewer than half of the meetings.

In analogy to the evaluation of the Managing Board, the Supervisory Board – as composed at the time – carried out a self-evaluation with support from an independent function within the Compliance Department 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 2021, which were implemented taking into account coronavirus-related restrictions. In addition, the Supervisory Board identified new recommendations, 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. Therefore, it was not necessary in the

reporting year 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, also with respect to the implementation format. 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. In addition, the newly appointed Supervisory Board members were offered "onboarding events" as defined in the "Concept to Ensure the Quality of the Work of the Supervisory Board".

## **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 Chairpersons 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 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. Pursuant to Section 2 Para. 9i KWG, NRW.BANK is not required to publish a Disclosure Report.

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, passes a resolution on the appropriation of profits and appoints the 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 auditors of NRW.BANK's financial statements for the period ended December 31, 2022. The auditor's statement of independence has been submitted and filed.

## 8 Remuneration Report

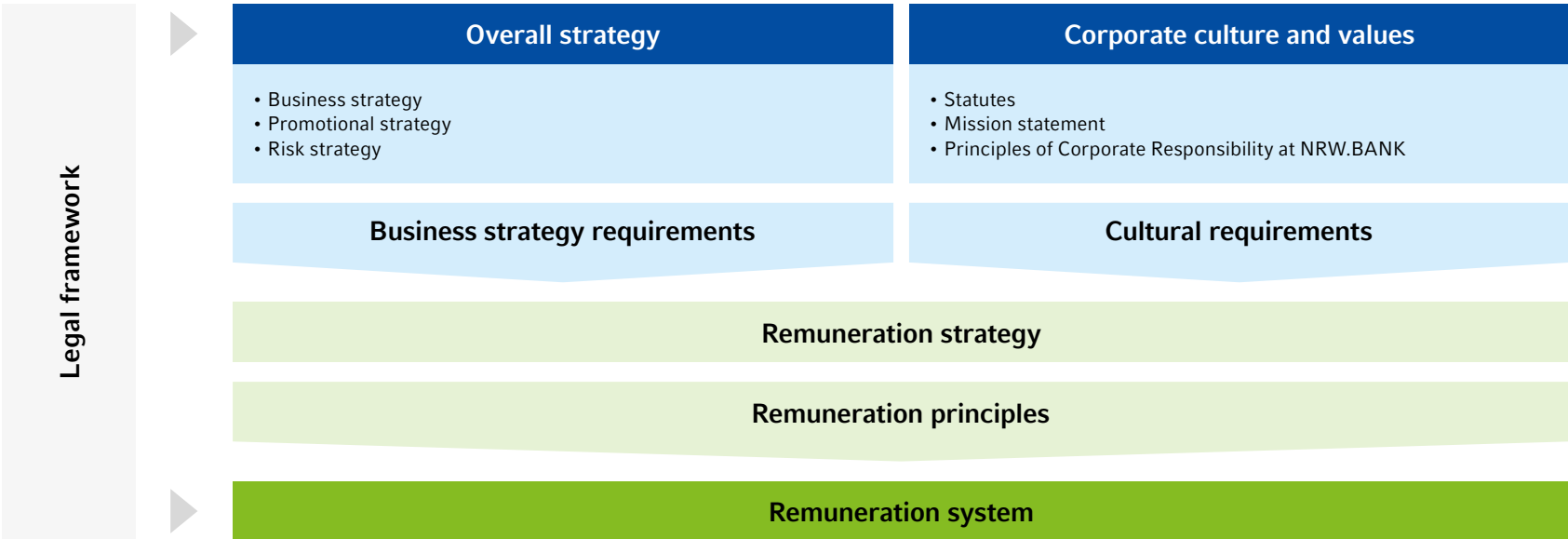
In this report, NRW.BANK comprehensively describes the key elements of the remuneration system for its executive and controlling bodies and its employees. This is based on the requirements of the Bank's internal Public Corporate Governance Code, the North Rhine-Westphalian Transparency Act, the Management Remuneration Act, the Remuneration Ordinance for Institutions (InstitutsVergV) and the Equal Opportunities Act of the State of North Rhine-Westphalia and is in line with the inclusion of sustainability risks under the Disclosure Regulation 2019/2088.

Following the changeover to purely fixed remuneration in 2017, the last earned portions of the deferred variable remuneration determined until 2016 were paid out in 2022.

**8.1 Remuneration Strategy and Control**

The State of North Rhine-Westphalia is the sole owner of NRW.BANK. Every year, NRW.BANK’s Board of Guarantors adopts the principles of the business, promotional and risk policy within the meaning of Section 10 No. 9 of NRW.BANK’s 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 Bank’s 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 Bank's 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 bank-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 Bank's 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 is gender-neutral and excludes any pay discrimination on the grounds of gender for the same work or work of equal value.
- 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 as well as the Compliance Officer. To review the Bank's remuneration policy, the meetings of the Remuneration Commission are additionally attended by the Heads of Legal and Corporate Development. 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 content design and the appropriateness of the remuneration systems for the members of the Managing Board based on a review and recommendation by the Remuneration Committee. 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 2022 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, 2022, this Committee was composed of the following members:

- Minister Mona Neubaur (Chairwoman), Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia
- Minister Dr. Marcus Optendrenk (Deputy Chairman), Ministry of Finance of the State of North Rhine-Westphalia
- Minister Ina Scharrenbach (Deputy Chairwoman), Ministry for Regional Identity, Local Government, Building and Digitalization 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 (retired Savings Bank Director)

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, 2022, the following permanent representatives had been appointed:

- Assistant Secretary Dr. Johannes Velling, Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia



- Assistant Secretary Günther Bongartz, Ministry of Finance of the State of North Rhine-Westphalia
- Assistant Secretary Dr. Christian von Kraack, Ministry for Regional Identity, Local Government, Building and Digitalization 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 Basic Collective Agreement for Public-sector Banks (Manteltarifvertrag für die öffentlichen Banken). 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 10% above the respective collective wage group.
- For positions not covered by collective agreements, remuneration comparisons of two 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).

Structural inequalities in the remuneration of employees of different genders are made impossible by NRW.BANK's job assessment system, as each position is assessed by specialists who are not linked to the job in terms of both organisation and content before the position is advertised. The assessment itself is based on the tasks, requirements and skills of the respective function and is thus independent of the person chosen for it. Further details can be found, inter alia, in the "Report on Equality and Equal Pay pursuant to the German Equal Pay Act (Entgelttransparenzgesetz – EntgTranspG)" (see publication in the notes to the 2022 Management Report).

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, a planning and assessment instrument (PUR) with intensified involvement of the employees concerned up to a revision of the organisational principles.

The PUR 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.

To this end, the Managing Board breaks down NRW.BANK's strategic objectives to the Bank's individual business units and operationalises them. The business unit heads and all senior managers are responsible for operationalising and 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 year 2016, NRW.BANK reviewed the payment requirements for deferred variable remuneration components for the members of the Managing Board for the last time in April 2022 and paid out these components in full following their confirmation. 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. For the other risk takers, the last deferred variable remuneration components were due in April 2021 and were also paid out in full at the time as all relevant criteria were 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. The last variable remuneration components from the year 2016 (see above) that had been deferred in accordance with Section 20 InstitutsVergV were due for payment in 2022.

The partial amounts of the variable remuneration for the fiscal year 2016 that were subject to the sustainability reserve and due in April 2022 were approved for payment following the respective review by the responsible bodies on March 14, 2022. For a detailed presentation of the remuneration received by the individual Managing Board members, refer to [page 116](#) in the notes.

Mr Suhlrie went into retirement at the end of March 31, 2022. He was succeeded by Ms Hillenherms, who joined the Managing Board as a new member on June 1, 2022. Her contract has the usual duration of five years.

At its meeting on December 5, 2022, the Supervisory Board additionally carried out the contractually agreed review of the appropriateness of the remuneration of Mr Stölting, which is to be performed at least every three years, with regard to potential inflation losses. It was decided to adjust the salary of Mr Stölting with retroactive effect from July 1, 2022.

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, Ms Hillenherms and Ms Pantring including potential fringe benefits are limited to the remaining contractual term and to a maximum of two annual remunerations, respectively (severance payment cap).

After the end of the employment relationship, Mr Stölting 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, Ms Hillenherms 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 a maximum of 12% if they are half-orphans.

While the pension benefits paid out to Mr Forst, Ms Hillenherms 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 117](#).

#### **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 Board of Guarantors, the Supervisory Board and the Advisory Boards can be found in the notes to the Financial Report ([page 119 et seq.](#)).

## 8.6 Disclosure Pursuant to Section 16 InstitutsVergV

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 2022

Fixed remuneration <sup>1)</sup>	Other benefits <sup>2)</sup>	Total remuneration	Remuneration for mandates <sup>3)</sup>	Number of risk takers
€ 2,585,646	€ 1,189,316	€ 3,774,962	€ 60,171	5

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

<sup>2)</sup> Employer contributions to social security insurance, benefit payments and allocations to the provision for old-age pensions incl. interest expenses.

<sup>3)</sup> Remuneration received in 2022 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 year 2016	€ 31,575	4
– thereof vested by 2022 and paid out in 2022	€ 31,575	4
– thereof vested in 2022 but not paid out because of sustainability arrangement	€ –	0
– thereof not yet vested in 2022	€ –	0
– thereof reduced in 2022	€ –	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 InstitutsVergV made in 2022	€ –	0
Severance payments made in 2022	€ –	0
– thereof single highest amount	€ –	0
Persons whose remuneration in 2022 exceeded € 1.0 million	€ 1,329,715	1

For a breakdown of the payments to the Managing Board members by names, please refer to [page 116](#) 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 2022

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>637</b>	<b>€ 43,660,895</b>	<b>€ 19,416,246</b>	<b>€ 63,077,141</b>	<b>€ 25,493</b>
– risk takers	21	€ 3,476,629	€ 1,388,606	€ 4,865,235	€ 8,030
– no risk takers	616	€ 40,184,266	€ 18,027,640	€ 58,211,906	€ 17,463
<b>Other Promotion/Liquidity Management</b>	<b>58</b>	<b>€ 7,592,255</b>	<b>€ 2,847,998</b>	<b>€ 10,440,253</b>	<b>€ 12,400</b>
– risk takers	7	€ 1,865,329	€ 824,665	€ 2,689,994	€ 12,400
– no risk takers	51	€ 5,726,926	€ 2,023,333	€ 7,750,259	€ 0
<b>Staff/Services</b>	<b>996</b>	<b>€ 72,214,596</b>	<b>€ 27,834,994</b>	<b>€ 100,049,590</b>	<b>€ 120,400</b>
– risk takers	47	€ 8,168,857	€ 3,228,523	€ 11,397,380	€ 119,800
– no risk takers	949	€ 64,045,739	€ 24,606,471	€ 88,652,210	€ 600
<b>Total</b>	<b>1,691</b>	<b>€ 123,467,746</b>	<b>€ 50,099,238</b>	<b>€ 173,566,984</b>	<b>€ 158,293</b>

<sup>1)</sup> Including 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 severance payments of € 232,219. 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), to the extent necessary in individual cases.

<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.

### Complementary Information Regarding Deferred Variable Remuneration Components of Risk Takers from Previous Years

As the variable remuneration was replaced by an annual fixed bonus in 2017, the last deferred variable remuneration components were paid out in 2021.

## Information on Further Remuneration Benefits to Risk Takers

	Amount	Number of risk takers
Hiring bonuses paid or guaranteed payments made in 2022	€ –	0
Severance payments made in 2022	€ –	0
– thereof single highest amount	€ –	0
Persons whose remuneration in 2022 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 2022 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
Members of the Supervisory Board pursuant to Section 12 Para. 1 Letters a to d, Para. 2 of the Statutes	€ 283,150	€ –	€ 283,150	13
Members of the Supervisory Board pursuant to Section 12 Para. 1 Letter e of the Statutes (staff representatives)	€ 106,700	€ –	€ 106,700	5

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

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 120 et seq.](#)



# Declaration of Conformity

The Managing Board and the Supervisory Board of NRW.BANK jointly declare that the Bank complied with the recommendations of the Public Corporate Governance Code (PCGC) of NRW.BANK in 2022 save for the following exception. The latter is made transparent and justified in accordance with Clauses 1.3.5 and 1.4 of the PCGC of NRW.BANK.

## **Submission of Resolution Proposals to the Supervisory Board**

In deviation from Clause 5.1.5, documents required for decisions were, in exceptional cases, submitted to the members of the Supervisory Board less than 14 days prior to the meeting. This was mainly due to current developments. Thanks to the availability of the Managing Board for answering questions prior to the meetings, the preparation of the Supervisory Board meetings by the Executive and Nomination Committee and the possibility for extensive consultations at the meetings, it was nevertheless ensured that all issues were addressed in sufficient detail.

The Managing Board and the Supervisory Board of NRW.BANK remain committed to the Public Corporate Governance Code and intend to comply with its recommendations also in future unless transparent and justified exceptions appear sensible and necessary.

NRW.BANK  
March 2023

The Managing Board  
The Supervisory Board

# Report of the Supervisory Board

In compliance with the tasks imposed on it by the law, the Statutes and the Public Corporate Governance Code, the Supervisory Board monitored the proper conduct of the business and obtained regular reports on the latest business developments and the risk situation in the fiscal year 2022. It discussed and approved all transactions requiring its approval in accordance with legal or statutory provisions and addressed important matters of business policy in detail.

In continuation of the discussions of the previous year, these included in particular matters relating to digitalisation and sustainability. Moreover, the Supervisory Board addressed the effects of the ongoing Covid-19 pandemic and the severe weather events in North Rhine-Westphalia and the Russia-Ukraine conflict on the risk position and the promotional activities of NRW.BANK. Last but not least, the Supervisory Board dealt with the evaluation of NRW.BANK's Managing Board and with its self-evaluation.

The Executive and Nomination Committee prepared the meetings of the Supervisory Board and the Board of Guarantors. It furthermore decided on the budget for NRW.BANK's corporate citizenship activities.

The Remuneration Committee primarily supervised the appropriateness of the remuneration systems for the Managing Board and the employees of NRW.BANK.

The Risk Committee mainly assisted the Supervisory Board in monitoring the Bank's risk situation and monitored the effectiveness of the risk management system. Special emphasis was placed on the impacts of the Covid-19 pandemic and the Russia-Ukraine conflict.

The Promotional Committee primarily discussed the various aspects of the promotional policy and the promotional business, also with a view to the specific promotional activities regarding the Covid-19 pandemic and the severe weather events.

The Building Committee monitored and assisted in NRW.BANK's planned new building project in Düsseldorf, Haroldstraße 5 (H5).

In accordance with regulatory requirements and the provisions in the Statutes, the Supervisory Board addressed the business, promotional and risk strategy for the years 2023 to 2026, which had previously been discussed by the Promotional Committee and the Risk Committee.

The principles of the business, promotional and risk policies were submitted for approval to the Board of Guarantors, which is the competent body under the Bank's Statutes. At its meeting on December 5, 2022, the Board of Guarantors acted on the proposed resolutions.

The Audit Committee mainly supervised the accounting process, the performance of the audit as well as the independence of the auditor. It also approved the permissible non-audit services.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft carried out the audit of the financial statements for 2022 and the management report and issued an unqualified audit opinion.

The Supervisory Board and the Audit Committee formed from among its members discussed in detail the financial statements of NRW.BANK and the report of the external auditors on the results of their audits. Following the final result of the audit, they raised no objections.

At its meeting on March 13, 2023, the Supervisory Board approved the financial statements and the management report established by the Managing Board and proposed that the Board of Guarantors approve the financial statements for the year 2022. The Non-Financial Report 2022 was subjected to a voluntary review to obtain limited assurance by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and deemed lawful and appropriate in light of the result of the audit. As in the previous years, no consolidated financial statements were prepared for the year 2022, as the Bank is not obliged to do so under commercial law.

The Supervisory Board held five meetings in the fiscal year. Another 20 meetings were held by the Committees composed of the members of the Supervisory Board; the Executive and Nomination Committee held five meetings, the Risk Committee held four meetings, the Audit Committee held two meetings, the Promotional Committee held four meetings, the Building Committee held four meetings and the Remuneration Committee held one meeting. Some resolutions were passed by way of written votes.

Governmental control over NRW.BANK continues to be exercised by the Ministry of the Interior of the State of North Rhine-Westphalia, with respect to public housing promotion in cooperation with the Ministry responsible for housing. The purpose of this control was to ensure the lawfulness of the activities of NRW.BANK.

The formation of the new North Rhine-Westphalian government in June 2022 also led to changes in the composition of NRW.BANK's bodies. Among other things, the chair of the Supervisory Board passed to me with effect from August 9, 2022. The Supervisory Board of NRW.BANK would like to thank the members who resigned from this body, especially Prof. Dr. Pinkwart, former Minister of State and former Chairman of the Supervisory Board, for the constructive work in the further development of NRW.BANK as the promotional bank for the State of North Rhine-Westphalia.

Düsseldorf/Münster, March 2023



Mona Neubaur  
Chairwoman of the Supervisory Board

# Management Report

of NRW.BANK for the Fiscal Year 2022

## **1 Fundamental Information about NRW.BANK as the Promotional Bank of North Rhine-Westphalia**

NRW.BANK is the promotional bank of North Rhine-Westphalia (NRW). It has the public mission to support its owner and guarantor, the State of North Rhine-Westphalia, in the completion of its structural and economic policy tasks. NRW.BANK conducts its activities in accordance with commercial principles, taking into account the public welfare on a non-competitive and non-profit-oriented basis. To fulfil its promotional mission, NRW.BANK draws on a wide range of promotional instruments and, in particular, contributes its lending expertise to the promotional process.

### **1.1 Business Model**

NRW.BANK's business model is that of a largely budget-independent promotional bank and supports the fulfilment of its public promotional mission. According to the "Act on NRW.BANK", it is a legally independent promotional bank engaging in competition-neutral promotional business which permanently benefits from institutional and guarantor liability as well as from an explicit statutory funding guarantee from its guarantor. This enables NRW.BANK to make available the required liquidity at short notice at any time. To complete its mission, NRW.BANK uses the resulting possibilities for funding in the international capital market, where the Bank has established itself as a reliable market

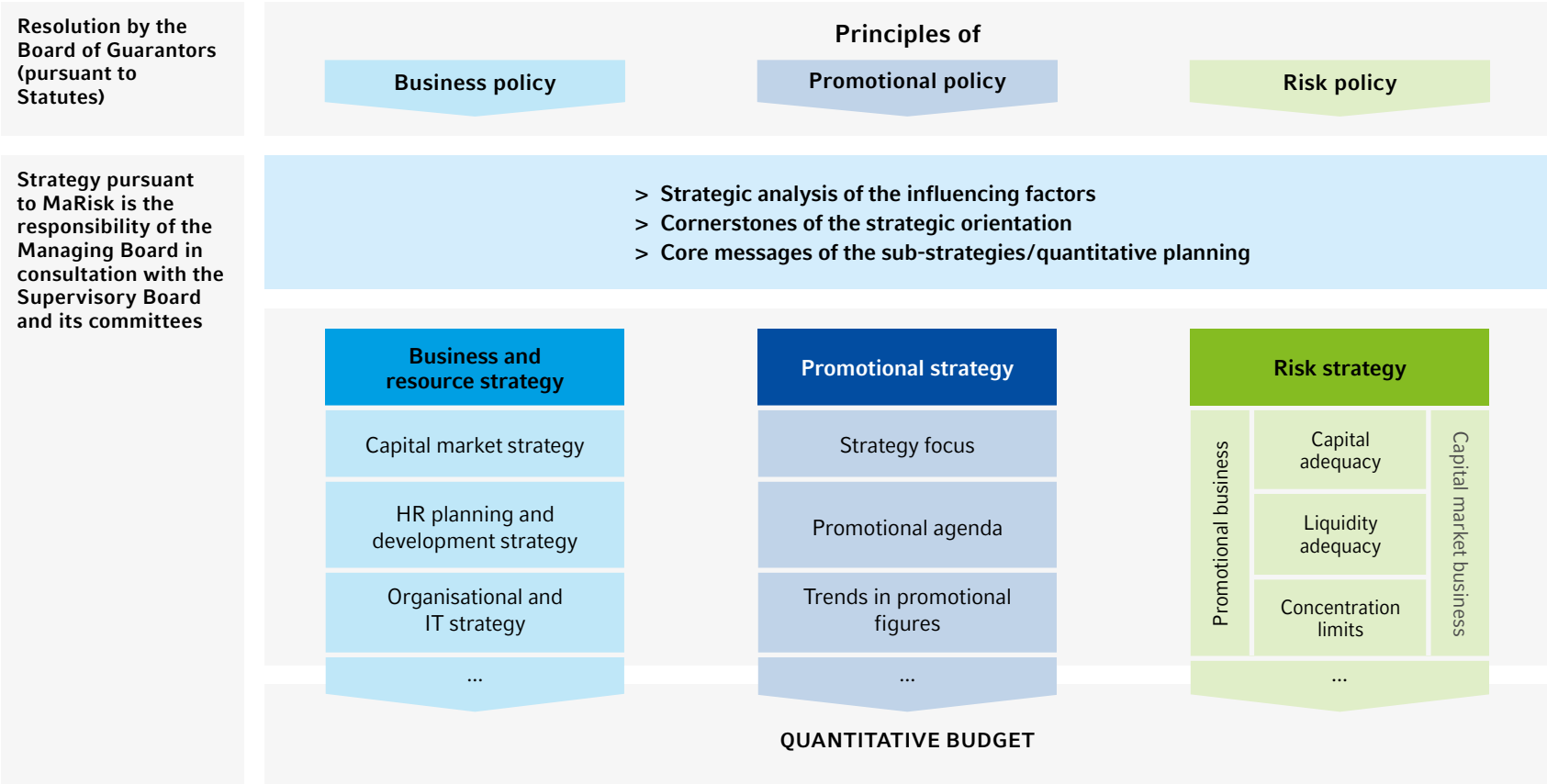
participant. NRW.BANK generates its own income within the parameters of its conservative investment strategy. This income is used to finance the promotional business, to secure the viability of the Bank, also with regard to the creation of its own, non-interest-bearing provisions and reserves, and to finance the banking operations. The use of own resources, e.g. to reduce the interest rates on promotional loans, is a key aspect of NRW.BANK's business model. The promotional instruments used include, in particular, loans with below-market interest rates and/or long-term fixed-interest options, the provision of equity and mezzanine capital, risk sharing with house banks as well as advisory services. Above and beyond the traditional banking business, the Bank also assumes service functions for grant-based promotion as a partner of the federal state. NRW.BANK takes into account the existing offers by the Federal Promotional Institutes in the arrangement of its promotion and supports the use of federal and European promotional funds in the State of North Rhine-Westphalia.

### **1.2 Objectives and Strategies**

The Bank's overall strategy is composed of the principles adopted by the Board of Guarantors according to the Statutes and of the strategy defined by the Managing Board pursuant to the Minimum Requirements on Risk Management (MaRisk). It is adopted for a rolling four-year planning period. The principles of the business,

promotional and risk policy define the framework of strategic action. The business, promotional and risk strategy puts the strategic positioning of the Bank which is defined in the principles into more concrete terms and leads to a quantitative budget.

The Managing Board of NRW.BANK liaises closely and constantly with the Bank's executive bodies and ensures the appropriate degree of transparency in implementing and refining its tasks and strategy.



Sustainability is a central guiding principle and a key criterion for NRW.BANK's decisions on business policy. The details are outlined in the Bank's Sustainability Guidelines.

NRW.BANK's Non-financial Report is available at:

<http://www.nrwbank.de/en/press/publications.html>

The Sustainability Report is published in the middle of each year.

The promotional strategy is at the heart of the Bank's overall strategy, which reflects the special importance of the promotional business. The business/resource strategy defines the capital market strategy as well as its sub-strategies, i.e. cash management strategy, funding strategy and investment/trading strategy, as well as resource-related topics such as human resources and IT. The risk strategy addresses the risk-relevant aspects of the strategy and is closely linked with the promotional and business strategies.

The Bank's overall strategy is geared to NRW.BANK's public mission to support the State of North Rhine-Westphalia and its municipal corporations in the fulfilment of their tasks and to serve as the first port of call for the state government with regard to financial and promotional issues. Material business activities as defined in the Minimum Requirements on Risk Management (MaRisk) are the promotional business and the capital market business, which supports the promotional activities ("Förderhilfsgeschäft").

The promotional strategy defines key objectives and priorities for the further development of NRW.BANK's promotional business. It is based on a theme-oriented approach that divides the promotional business into three promotional fields – Economy, Housing as well as Infrastructure/Municipalities. Long-term objectives of the promotional business include, in particular, improving the financing situation for small and medium-sized enterprises, promoting corporate innovation and digitalisation projects, creating affordable housing, promotional stimulation to the benefit of the technical and social infrastructure as well as securing the liquidity of the North Rhine-Westphalian municipalities. In view of the overarching importance of the topic, the promotion of sustainability projects is an objective in all three promotional fields. In procedural terms, NRW.BANK is committed to ensuring the efficiency of its promotional business.

The strategic focus formulated for the first time as part of the promotional strategy for 2023 to 2026 defines the specific content-related and procedural priorities for the further development of the promotional business. In terms of content, the medium-term focus is on supporting transformation projects and modernising the infrastructure in North Rhine-Westphalia. On the one hand, this focus includes a stronger orientation of the promotional offerings towards the thematic complexes of sustainability and digitalisation/innovation; on the other hand, NRW.BANK's contribution to making the infrastructure future-proof and sustainable is to be further increased. In procedural terms, a medium-term focus is placed on the further optimisation of our cooperation with house banks and approval authorities.

### 1.3 Internal Management System

For its internal management, NRW.BANK generally uses controlling concepts and methods which have proven their worth and are commonly used in the banking sector. NRW.BANK's objectives are primarily geared to providing its guarantor, the State of North Rhine-Westphalia, with permanent support in performing its structural and economic tasks.

The preservation of the Bank's net asset value has been designated as a key condition for the Bank's internal management. NRW.BANK defines the net asset value as the equity capital shown in the balance sheet with all its components plus allowance reserves.

The key indicators (financial performance indicators) for internal management purposes are the volume of new commitments in the promotional business and the "Förderleistung" as well as operating income, administrative expenses, the cost-income ratio (CIR) before "Förderleistung", total assets and business volume. The corresponding budget values are regularly subjected to plan/actual comparisons as well as scenario and forecast analyses in order to provide appropriate control stimuli.

The volume of new commitments comprises the commitments for promotional funds made in the current fiscal year. The term "Förderleistung" covers the monetary and non-monetary services provided by NRW.BANK to fulfil its promotional mission and to support the economic and structural policy objectives of its owner. Operating income comprises net interest income and net commission income as well as net income from trading

operations and the other operating result. Administrative expenses comprise personnel expenses as well as operating expenses.

The CIR before "Förderleistung" is the ratio of administrative expenses excluding "Förderleistung" to net interest and commission income before "Förderleistung". The CIR reflects the changes in cost-income ratios and thus serves to measure efficiency. It is adjusted for the "Förderleistung" so as to avoid making incentives that contradict the promotional purpose and to allow comparison with the CIRs of other (promotional) institutions.

The business volume comprises total assets, contingent liabilities, other commitments as well as administered funds.

## 2 Report on Economic Position

### 2.1 Economic Climate

#### 2.1.1 The German and North Rhine-Westphalian Economies

Russia's war of aggression against Ukraine and its consequences had a material impact on the German and North Rhine-Westphalian economies in 2022. The conflict led to a massive increase in uncertainty. After the beginning of the war, Russia successively reduced and ultimately halted its gas supplies, leading to an energy price shock and acute concerns about supply security. As a result, the growth in Germany's gross domestic product (GDP), at 1.8%, remained clearly below the positive expectations of the beginning of the year (+4%).

Economic activity was supported primarily by private consumer spending, which benefited from the subsiding economic effects of the Covid-19 pandemic and the fact that nearly all pandemic-related safeguards were lifted. While the war-induced pick-up in inflation increasingly ate into private households' purchasing power, their wish to catch up in terms of consumption and the reduction of the savings ratio, which had risen sharply during the pandemic, supported private consumption. The latter related primarily to hospitality services, recreational activities and tourism. By contrast, the consumption of goods declined, with consumers increasingly reducing their spending on food.

The labour market remained robust despite the economic slow-down. Short-time work played only a minor role. The jobless rate dropped to an annual average of 5.3% (2021: 5.7%), with the decline mostly due to the positive trend in the first half of the year. As of mid-2022, it was mainly the statistical registration of Ukrainian refugees which led to an increase in the number of unemployed, although a small number of the refugees was able to find a job subject to social insurance contribution in the course of the year. The average annual number of people in employment increased by 589,000 compared to the previous year (+1.3%). This means that some 45.6 million people were employed in Germany – the highest number since German reunification in 1990.

In the industrial sector, the war against Ukraine and China's strict zero-Covid policy led to further supply shortages. During the summer months, supply was temporarily additionally disrupted by low water levels in the Rhine, which adversely affected the supply of energy commodities and petroleum products.

Industrial enterprises – especially the energy-intensive sectors – were additionally affected by the sharp increase in electricity and natural gas prices. To cut costs, many companies tried to reduce their consumption of gas. This was done, on the one hand, by substituting other energy sources for gas and, on the other hand, by materially curbing production.

The ongoing war in Ukraine and the sharp increase in prices hit North Rhine Westphalia harder than many other federal states, as NRW's economic structure is characterised by many energy-intensive primary industries. These include, in particular, the metal and chemical industry, whose players came under substantial pressure, partly incurred losses or even had to shut down all or part of their production.

Corporate spending on machinery and equipment as well as vehicles increased in 2022 compared to the previous year in spite of the consequences of the war. Car registration figures in particular had a positive influence in the second half of the year. Spending on plant and equipment was thus a driver of economic growth, besides private consumer spending.

Following a strong start to the year, the construction industry suffered a severe setback across all sectors. The general conditions deteriorated massively in the course of the year. On the supply side, the severe shortage of skilled labour was one of the main adverse factors, leading to longer production times and making it difficult for many construction firms to fulfil their orders on time. Construction spending was additionally affected by high material prices and poorer financing conditions.



Due to the sharp rise in long-term mortgage interest rates and the decline in private households' real incomes, housing construction was hit hardest by the downturn, with incoming orders on the decline already since April. The combination of the clearly less favourable financing conditions and the high construction prices was one of the main reasons of the high cancellation rates in the housing construction sector.

Public finance was strongly affected by the energy crisis. The government supported the corporate sector and private households considerably with transfers and such (e.g. "petrol price cap" and "9-euro ticket" in the summer). The federal government put together a total of three broad-based relief packages worth over 95 billion euros to cushion the increased energy prices and to strengthen incomes. While the first relief package mainly included tax relief measures such as an adjustment of the basic tax-free allowance, the second package comprised direct transfers and one-time payments. The most comprehensive tax relief was introduced with the third relief package in the form of the Inflation Compensation Act (Inflationsausgleichsgesetz).

With an additional economic shield, the federal government made available funds of up to 200 billion euros via the reactivation and realignment of the Economic Stabilisation Fund (ESF). The realignment of the Fund, which had originally been set up to counter the consequences of the Covid-19 pandemic, is intended to finance the measures initiated to manage the energy crisis until and including 2024. The first funds were used to finance the advance gas payments for the month of December as well as support for companies particularly affected by the energy crisis. In 2023, large-scale subsidies for gas, electricity and district

heat will be paid ('price brakes'). Payments made to support gas trading companies were also financially significant. By contrast, the discontinuation of aid measures related to the pandemic had a relieving effect.

With the outbreak of the war in Ukraine, inflation accelerated further. At the turn of the year 2021/22, the month-on-month rate of inflation already stood at approx. 5% due to pandemic-related extraordinary effects. In early March, the inflation rate passed the 7% mark, reaching the highest level since the two oil crises in the 1970s and 1980s. This was mainly due to broad-based surges in the prices of energy. Since late August, the situation has been aggravated by Russia's gas supply freeze, which sent prices rising to new highs. While wholesale energy prices dropped noticeably at the end of the year due to the mild weather, they remained at a much higher level than before the outbreak of the war.

At 10%, the rate of inflation reached double digits for the first time in 70 years in September, with the highest level to date marked in October, at 10.4%. While food prices were the main drivers besides energy costs, prices in most other commodity groups also picked up increasingly sharply. Towards the end of the year, inflation lost some momentum at a high level, with the rate dropping to 8.6% in December. The one-time payment of the monthly gas and heat bill for December by the federal government had a particularly dampening effect on prices. The average annual rate of inflation stood at a record 7.9%. The highest full-year inflation rate was recorded in the pre-unification Federal Republic at 7.6% in 1951.

### 2.1.2 Financial Markets

The war in Ukraine severely affected the financial markets in 2022. It clearly weighed on the valuation of capital investments and assets, with risk premiums picking up. This also affected European government securities, including German ones. Although Bund securities are usually sought after as a safe haven during times of crisis, the yield on 10-year Bunds has increased considerably since the outbreak of the war. Subject to high volatility, it rose from slightly negative territory to a good 2.5% at the end of the year. The atypical rise in yields on German government securities is primarily attributable to the extremely strong acceleration in inflation. Inflation in the euro area had moved well away from the target of the European Central Bank (ECB) already at the beginning of the year.

In response to the strong upward trend in inflation, the ECB tightened its monetary policy. A first increase in interest rates by 0.5 percentage points in July was accompanied in the middle of the year by the end of the net purchase of government bonds in the context of the "Asset Purchase Programme" (APP), i.e. only the securities that became due were replaced, but no further purchases were made. Already in March, the ECB refrained from net asset purchases in the context of the "Pandemic Emergency Purchase Programme (PEPP), another extraordinary purchase programme.

Further major steps by the ECB followed in the second half of the year. In view of an almost double-digit inflation rate in the euro area, the central bank increased interest rates by a further two percentage points to 2.5% by the end of the year. In October, the

ECB's Governing Council additionally decided to make the terms of the third series of targeted longer-term refinancing operations (TLTRO III) less attractive.

The end of the low-interest phase, which had lasted for several years, means that the financial market environment has changed fundamentally within a relatively short period of time. In the fourth quarter, the yield structure inverted, which means that short-term Bund yields were higher than their long-term counterparts. An inverted yield curve is usually considered an early indicator of a recession.

### 2.2 Course of Business

The economic and geopolitical conditions made the past fiscal year a challenging one for NRW.BANK.

In the promotional business, the volume of new commitments, at € 13.6 billion (2021: € 12.0 billion), clearly exceeded expectations due to high demand. The increase is primarily attributable to the financing of infrastructure projects. Under difficult general conditions, demand for the public housing promotion programmes under the Law on the Promotion and Use of Housing for the State of North Rhine-Westphalia (WFNG NRW) was also clearly higher than in the previous year, at € 1.1 billion (2021: € 957 million).

As had been planned, NRW.BANK used a much higher amount of "Förderleistung" in 2022 than in the previous year (€ 129.6 million compared to € 83.8 million in 2021). On the one hand, demand for low-interest promotional loans increased, especially to finance energy-efficient buildings, commercial innovation and digitalisa-

tion projects as well as infrastructure measures. On the other hand, the sharp rise in the Bank's refinancing costs made it more expensive to offer long provision commission-free periods for its promotional loans, which is also reflected in the increased "Förderleistung".

In the first half of the year, the economic environment and exceptional factors initially benefited the promotional business, as the incipient economic recovery following the end of the Covid-19 pandemic supported demand for commercial investment loans and the rise in general interest rates made many promotional offerings more attractive. This allowed intended promotional impulses to be passed on to a greater extent than before. Extraordinary effects came from the federal government's subsidisation of efficient buildings. Legislative changes led to a strong increase in demand for housing-related offerings both in the on-lending business and in the NBW.BANK programmes that are based on federal promotional programmes.

Russia's war of aggression against Ukraine and its effects on the recipients of promotional funds made it necessary to quickly launch tailor-made support offerings. Thus, NRW.BANK introduced new promotional offerings to assist municipalities in providing accommodation for refugees and to help enterprises to switch from natural gas to renewable energy. In addition, a separate offering for the financial stabilisation of municipal utilities was launched.

Moreover, the Bank supported university hospitals in optimising their existing financing structures. At the same time, the pro-

motional offerings aimed at managing the consequences of the heavy rainfalls in summer of 2021 were continued, as were the service functions within the framework of the reconstruction fund.

NRW.BANK generated positive operating income before risk provisions/revaluation adjustments in the fiscal year 2022 and was able to further strengthen the allowance reserves for general banking risks. The Bank's net assets, financial position and results of operations are sound. From the point of view of the Bank, the business trend in 2022 was positive on balance.

At € 159.9 billion (2021: € 153.1 billion) and € 183.2 billion (2021: € 176.1 billion), respectively, both total assets and the business volume were slightly above plan due to higher liquidity reserves.

Contrary to what had been expected, operating income, at € 633.4 million (2021: € 533.0 million), was much higher than in the previous year. This was mainly due to a much better result from the valuation of the personnel obligations, as the discount rate declined less strongly than expected due to the current interest rate trend. The increase was also attributable to favourable refinancing conditions. The fact that a greater share of the "Förderleistung" could be used against the background of rising interest rates had the opposite effect.

At € -299.4 million (2021: € -273.0 million), administrative expenses were slightly higher than in the previous year, as had been expected.

The cost-income ratio before “Förderleistung” stood at 36.6% (2021: 35.2%). This was below plan due to the higher-than-expected increase in income.

The result of operations by segments breaks down as follows:

Result of Operations	Programme-based Promotion		Other Promotion/ Liquidity Management		Staff/Services		NRW.BANK	
	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Net interest income	147.3	202.3	456.5	412.7	54.8	53.9	658.6	668.9
Net commission income	27.5	29.8	59.0	55.1	-4.2	-3.6	82.3	81.3
Net result from trading operations	0.0	0.0	0.4	0.9	0.0	0.0	0.4	0.9
Other operating result	0.4	4.6	0.0	0.7	-108.3	-223.4	-107.9	-218.1
<b>Operating income</b>	<b>175.2</b>	<b>236.7</b>	<b>515.9</b>	<b>469.4</b>	<b>-57.7</b>	<b>-173.1</b>	<b>633.4</b>	<b>533.0</b>
Personnel expenses	-48.0	-46.8	-7.9	-7.6	-129.5	-101.1	-185.4	-155.5
Operating expenditure	-54.2	-52.4	-33.4	-30.9	-26.4	-34.2	-114.0	-117.5
<b>Administrative expenses</b>	<b>-102.2</b>	<b>-99.2</b>	<b>-41.3</b>	<b>-38.5</b>	<b>-155.9</b>	<b>-135.3</b>	<b>-299.4</b>	<b>-273.0</b>
<b>Operating result before risk provisions/revaluation adjustments</b>	<b>73.0</b>	<b>137.5</b>	<b>474.6</b>	<b>430.9</b>	<b>-213.6</b>	<b>-308.4</b>	<b>334.0</b>	<b>260.0</b>
Risk provisions/revaluation adjustments	11.2	17.1	-79.0	-78.0	-249.1	-176.4	-316.9	-237.3
thereof: allocation to fund for general banking risks	-30.0	-30.0	0.0	0.0	-70.0	0.0	-100.0	-30.0
Taxes on income and revenues	-0.5	-1.3	-2.0	-3.8	-9.1	-12.1	-11.6	-17.2
<b>Net income/loss for the year</b>	<b>83.7</b>	<b>153.3</b>	<b>393.6</b>	<b>349.1</b>	<b>-471.8</b>	<b>-496.9</b>	<b>5.5</b>	<b>5.5</b>
Number of employees*	589	579	57	57	892	864	1,538	1,500

\* Excl. Managing Board, trainees, apprentices, interns and employees on parental leave and similar leave.

The segment report provides further insight into management control and is derived from the internal management information system. The segmentation is based on the Bank's organisational structure.

The Programme-based Promotion segment comprises the business units Housing Promotion, Promotion Programmes, Special Finance, Equity Finance as well as Promotion Programme Advisory Services & Customer Service.

The Other Promotion/Liquidity Management segment includes the capital market business, which supports the promotional activities ("Förderhilfsgeschäft"), as well as Municipal Direct Financing in North Rhine-Westphalia.

The Staff/Services segment comprises the Service and Staff business units such as Information Technology and Services, Risk Control, Finance as well as Corporate Development including the participations in the public interest.

## **2.3 Net Assets, Financial Position and Results of Operations**

### **2.3.1 Results of Operations**

#### **Net Interest Income**

At € 658.6 million, NRW.BANK's net interest income was slightly lower than in the previous year (2021: € 668.9 million). Increased net interest income from capital market transactions were offset by lower net interest income in the promotional business units, which was influenced by a higher "Förderleistung" used.

#### **Net Commission Income**

A major contribution to net commission income of € 82.3 million (2021: € 81.3 million) was made by income from surrogate loan transactions. In these transactions, NRW.BANK acts as hedge provider (seller).

#### **Net Income from Trading Operations**

NRW.BANK's trading book contains short-term trading transactions with interest rate products. In the fiscal year 2022, this resulted in net income from trading operations of € 0.4 million (2021: € 0.9 million).

#### **Other Operating Result**

The other operating result amounted to € -107.9 million (2021: € -218.1 million). Due to the interest rate trend in the fiscal year, interest-related expenses from the valuation of personnel obligations declined to a total of € -85.1 million (2021: € -227.2 million). By contrast, non-interest expenses for provisions for pensions and additional benefits for employees and pensioners of Portigon AG who are entitled to a pension under the laws relating to civil servants were much higher, at € -35.9 million, than in the previous year (2021: € -0.8 million). Compared to the previous year, the result was primarily influenced by higher salary and pension trend parameters, the expiry of the cost containment allowance for additional benefits as well as higher expenses for additional benefits resulting from catch-up effects.

#### **Administrative expenses**

At € -299.4 million (2021: € -273.0 million), NRW.BANK's administrative expenses were higher than in the previous year.

Personnel expenses increased to € –185.4 million (2021: € –155.5 million) mainly due to higher pension expenses. Non-interest expenses for provisions for pensions and additional benefits rose to € –43.1 million (2021: € –17.4 million). This is essentially due to higher salary and pension trend parameters, the expiry of the cost containment allowance for additional benefits as well as higher expenses for additional benefits resulting from catch-up effects. In addition, personnel expenses increased by a planned total of € 4.2 million due to collective and individually agreed salary rises as well as a moderate expansion of the workforce, especially in conjunction with new promotional business tasks.

Operating expenses declined primarily because of lower consulting expenses and stood at € –114.0 million (2021: € –117.5 million).

#### **Risk Provisions/Revaluation Adjustments**

Risk provisions/revaluation adjustments amounted to € –316.9 million in the fiscal year 2022 (2021: € –237.3 million).

The risk provisions in the lending business of € –5.7 million (2021: €37.8 million) were mainly influenced by value adjustments in the promotional business, which were offset by the release of general value adjustments resulting from the valuation on the reporting date in accordance with IDW RS BFA 7. Moreover, NRW.BANK recognised an additional general value adjustment of € 45.0 million (“Post Model Adjustment”) to account for the uncertainties in connection with the energy price trend, which have not yet been taken into account in the statistical

valuation parameters. By contrast, the general value adjustment established in the previous years because of the pandemic-related extraordinary conditions was reversed.

The result in the equity investment business amounted to € 50.8 million (2021: € 153.3 million) and mainly included income contributions from the sale of promotional investments. In the previous year, the result was influenced by the proceeds from the sale of the investment in Westdeutsche Spielbanken GmbH in the amount of € 141.8 million.

A net result of € –66.3 million (2021: € –18.2 million) related to the results of sales and revaluations in the securities and derivatives business.

As in the previous years, NRW.BANK used its operating result to allocate an amount of € 295.7 million (2021: € 410.2 million) to allowance reserves. This included € 100.0 million (2021: € 30.0 million) for the fund for general banking risks.

#### **Net income**

NRW.BANK posted net income of € 5.5 million (2021: € 5.5 million) in the fiscal year 2022. As in the previous years, net income is exactly identical with the federal interest expenses pursuant to Section 14 of the Act on NRW.BANK.

#### **Segment Results**

Net interest income in the Programme-based Promotion segment comprises the results of the promotional business units and amounted to € 147.3 million (2021: € 202.3 million).

As in the previous year, the Housing Promotion business unit again accounted for the biggest portion of net interest income, at € 149.3 million (2021: € 158.4 million). The decline is mainly the result of a change in the calculation of the contribution to administrative expenses, which has improved the lending terms for the borrowers.

In the Promotion Programmes, the “Förderleistung” used in the form of interest subsidies and commitment privileges was more than doubled compared to the previous year.

Net interest income in the Equity Finance and Special Finance unit picked up slightly.

At € 27.5 million, net commission income was below the previous year’s level (2021: € 29.8 million).

The segment’s risk provisions/revaluation adjustments amounted to € 11.2 million (2021: € 17.1 million).

The risk provisions in the lending business of € 2.7 million (2021: € 43.9 million) were mainly influenced by value adjustments in the promotional business, which were offset by the release of general value adjustments resulting from the valuation on the reporting date in accordance with IDW RS BFA 7. The prior year reversal was much higher.

The risk result in the equity investment and securities business amounted to € 46.6 million (2021: € 25.8 million) and was again mainly influenced by income contributions from the disposal of promotional investments.

In 2022, NRW.BANK allocated a total amount of € 38.1 million (2021: € 52.6 million) to allowance reserves for the promotional business units.

At € 456.5 million, net interest income in the Other Promotion/ Liquidity Management segment exceeded the previous year’s € 412.7 million. The increase was mainly attributable to income contributions from the Bank’s liquidity management, especially from the Bank’s participation in the ECB’s Targeted Longer-Term Refinancing Operations (TLTRO III).

Net commission income amounted to € 59.0 million (2021: € 55.1 million) and essentially included the result from the surrogate loan business, which was slightly higher due to wider spreads.

The segment’s risk provisions/revaluation adjustments amounted to € –79.0 million (2021: € –78.0 million).

The withdrawal and the termination of own issues resulted in net losses of € –79.6 million (2021: € –49.2 million). The voluntary repurchase of own issues is exclusively made at the request of the investor. Reasons for investors to return the securities include, for instance, the desire to change their maturity profiles and nominal interest rates as well as to optimise existing lines. In the long term, this will improve NRW.BANK’s funding base and strengthen its profitability, as the Bank may make new issues at current conditions.

By contrast, the management of the overall portfolio resulted in net gains from securities and (hedging) derivatives in the amount of € 21.8 million (2021: € 17.2 million).

Due to the application of the strict lower of cost or market principle for securities held in the liquidity reserve, market fluctuations resulted in revaluation adjustments of € –2.2 million (2021: € 0.0 million).

In the lending business, a result of € 11.6 million (2021: € –6.1 million) arose from the reversal of general value adjustments resulting from the valuation on the reporting date in accordance with IDW RS BFA 7.

For the Other Promotion/Liquidity Management segment, NRW.BANK allocated € –30.6 million to the allowance reserves (2021: € –39.9 million).

Net interest income in the Staff/Services segment amounted to € 54.8 million (2021: € 53.9 million) and mainly included earnings contributions from participations held in the public interest and from the investment of personnel provisions.

The burden arising from the other operating result in the amount of € –108.3 million was much lower than in the previous year

(2021: € –223.4 million) and was mainly attributable to expenses in conjunction with the valuation of provisions for pensions and additional benefits.

Risk provisions/revaluation adjustments in the Staff/Services segment in the amount of € –249.1 million (2021: € –176.4 million) was attributable to allocations to the allowance reserves for general banking risks and the special allocations to the general value adjustments made with a view to the energy crisis.

### 2.3.2 Financial Position

Being the state's promotional bank and benefiting from institutional liability, guarantor liability and an explicit funding guarantee from its guarantor, NRW.BANK shares the same excellent rating with the State of North Rhine-Westphalia.

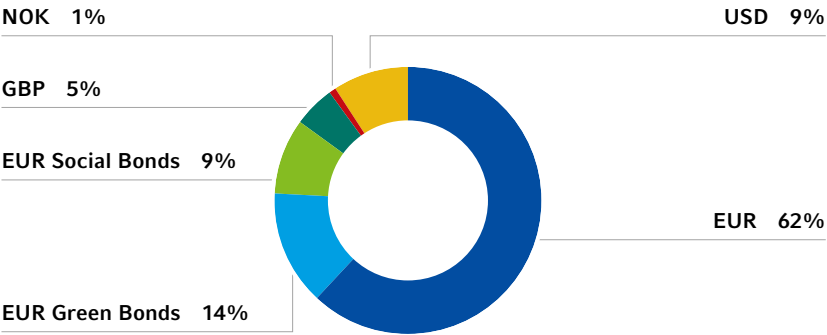
Like every year, rating agencies Fitch Ratings, Moody's and Standard & Poor's reviewed NRW.BANK's creditworthiness and reconfirmed the Bank's good ratings.

#### List of current ratings

	Fitch Ratings	Moody's	Standard & Poor's
Long-term rating	AAA	Aa1	AA
Short-term rating	F1+	P-1	A-1+
Outlook	stable	stable	stable



The Other Promotion/Liquidity Management segment is responsible for the funding of NRW.BANK. In its capacity as a state-guaranteed promotional bank, NRW.BANK issued instruments – after repurchases – in the amount of € 9.7 billion (2021: € 11.6 billion). As shown in the chart, the funding instruments were placed with investors in different currencies. Accounting for 85% and 9%, respectively, the euro and the US dollar were the dominating currencies. Green bonds and social bonds accounted for 23% (2021: 25%) of NRW.BANK’s funding mix.



The funding transactions with domestic investors are dominated by bearer bonds, note loans and registered bonds. NRW.BANK also used its international funding programmes for its funding operations. These programmes essentially include the Debt Issuance Programme and the Australian and New Zealand Medium Term Note Programme (Kangaroo/Kauri Programme) for medium-term to long-term maturities as well as the Global Commercial Paper (GCP) Programme for maturities of up to twelve months. Other sources of refinancing were the ECB’s TLTRO III as well as programme-linked funds from KfW Bankengruppe and Landwirtschaftliche Rentenbank for the on-lending business.

**2.3.3 Net Assets**

As of December 31, 2022, NRW.BANK’s total assets amounted to € 159.9 billion (Dec. 31, 2021: € 153.1 billion).

## Assets

	Dec. 31, 2022 € billions	Dec. 31, 2021 € billions
Cash	0.2	4.1
Receivables from banks	56.2	46.3
Receivables from customers	58.6	57.9
Bonds and other interest-bearing securities	38.8	38.1
Equity investments in non-affiliated and affiliated companies	2.5	2.4
Other assets	3.6	4.3
<b>Total assets</b>	<b>159.9</b>	<b>153.1</b>

Receivables from banks increased to € 56.2 billion (2021: € 46.3 billion), mainly due to higher liquidity reserves. The increase primarily related to a deposit facility with Deutsche Bundesbank in the amount of € 7.2 billion, as the Bank took advantage of conditions on the money and capital markets to shift funds from the credit account with Deutsche Bundesbank (balance sheet item "Cash") to the deposit facility. The portfolio of promotional loans granted under the house bank principle stood at € 36.0 billion (2021: € 35.1 billion). Under the house bank principle, applications for promotion are submitted to the respective house banks, which pass them on to NRW.BANK. NRW.BANK subsequently makes the funds available through the house bank. The portfolio of registered instruments and note loans amounted to € 8.1 billion (2021: € 6.8 billion).

Totalling € 58.6 billion, receivables from customers remained at the previous year's level (2021: € 57.9 billion). On the one hand, the portfolio of promotional loans in the Housing Promotion unit increased to € 14.0 billion (2021: € 13.8 billion). On the other hand, the portfolio of registered instruments and note loans in the securities business declined to € 18.1 billion (2021: € 18.4 billion). Moreover, time deposits decreased to € 5.5 billion (2021: € 6.0 billion).

At € 38.8 billion (2021: € 38.1 billion), bonds and other interest-bearing securities remained largely unchanged.

The book values of NRW.BANK's equity investments and equity investments in affiliated companies stood at € 2.5 billion (2021: € 2.4 billion).

## Liabilities

	Dec. 31, 2022 € billions	Dec. 31, 2021 € billions
Liabilities to banks	39.9	40.0
Liabilities to customers	10.0	11.0
Certificated liabilities	81.7	74.1
Provisions	3.4	3.3
Subordinated liabilities	1.4	1.5
Fund for general banking risks	1.1	1.0
Equity capital	18.0	18.0
Other liabilities	4.4	4.2
<b>Total liabilities</b>	<b>159.9</b>	<b>153.1</b>
Contingent liabilities	14.9	15.0
Other commitments	8.4	8.0
<b>Business volume</b>	<b>183.2</b>	<b>176.1</b>

Liabilities to banks remained almost unchanged at € 39.9 billion (2021: € 40.0 billion). Promotional loans, which are mostly paid out on the assets side according to the house bank principle and funded through KfW Bankengruppe or Landwirtschaftliche Rentenbank, accounted for € 22.6 billion (2021: € 23.1 billion). This balance sheet item also comprises global loans in the amount of € 2.0 billion (2021: € 4.7 billion), mostly of KfW Bankengruppe as well as of the European Investment Bank (EIB), the Council of Europe Development Bank (CEB) and Landwirtschaftliche Rentenbank, for general refinancing.

Liabilities to customers decreased slightly to € 10.0 billion (2021: € 11.0 billion). This item primarily comprises registered instruments, which declined to € 9.2 billion (2021: € 10.4 billion).

At € 81.7 billion, the certificated liabilities item was above the previous year's level (2021: € 74.1 billion).

Equity capital as defined in the German Commercial Code (HGB) remained unchanged at € 18.0 billion.

The regulatory capital requirements were complied with at all times in the fiscal year 2022. At 44.0% (2021: 44.4%), the CET1 capital ratio reflects NRW.BANK's high capitalisation, which mainly serves to fund the promotional loans and is therefore necessary for the promotional business. For more information on the regulatory performance indicators, see Chapter 5.4.1 of the Risk and Opportunity Report.

### 3 Report on Post-Balance Sheet Date Events

No events of special importance occurred after the end of the fiscal year.

### 4 Report on Expected Developments

#### 4.1 General Information

This Report on Expected Developments contains forward-looking statements relating to the overall economic environment as well as to NRW.BANK's business, net assets, financial position and result of operations for the next fiscal year. Such statements are based on expectations and assumptions derived from information available at the time of preparation. As such they involve risks and uncertainties beyond the control of NRW.BANK including, in particular, the development of the general economic environment and the situation in the financial markets. This means that the actual events occurring in the future may deviate from these statements, expectations and assumptions.

### 4.2 Development of the Economic Environment

#### 4.2.1 The German and North Rhine-Westphalian Economies

Economic developments continue to be determined by many risks such as the ongoing war in Europe and the highest price and cost increases in decades. Accordingly, the associated burdens are likely to persist, especially in the first months of the year. Thanks to the decline in energy prices, the outlook for the German economy has nevertheless brightened somewhat, even though prices remain at a high level. While the German economy is therefore likely to contract in the current winter half-year, it will presumably not slump as heavily as feared before. On balance, GDP is expected to decline by only about 0.5% in 2023. In North Rhine-Westphalia, however, there is a risk that the anticipated economic slowdown will be more pronounced due to the great importance of energy-intensive industries.

Industrial value added is likely to stagnate in the winter half-year, as energy-intensive enterprises will probably continue to be forced to scale back production, as the increased costs cannot simply be passed on to customers. On the other hand, the catch-up effects, e.g. in vehicle construction, are likely to subside. The industrial sector nevertheless benefits from an unusually high order backlog, which alone will secure production for a good seven months. These orders can now be fulfilled, as the delays in international overseas container shipping are easing gradually

and the material shortages should disappear successively. With international demand recovering in the further course of the year, value creation should increase more strongly.

In view of the high uncertainty, however, enterprises are likely to postpone or even cancel their investment projects entirely. Increased financing costs represent an additional burden. Against this background, commercial spending is likely to decline noticeably in the current winter half-year. With uncertainty gradually subsiding and foreign demand picking up, however, investment activity is expected to recover again as of mid-year. The need to transform the German economy towards lower-emission production methods should additionally support investment activity. This trend could even be accelerated by the high energy costs. Moreover, it is safe to assume that increased defence spending will clearly increase the growth of government spending on plant and equipment.

Housing construction spending is unlikely to increase for the time being, as the expectations of housing developers are stagnating at a historic low. It is true that demand for housing remains high, not least due to the influx of refugees. Moreover, the housing stock needs to be adapted to the changing conditions, especially with regard to the heat supply. Also, residential buildings are an important factor on the way to the climate neutrality target, as the annual greenhouse gas savings in the building sector need to be doubled to reach the sector target for 2030. All this notwith-

standing, declining real incomes, rising lending standards and high construction prices are likely to put a noticeable damper on housing construction spending in the foreseeable future. In addition, the still prevailing shortage of materials and skilled labour is likely to have a dampening effect.

Persistently high inflation should have an increasingly negative effect on private consumer spending. It is safe to assume that private households' disposable real incomes will shrink even further. In particular, private households will increasingly feel the rising gas and electricity prices. As a result, consumer demand is likely to decline. It is expected, however, that the drop in private consumption will at least partly be cushioned by a declining household savings ratio as well as the government relief measures (price brakes). In the second half of the year, a decline in the rate of inflation and noticeable pay rises should have a stabilising effect on consumption.

The labour market is expected to remain robust in spite of the economic slowdown. Due to the shortage of (skilled) labour, the economic slowdown in the winter half-year is unlikely to lead to a particularly strong increase in unemployment, all the less so as companies will strive to retain their staff to the extent possible. In view of the economic uncertainties, however, companies are less willing to hire new staff, and the number of people working short-time may rise sharply in the coming months, especially in the energy-intensive sectors.

Government spending is likely to increase moderately in 2023, although Covid-related expenses, especially aid for the corporate sector, will mostly not recur. Compared to the pre-Covid years, however, government aid payments will probably remain at a high level, as the federal government is responding to the rising energy prices with transfer payments. The North Rhine-Westphalian government, too, will offer what is called “Härtefallhilfe KMU” (SME hardship aid) via a portal of NRW.BANK starting mid-February in order to help small and medium-sized enterprises that are hit particularly hard by the energy crisis.

Inflation is likely to decline only slightly in 2023. While the rate of inflation is likely to decrease in the course of the year as base effects from the previous year will reduce the contributions made by energy and food price inflation and the energy price brakes will dampen the increase, this decrease in the rate of inflation will initially be only gradual, as the price surges for goods at the beginning of the value chain, such as energy in particular, will continue to spill over to the downstream production stages. Wages and service prices, which are likely to increase more strongly due to the shortage of skilled labour, will also keep up the pressure on the rate of inflation. In view of such second-round effects, the average annual rate of inflation could reach around 7%.

The outlook for the German economy, but also for the North Rhine-Westphalian economy, remains subject to unusually high

uncertainties. The risks for unfavourable developments remain high. The war against Ukraine continues to be the most important factor, causing enormous forecast uncertainty. The extent of the economic effects depends on how far the spiral of sanctions and escalation will continue but also on the intensity and the duration of the war. In economic terms, it is particularly relevant whether there will ultimately be a gas shortage and a resulting rationing of energy, especially in the manufacturing sector. While the well-filled gas storage facilities and the considerable savings on the part of industry and private households suggest that such a scenario is highly unlikely, it is generally still possible, especially in the event of an unusually cold winter. Also, some challenges are likely to be encountered when the natural gas storage facilities will have to be refilled for the winter of 2023/24, this time without Russian pipeline gas.

The developments in China are another factor of uncertainty. At the turn of the year, the Chinese government abruptly reversed its strict zero-Covid policy and lifted all restrictions. Thanks to the sudden opening, the country’s economy may begin to recover already in the spring, i.e. earlier than expected. Depending on the further course of the Covid-19 pandemic and potential new mutations of the virus, however, there may be setbacks and, hence, renewed bottlenecks in the international supply chains. The current escalation of the Taiwan crisis also offers potential for negative surprises to the economic performance.

#### 4.2.2 Financial Markets

Uncertainty about future developments in the financial markets is likely to remain high for the foreseeable future. Downside risks, especially corporate and consumer credit risks, result from the increased interest and inflation rates, while a better-than-expected economic trend could brighten the sentiment in the financial markets.

The central bank is likely to continue raising interest rates in the first half of the year. This is suggested by the statements made by the ECB in the context of its monetary policy decisions at the end of 2022. Following the strong increases in 2022, the further interest rate steps in the euro-zone in 2023 are likely to be smaller. This is supported by a very likely slight decline in the rate of inflation and an economic slowdown in the first months of 2023. In this case, the upside potential of the ten-year Bund yield should remain limited at around 2.7%.

If, however, inflation becomes more dynamic in an economically favourable environment, the ECB may increase interest rates more strongly and/or for longer. This alternative scenario would become more likely if a diplomatic solution were to be found for the war against Ukraine and the high number of Covid-19 infections in China were to decline sharply. In this case, the yield on ten-year Bunds could possibly rise to over 4% by the end of the year.

Deviations from the upward trend in Bund yields might be caused by financial market turmoil, which could be triggered by significant loan defaults by German companies and private households. This risk is latent, as debt levels in both groups have picked up in recent years. Nevertheless, a high default rate is unlikely in the short term, as a look at the balance sheet figures of most companies and at the stable labour market suggests that debt sustainability can be taken for granted. But the high energy and commodity prices resulting from the Ukraine war entail new burdens, which are likely to last longer than those of the Covid-19 pandemic. In the short term, the public-sector aid packages should cushion these burdens, though. In the longer term, however, the survival of companies, especially in the energy-intensive industries, could be impaired, leading to an increase in what is currently still a low number of insolvencies.

According to the Bundesbank's Financial Stability Review, vulnerabilities have built up in the euro area over several years which may increase the risks to financial stability in the current environment. This applies in particular to economically weak euro-area member states whose indebtedness has increased noticeably in the past years. Against the background of higher interest rates, there is a risk that government debt can be financed only at much poorer conditions in the future. This risk is not immediately virulent as several member states increased the average remaining maturity of their debt during the low interest

phase, which has reduced their short-term vulnerability to interest rate changes. However, the severe turbulence in British government bonds in September and October 2022 has shown that high debt levels can nevertheless have surprisingly negative effects when doubts about debt sustainability arise.

Germany's relatively low debt level means that the country's risk of getting caught in financial market turmoil is low. However, there could be contagion effects between the economically, politically and financially closely interconnected countries in the euro area if a member were to run into financing difficulties. But the probability of negative effects for Germany does not seem to be very high, as German government securities have always been sought-after in crisis situations.

#### **4.3 Development of the Bank**

NRW.BANK and its well-established promotional portfolio will continue to play a key role in the economic and structural development of North Rhine-Westphalia and effectively combine financial offerings as well as advisory and other services. In this context, the Bank will promptly respond to new funding needs as they arise – e.g. the energy crisis – and continuously optimise its promotional offerings accordingly.

In 2023, the planned further development of the content of the promotional business will again focus on supporting transformation projects. Innovations and business start-ups are the drivers of a prospering economy that constantly reinvents itself. This is

why NRW.BANK has always offered promotional programmes tailored to the specific needs of company founders and innovative enterprises. In 2023, NRW.BANK plans, among other things, to expand its advisory and matching services for innovative start-ups, to relaunch a special promotional offering for innovative companies and to extend its liability releases to start-ups and newly established companies. Moreover, NRW.BANK will continuously check how it can support sustainable projects even more effectively using existing and new promotional products. The Bank's plans for 2023 include, for instance, stepping up the promotional offerings for companies to save carbon emissions or effective support in the creation of climate-friendly housing.

Another focus in 2023 will remain on the modernisation of the infrastructure in North Rhine-Westphalia. In the field of infrastructure promotion, stronger promotional support for green infrastructure and additional promotional offerings for the education sector are some of the items on the agenda. The Bank also plans the restructuring and flexibilisation of the promotional offerings for infrastructure projects of municipal owners.

According to current estimates, the volume of new commitments of the year 2022 will not be reached.

At the bottom line, NRW.BANK expects a positive operating income before risk provisions/revaluation adjustments for the fiscal year 2023. The Bank expects the overall business to continue to perform well.



Against the background of a slightly rising “Förderleistung” and less favourable capital market conditions, the Bank is budgeting noticeably lower operating income for 2023. Moreover, the effects resulting from the ongoing reduction of the average discount rate for personnel provisions are likely to remain an important factor but be more or less at the level of the reporting year.

With regard to administrative expenses, NRW.BANK expects a slight increase in 2023, which will probably be reflected in personnel expenses in the form of collectively and individually agreed salary adjustments as well as a moderate increase in personnel, especially in connection with new tasks in the promotional business, as well as an increase in operating expenses in line with inflation expectations.

The cost-income ratio before “Förderleistung” is likely to remain stable.

Pursuant to Section 14 of the Act on NRW.BANK, only the interest amounts to be paid by the state due to the utilisation of loans from the federal government for the promotion of housing construction and modernisation (subsidies pursuant to Article 104a, Para. 4 of the German Constitution in the version effective until August 31, 2006) which become due in the year following the respective fiscal year must be paid directly to the federal govern-

ment from the net income for the year of NRW.BANK upon request by the state government. The potentially remaining net income for the year will be allocated to the reserves. Further profit distributions are not permitted under NRW.BANK’s Statutes.

NRW.BANK expects total assets and the business volume to remain largely constant.

## 5 Risk and Opportunity Report

NRW.BANK has a comprehensive framework of guidelines, organisational structures and processes to manage the risks to which it is exposed in the context of its business activities. This is to ensure that risks are identified, measured, aggregated and managed and that they are limited with due regard to risk-bearing capacity.

Like all legally independent promotional banks in Germany, NRW.BANK is specifically excluded from the scope of the Capital Requirements Directive (CRD). Pursuant to Section 1a Para. 1 of the German Banking Act (KWG), however, it is still subject to the provisions of the Capital Requirements Regulation (CRR). This means that it is supervised by the Federal Financial Supervisory Authority (BaFin) and Deutsche Bundesbank under national jurisdiction.

### 5.1 Organisation of Risk Management

The Managing Board of NRW.BANK is responsible for the risk management system. This includes, in particular, the proper organisation of risk management, the risk strategy, the risk-bearing capacity concept as well as risk monitoring. In the context of the general reporting process, the Managing Board is regularly informed about the Bank-wide risk situation.

The Managing Board is supervised by the Supervisory Board. The Risk Committee, a committee of the Supervisory Board,

regularly addresses the Bank's risk situation. The committee receives reports on the risk profile for the various risk categories on a quarterly basis minimum.

The Board of Guarantors decides, among other things, on the principles of the business, promotional and risk policies and on the release of liability of the members of the Supervisory Board and the Managing Board.

The Asset Liability Committee (ALCO) is responsible for the Bank's asset/liability management. This includes, in particular, responsibility for the Bank-wide allocation of financial resources to the Bank's operating units as well as Bank-wide risk management. The ALCO's tasks include market risk and liquidity risk management, Bank-wide risk management, profit management as well as balance sheet structure management.

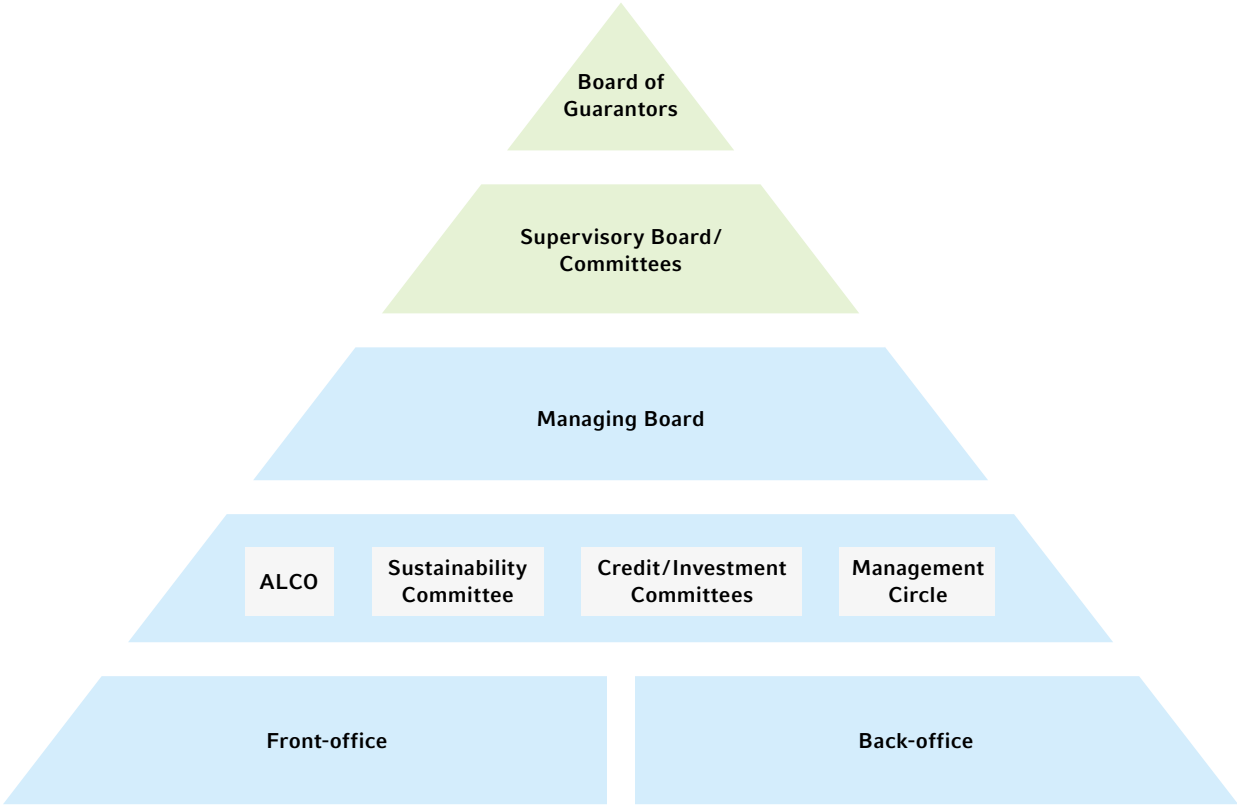
In view of the special importance of the topic of sustainability and the associated growing demands, the Bank also has a Sustainability Committee. It is primarily responsible for NRW.BANK's strategic and overarching business policy decisions with regard to sustainability, taking into account the relevant regulatory changes and market-induced developments.

There is one Credit Committee each for the promotional business and the capital market business as well as a Venture Investment Committee. They prepare credit decisions to be made by the

Managing Board and take their own credit decisions based on predefined levels of competence. In addition, the Credit Committees address issues of a general nature relating to credit risks as well as current macroeconomic, political and regulatory developments and their potential effects on individual exposures.

The management circle, which is composed of the Managing Board and all business unit Heads, addresses issues of strategic relevance. The main focus is on the further development of the Bank's overall strategy and on assessing its consistency with the principles of the business, promotional and risk policies and the

**Organisational Structure of Bank Steering**



overall components of the promotional policy objectives of the federal state.

In accordance with the MaRisk requirements, risk monitoring and risk reporting are managed independently of the front-office business units. While the front-office business units are responsible for managing risks within the defined limits, Risk Control is in charge of risk monitoring, especially compliance with the limits defined by the Managing Board. Functional separation between the business units is ensured up to Board level. This also applies to the separation of functions required in the credit process with regard to the back office areas.

The Bank has exclusively entrusted the Head of Risk Control with the risk control function as defined by the MaRisk. The Head of Risk Control participates in all important management decisions relating to the risk policy, especially through his involvement in the ALCO, the Sustainability Committee and other committees.

The Risk Control business unit performs all tasks of the risk control function. These primarily include the development of the risk strategy, the determination of the risk-bearing capacity (including Bank-wide stress tests), the monitoring of limits, risk reporting, the daily valuation of trades, the management of the rating procedures, responsibility for compliance and money laundering prevention as well as the coordination of the processes for the launch of new products.

The Credit Management business unit is one of the back-office units and is mainly in charge of voting, loan processing and on-going monitoring in the promotional and capital market business as well as the preparation of the watchlist (for high-risk exposures). In addition, the Credit Management business unit is responsible for coordinating the meetings of the Credit Committee.

Acting as an independent body on behalf of the Managing Board, Internal Audit regularly reviews the effectiveness and appropriateness of the risk management structures and processes.

## **5.2 Risk Policy and Strategy**

Being a promotional bank, NRW.BANK has a focused business model in the context of which risks are taken on a limited scale. According to its risk strategy, the promotional business takes precedence over the "Förderhilfsgeschäft" when it comes to the allocation of risk capital. Avoiding defaults takes precedence over profit generation in all of the capital market activities which are undertaken to support the promotional business. New business with a sub-investment grade rating is permitted only in the promotional business.

Along with the promotional and business strategy, the risk strategy is part of NRW.BANK's overall strategy, which is updated annually for a planning period of four years. It builds on the promotional and business strategies and aims to ensure balanced risk management within NRW.BANK. It puts the risk policy

principles adopted by the Board of Guarantors into more concrete terms by way of corresponding limits as part of the operational controlling process. These limits are defined on the basis of the overall risk profile and the existing capital and cash resources and define NRW.BANK's risk appetite.

The Managing Board of NRW.BANK defines the strategy and submits it to the responsible bodies. The Risk Committee consults on the risk strategy, which is finally discussed at the year-end meetings of the Supervisory Board and the Board of Guarantors.

### **5.3 Risk Inventory**

Effective risk management and monitoring hinge on the precise identification and assessment of risks. In the context of Group-wide risk inventory taking, NRW.BANK systematically examines whether the overall risk profile fully reflects all risks which may directly or indirectly influence the net worth, earnings or liquidity position. This is done at a Bank-wide level on an annual basis and whenever required on special occasions. On this basis, risks are classified as material or non-material, respectively.

The material risks identified (including risk concentrations contained therein) are the credit and the market risk as well as the liquidity, operational and pension risk. The three latter risk types rank behind the credit and the market risk, however, as they are less important.

The risk inventory also includes the sustainability risk, which is taken into account as a risk relating to and covering all risk types.

Complemental to the risk inventory, new products to be added to the product portfolio of NRW.BANK are subjected to a cross-divisional process for the introduction of new products to ensure that the risks of new products are identified, measured and limited.

### **5.4 Risk Management**

The overriding objective of risk management is to ensure the Bank's ability to continue as a going concern by means of adequate capital and liquidity. This is assessed in the context of internal processes – the ICAAP (Internal Capital Adequacy Assessment Process) and the ILAAP (Internal Liquidity Adequacy Assessment Process). Here, a distinction is made between a normative and an economic perspective.

In both perspectives, the institutional liability, the guarantor liability and the explicit refinancing guarantee are not regarded as risk-mitigating.

#### **5.4.1 Normative Perspective**

The normative perspective is geared to compliance with all material regulatory requirements. At NRW.BANK, these include the following performance indicators: CET1 ratio, total capital

ratio, leverage ratio, utilisation of the large exposure limit, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). The table below shows the normative perspective at Bank-wide level as of the reporting date:

### Performance Indicators of the Normative Perspective

	Dec. 31, 2022	Dec. 31, 2021
CET1 ratio	44.0%	44.4%
CET1 capital (€ billions)	18.6	18.6
Total amount at risk (€ billions)	42.3	41.9
Total capital ratio	44.2%	44.6%
Own funds (€ billions)	18.7	18.7
Leverage ratio	19.0%	21.0%
Utilisation of large exposure limit	16.0%	14.9%
Liquidity coverage ratio	306%	442%
Net stable funding ratio	120%	131%

NRW.BANK's own funds are made up of CET1 capital and Tier-2 capital, with CET1 capital playing the dominant role.

All performance indicators are determined in accordance with the CRR regulatory requirements, using standard procedures exclusively.

Taking into account the minimum requirements under the CRR, the capital buffer requirements under the KWG and the additional capital requirement (SREP surcharge), the regulatory minimum capital ratios are 9.78% (2021: 9.00%) for the CET1 capital and 15.25% (2021: 12.50%) for the total capital. NRW.BANK's capitalisation clearly exceeds the requirements.

The leverage ratio must not fall below 3%. It should be noted that, by definition, a low ratio implies high leverage. NRW.BANK's leverage ratio exceeds the requirement by far.

The utilisation of the large exposure limit is derived from the maximum risk exposure value of all large exposures in relation to the large exposure limit, with a regulatory requirement (maximum limit) of no more than 100%. Utilisation at NRW.BANK is clearly below the maximum limit.

The regulatory requirement for the liquidity coverage ratio – which is an indicator of short-term liquidity – is at least 100%. For the calculation, net outgoing payments of the next 30 days are set in relation to the regulatory liquidity buffer. NRW.BANK's short-term liquidity position is above this requirement.

The net stable funding ratio is a long-term liquidity ratio which puts the available stable funding in relation to the required stable funding. The minimum ratio is 100%. NRW.BANK's long-term liquidity position is also above this requirement.

The risk strategy defines limits for all performance indicators. In addition, the early warning thresholds (which are defined in consideration of a management buffer) serve to indicate an imminent limit violation at an early stage. The limits and early warning thresholds were complied with at all times during the fiscal year.

In addition to the reporting date analysis, a forward-looking assessment over a period of several years is made. For this purpose, a capital and liquidity plan for four years is prepared – annually as part of the risk strategy – which comprises a base scenario (business planning) and two adverse scenarios. This also takes into account those risks that are not included in the reporting-date analysis. These include risks of the economic perspective, which only become apparent in the normative perspective over time. This may be caused by changes in the income statement (and the resulting own funds) and by changes in the total risk amount.

In addition, capital planning is updated quarterly in the course of the year in a rolling three-year view and a multi-periodic view of liquidity based on the scenarios on which capital planning is based.

The limits of the normative perspective were complied with in all scenarios over the respective period under review both in strategic capital and liquidity planning and in its update in the course of the year.

#### **5.4.2 Economic Perspective**

The economic perspective is an essentially mark-to-market view, which serves to secure economic losses through disposable capital (capital cover). In contrast to the normative perspective,

internal bank procedures are used here. The table below shows the economic perspective at Bank-wide level (ICAAP) as of the reporting date:

### Performance Indicators of the Economic Perspective in € billions

	Dec. 31, 2022	Dec. 31, 2021
Capital cover	17.3	21.6
Capital reserve	1.8	6.1
Bank-wide limit	15.6	15.5
Economic capital	7.8	8.7

The capital cover is derived from commercial law equity, with additional mark-to-market corrections. For instance, hidden charges and reserves, in particular from securities, are deducted if they are negative when balanced. Positive own credit risk effects are not accepted as mitigating factors on the liabilities side. In addition, the expected annual result (viewed on a rolling basis) is deducted if it is negative – a positive result occurring in the course of the year is ignored. These amounts include the allowance reserves including the allocations made in the fiscal year, which

strengthen the capital cover. The decline from the previous year results from changes in market value (especially from promotional loans with below-market interest rates).

The capital cover contrasts with the economic capital. It is determined for all the risks identified as material according to the risk inventory and, additionally, for the business and cost risk. Economic capital is the relevant risk management parameter of NRW.BANK across all risk types and business units. It forms the



basis on which risks are comprised into a Bank-wide figure using a consistent methodology.

NRW.BANK uses a value-at-risk (VaR) concept covering a risk horizon of one year to quantify the individual risks and aggregate them into an overall ratio. A risk horizon of one year is covered here, with a confidence level of 99.9%.

Besides the market risk, the credit risk is one of the key risks at Bank-wide level. It is determined using a credit VaR approach based on the unexpected loss. Expected losses are included as standard risk costs in the expected annual result.

The calculation of economic capital for the market risk is based on a mark-to-market VaR approach. The sensitivities used for the VaR calculation take into account general and specific interest rate risks, currency risks and volatility risks (in particular also the mark-to-market general interest rate risks from housing promotion and the specific interest rate risks in the capital investment business). Market risks that take effect under HGB accounting are largely secured except for dispositive peaks.

The liquidity risk takes into account changes in NRW.BANK's funding spread that are relevant for the HGB income statement, as an increase in funding costs leads to higher expenses. The risk is derived from the change in the funding spread.

The economic capital for the operational risk is calculated from the maximum value of the regulatory basic indicator approach according to the CRR and an internal procedure. The economic capital is calculated at least twice a year.

The pension risk is determined by means of a scenario analysis, which takes into account changes in the statistical assumptions regarding invalidity and mortality which could lead to an increase in pension obligations. It is calculated once a year and then remains unchanged for the entire year. Interest rate risks relating to pension obligations are incorporated into the market risk.

For the business and cost risk, a general risk amount is determined on the basis of a simplified method. The economic capital is derived conservatively by considering negative deviations from the planned result for the year. It is calculated once a year and then remains unchanged for the entire year.

More detailed information on the individual risk types and the methods used for their calculation under the economic perspective is provided on the following pages of the Risk and Opportunity Report.

Bank-wide economic capital is determined by way of an addition of the economic capital of the risk types without taking diversification effects into account.

The limit for the Bank-wide economic capital is defined as a partial amount of the capital cover that corresponds to the Bank's risk appetite as derived from planning. The remaining free portion of the capital cover represents a capital reserve outside the Bank-wide limit, which is subject to fluctuations depending on the capital cover.

The Bank-wide limit is allocated to the main risk types and business units as part of the annual strategy process. This ensures that sufficient capital cover is available, especially for the implementation of the planned promotional targets, while limiting risks at the same time. The utilisation of the limits is determined daily. The limits were met at all times in the fiscal year.

Two early warning thresholds complement the management of risk-bearing capacity. In the event that the economic capital increases compared to the Bank-wide limit, an early warning threshold is considered to have been reached if the limit utilisation is 90% (actual utilisation as of the reporting date: 50%). If the capital reserve reduces compared to the Bank-wide limit, an early warning threshold is considered to have been reached when the capital reserve drops to 10% of the Bank-wide limit (actual level as of the reporting date: 12%).

In addition to capital management, liquidity management (ILAAP) is carried out using the liquidity gap analysis, which covers future cash flows in individual maturity ranges.

In order to minimise the uncertainties resulting from the models of the economic perspective, especially the statistical processes of the value-at-risk approach, NRW.BANK takes various measures to validate the data used as well as the risk results that are determined. In addition, the normative perspective validates the adequate forecasting quality of the capital and liquidity planning process.

#### **5.4.3 Stress Tests**

The risk management concept is supplemented by Bank-wide stress and scenario analyses that take into account the interplay between the normative and economic perspectives. The analyses are carried out quarterly as well as on an ad-hoc basis. The analyses are designed to review the individual risk potential of the Bank with regard to unusual but plausible possible events in order to ensure the adequacy of the capital and liquidity position and thus the continued existence of the Bank even in the event of adverse developments.

An integrated approach is applied, which consistently interlinks the material risks and takes into account the main Bank-specific features, such as the composition of the portfolio and risk concentrations. The stress scenarios examine the combined effects of a deterioration in borrowers' creditworthiness (rating downgrades, increases in probabilities of default and loss given default) and of changes in market data (interest rates, credit spreads and exchange rates). Pension and operational risks are additionally

taken into consideration. At least one historical and three hypothetical scenarios are analysed.

Historical scenarios translate past crises to the current portfolio. NRW.BANK currently uses a scenario that reflects changes in risk parameters during the European government finance crisis of 2011.

Hypothetical scenarios are developed by the Bank on the basis of market analyses and expert estimates. The scenarios analysed include, for instance, an assumed increase in the risk factors relevant to the sovereign portfolio or a severe economic downturn and increase in inflation.

The scenario analyses are complemented by inverse stress tests. Inverse stress tests examine which events could potentially jeopardise the Bank's ability to survive.

The effects of the scenarios are quantified for the indicators of the normative and the economic perspective. According to the definition of the perspectives, changes in risk parameters occur over a three-year scenario horizon in the normative perspective and on an ad-hoc basis in the economic perspective.

In the normative perspective, changes in the capital ratios in all scenarios are essentially due to an increase in the total risk amount as a result of rating downgrades. The impact of simulated

effects on the income statement can be offset by the high allowance reserves, avoiding a reduction in own funds.

Under the economic perspective, credit risks and market risks play an equally important role in the stress tests. Under stress, the capital cover reacts very sensitively to changes in market data.

As part of the ILAAP, the liquidity ratios "LCR" and "NSFR" are included in the stress tests. They vary little in the scenarios as a result of the assumed deterioration in market data and rating downgrades.

Current topics are taken up within the framework of event-related stress tests. In the reporting year, the focus was on Russia's war of aggression against Ukraine, the energy crisis and, again, on climate risks. The potential effects of Russia's war against Ukraine were examined in two stress scenarios. Another event-driven stress test on the gas crisis assumed different rating and LGD deteriorations for energy-intensive enterprises and energy suppliers in three scenarios. In a third stress test, the long-term effects of climate change on NRW.BANK's business model were examined on the basis of three scenarios of the Network for Greening the Financial System (NGFS). The scenarios differed with regard to the measures taken to combat climate change and thus with regard to the intensity of physical and transitory risks up to the year 2050.

On balance, the adverse scenarios analysed do not indicate any additional capital or liquidity requirements.

#### **5.4.4 Capital and Liquidity Adequacy**

In the reporting year, NRW.BANK had sufficient risk-bearing capacity under both the economic and the normative perspective. The limits for risk-bearing capacity agreed between the Managing Board and the Bank's responsible bodies in the context of the strategy process were met. Overall, the Bank's risks are manageable and are within the Bank's defined risk appetite. NRW.BANK's business performance is currently not subject to any special risks. The adverse scenarios analysed do not indicate any additional capital requirements in the future. This means that the risks resulting from the Bank's business model are manageable also over multi-year periods of stress. The capitalisation of NRW.BANK is adequate under both perspectives.

Liquidity limits are met under both the economic and the normative perspective. There are no signs of restrictions even in stress scenarios. On balance, the liquidity risks are manageable.

### **5.5 Credit Risk**

#### **5.5.1 Definition**

The credit risk describes the risk of a counterparty being partly or fully unable to meet their contractual obligations towards NRW.BANK. There is the risk of a loss or reduced profit resulting

from the full or partial default of a counterparty. This comprises the credit risk from loans, issuers and counterparties, risks resulting from equity holdings, migration and concentration risks including the country risk.

NRW.BANK defines the credit risk from loans as the risk of a contractual partner failing to meet its obligations to repay liquid funds (e.g. loans or money market transactions).

The issuer risk describes the risk of payment inability of an issuer (e.g. in the case of securities) or a reference counterparty (e.g. credit derivatives).

Counterparty risk means that the default of a contractual partner under a derivatives contract makes it impossible for the Bank to realise an unrealised gain from pending transactions (i.e. up to contractual maturity) if the market conditions have changed in the meantime or that the Bank will face increased replacement costs.

The risk from equity holdings results from the risk of incurring losses from the provision of equity capital to enterprises. NRW.BANK's equity holdings comprise investments which are primarily held in the public interest and were essentially transferred to the Bank upon its inception as well as investments entered into as part of the Bank's mission as a promotional bank.

The migration risk shows potential value losses resulting from a deterioration in the creditworthiness of a debtor/counterparty. The migration risk partly overlaps with the credit spread risk, which forms part of the market risk.

Concentration risks arise from an uneven distribution of receivables, for example from individual borrowers or in geographical regions. This includes the country risk, in particular. In NRW.BANK's view, a country risk exists where the Bank has an exposure to customers headquartered outside Germany. This definition covers all aspects of the country risk (creditworthiness, transfer and economic risks).

### 5.5.2 Methods

Factors playing a key role in the calculation of the credit risk include the amount of the exposure, the probability of default and the loss given default of each debtor. These parameters form the basis for managing the risk at the level of each individual exposure and at a Bank-wide level.

- The amount of the exposure is the sum total of all relevant amounts that are subject to a risk of default. In the case of loans, this is the remaining capital plus binding payment obligations; in the case of securities, it is the higher of the amortised cost price and the nominal value. Credit equivalents are recognised to calculate counterparty risks from derivatives,

taking netting and collateral pursuant to standardised framework agreements into account. In addition, credit derivatives are recognised at their nominal value; thereby the purchase of protection reduces the exposure of the respective reference counterparty, while the sale of protection increases it. The total exposure (the credit risk-related amount of the exposure) thus differs from the business volume.

- The probability of default is derived from the debtor's internal rating. For this purpose, NRW.BANK uses differentiated risk classification methods. The portfolios of corporates, financials and real estate clients are classified using rating procedures meeting the requirements of the internal rating based (IRB) approach of the CRR. The ratings for exposures to foreign governments are determined on the basis of external agency ratings and structured internal plausibilisation. In view of the joint liability scheme and the fiscal equalisation scheme, uniform ratings are used in particular for savings banks and domestic municipalities, respectively. Simplified internal risk classification methods are used for smaller portfolios. Depending on the type of debtor, each rating is assigned a probability of default based on a 26-step scale, so that all debtors are included as risk-relevant in the calculation of the economic capital on a staggered basis.
- The loss given default (LGD) describes the portion of the exposure which would irrecoverably be lost in the case of insolvency proceedings after realisation of potential collateral.

Differentiated LGDs are assigned to the exposures depending on the type of debtor. They are determined for housing promotion exposures based on an analysis of own historical data. For other asset classes, they are primarily determined on the basis of external data sources, as there is no statistically significant number of defaults in the Bank's portfolio.

NRW.BANK determines the economic capital for the credit risk on the basis of a credit value-at-risk. The risk horizon is one year, the confidence level is 99.9%.

The credit value-at-risk is calculated on the basis of an expanded IRB approach under the CRR. Initially, there is only a methodological difference made between the treatment of defaulted and non-defaulted debtors. Through an additional maturities adjustment rating migrations that may lead to additional capital requirements are then also taken into account.

As the IRB approach is based on the assumption of an indefinitely granular portfolio, an additional concentration surcharge is determined on the basis of a simulation process and reflected in the economic capital. As a result, high exposures which either exist separately or are composed of different exposures within an economic grouping make a disproportionate contribution to the risk, which means that the surcharge takes concentrations into account.

Besides the economic capital (unexpected loss), standard risk costs (expected loss) are generally taken into account when defining the terms and conditions. This is to ensure upon the closing of a transaction that the expected losses are compensated by corresponding income.

In the context of the Bank-wide stress tests, various historical and hypothetical scenarios are analysed, which assume deteriorations in the rating quality that are differentiated by asset classes.

The above risk management methods allow NRW.BANK to appropriately monitor credit risks, to identify unbalanced portfolio developments and risk concentrations and to take any measures that may be required at an early stage.

### **5.5.3 Validation**

The risk classification procedures and probabilities of default as well as the loss given defaults are validated at least once per year.

In addition, the methodological assumptions that serve as the basis for the calculation of economic capital are also reviewed at least annually. For instance, the maturity adjustments implemented to reflect rating migrations are checked for plausibility on a quarterly basis.

The reviews serve to ensure that the risk calculation remains adequate.

#### 5.5.4 Risk Assessment and Limitation

NRW.BANK uses limits and processes to ensure that the credit risk is limited. On the one hand, there are concentration limits which limit the exposures, especially at individual debtor level, at Group level and at country level as well as at sub-portfolio level. The respective limit utilisation is determined by the amount of the exposure, with new transactions being immediately counted against the limits. On the other hand, there is a Bank-wide and a business unit-specific limitation of the economic capital under the going concern perspective. The limits take into account both the Bank's risk-bearing capacity and the budgets prepared by the individual business units as part of the strategy process.

Key elements used to monitor the credit risk:

- Event-related bad news process including immediate analysis and decision on individual measures (e.g. rating review, limit adjustments)
- Daily monitoring of single name, group, country and economic capital limits
- Daily monitoring of capital market investments in the context of an early warning system (e.g. changes in credit spreads and ratings)

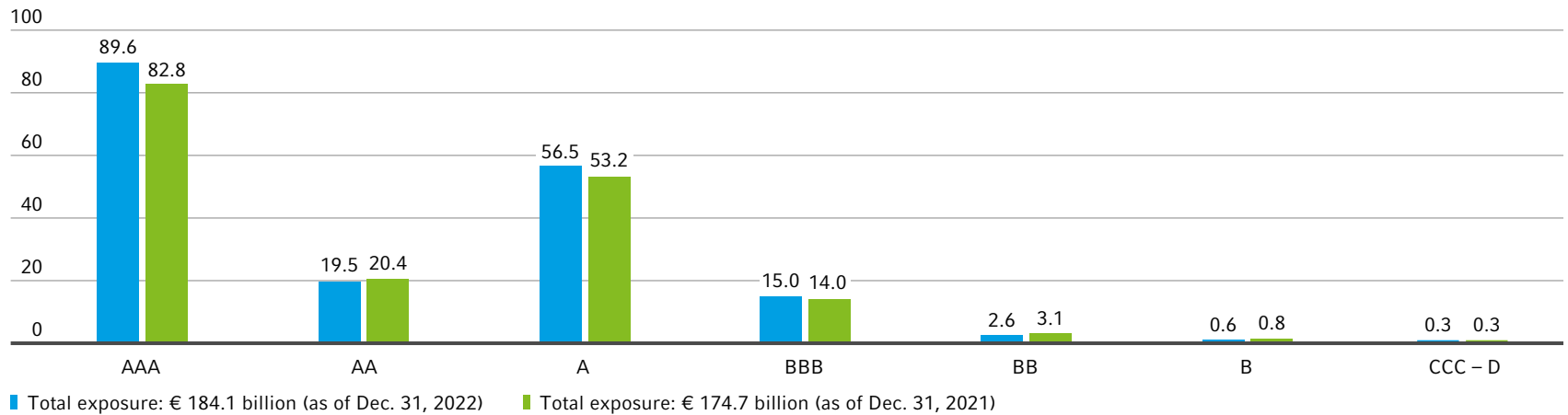
- At least annual monitoring of individual credit exposures
- Ongoing monitoring of the exposures on the watchlist, which contains intensive care and problem exposures

Suitable escalation processes have been defined for cases where limits are exceeded.

The promotional funds extended by NRW.BANK are either secured or granted according to the house bank principle, which means that the respective portfolio is a low-risk portfolio. Sub-investment grade exposures may be entered into only if this is required by the public promotional mission, e.g. in the promotion of business start-ups as well as small and medium-sized enterprises, public housing promotion or special allocations in the promotional business.

In addition, the Bank holds a portfolio of securities/receivables and derivatives and engages in money market transactions. Derivative contracts are concluded with counterparties with good credit ratings on the basis of standard contracts. New business in this portfolio must always be of investment-grade quality (this corresponds to internal rating AAA to BBB).

## Total exposure by internal rating classes incl. derivatives, in € billions



NRW.BANK's total exposure amounts to € 184.1 billion, which represents an increase by € 9.4 billion from the previous year's € 174.7 billion.

Due to the high proportion of government and domestic municipal loans, most of the ratings remain within the internal rating class AAA. 98.1% of the portfolio (2021: 97.6%) are investment grade exposures.

At € 138.4 billion (2021: € 129.9 billion), exposures in Germany account for the biggest portion of the portfolio (75.2% of the total exposure; 2021: 74.4%). Of this amount, € 85.4 billion (2021: € 83.0 billion) relates to North Rhine-Westphalia; this amount includes direct exposures to municipalities of

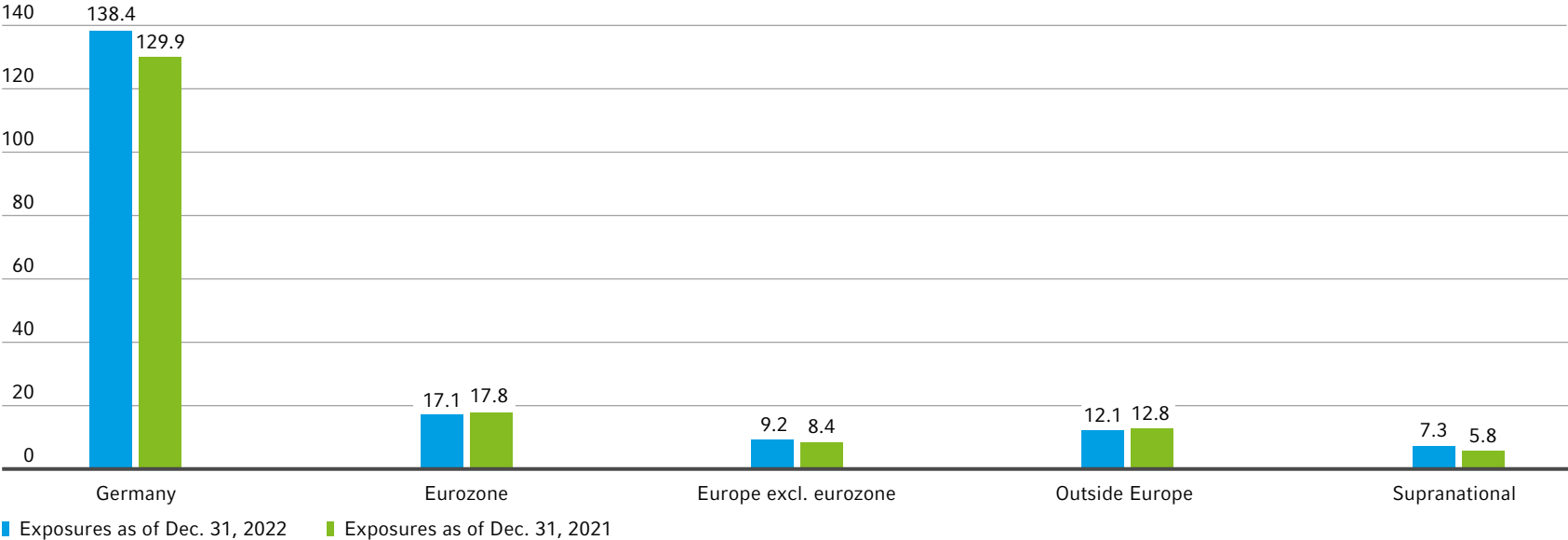
€ 18.4 billion (2021: € 18.1 billion). This concentration is the result of the public promotional mission, because of which the Bank has a special responsibility towards the municipalities and provides them with reliable funding.

As a largely budget-independent promotional bank, NRW.BANK uses the income from its international exposures to fulfil its promotional mission. The international exposure totals € 45.6 billion (24.8% of the total exposure; 2021: € 44.8 billion) and is composed of exposures to European countries in the amount of € 26.3 billion (2021: € 26.2 billion) and of exposures to non-European countries as well as supranational organisations in the amount of € 19.3 billion (2021: € 18.6 billion). The international exposure is focused exclusively on investment-grade countries.



The European exposure comprises investments in the eurozone in the amount of € 17.1 billion (2021: € 17.8 billion) and investments outside the eurozone of € 9.2 billion (2021: € 8.4 billion). The non-European exposures focus on North America with € 7.3 billion (2021: € 7.0 billion), Australia/New Zealand with € 2.8 billion (2021: € 3.2 billion) and Asia with € 1.7 billion (2021: 2.4 billion). Supranational organisations account for a total of € 7.3 billion (2021: € 5.8 billion).

**Geographic breakdown of exposures incl. derivatives, in € billions**



There are no sub-investment-grade country exposures at sovereign level. As a general rule, no new capital investments are made in these rating classes. The total exposure in countries with lower investment grade ratings (BBB) declined in the course of the fiscal year; a material exposure in this rating category is Italy (€ 1.4 billion; 2021: € 1.5 billion). New burdens faced by the governments or a more pronounced economic slowdown could put the ratings under pressure.

As of the balance sheet date, the securitisation exposures – all of investment-grade quality – amounted to € 2.7 billion (2021: € 3.2 billion). More than half of the portfolio (53.6%) additionally benefits from a comprehensive state guarantee (e.g. from the US Department of Education). NRW.BANK constantly monitors the credit risk associated with the underlying reference pools of securitisation exposures.

The equity investment business comprises participations in the public interest which are primarily held on behalf of the Federal State of North Rhine-Westphalia and were essentially transferred to the Bank upon its inception as well as investments entered into as part of the Bank's promotional mission. The credit risks arising from the investments are largely based on strategic and operational risks, which are primarily analysed using the corporate data made available for investment controlling purposes. As part of the controlling of investments, results are controlled

and plans monitored on a regular basis; in addition, investments are checked for risk-relevant issues. As such, risk management is a systematic and continuous process that enables rapid adaptation to changing conditions. At some of these investments, the Bank is represented through mandates on bodies such as advisory councils, supervisory boards or investment committees and/or attends their shareholder meetings. Moreover, the investment contracts usually contain regulations which reserve a veto/ approval right for NRW.BANK in specific cases.

For some equity investments, the credit risk is reduced due to a strong involvement of the public sector. The promotional business, for instance, has an investment portfolio with a total exposure of € 124.9 million (2021: € 141.7 million) whose credit risk is reduced by a guarantee from the Federal State of North Rhine-Westphalia, which covers 49% of the capital invested in each case.

The € 2.2 billion book value of the investment in Portigon AG, which is held on behalf of the Federal State of North Rhine-Westphalia, is fully secured by a guarantee from the federal state.

Equity investment exposures are included in economic capital management and reflected in the credit risk.

### **5.5.5 Economic Capital**

As at the reporting date, the economic capital set aside for credit risks amounted to € 2.4 billion (2021: € 2.5 billion).

### **5.5.6 Risk Provisions**

Defined criteria are used to determine whether risk provisions need to be established for credit claims and sureties. Where they are needed, the amount of the required individual value adjustments or provisions is determined in a timely manner in the course of the year. Thereby, existing collateral is taken into account. In evaluating collateral, the usual methods applied for the valuation of real estate are used for public housing promotion loans. The result is reduced by a discount calculated on the basis of historical data. By contrast, generalised individual value adjustments are established in public housing promotion as part of managing the Bank's exposure to non-performing loans in the owner-occupier segment (remaining capital of less than € 750 thousand). For latent credit risks, a general value adjustment is made in accordance with IDW RS BFA 7.

In the securities business, the risk provision is calculated on the basis of market information, mathematical models and individual creditworthiness estimates.

Equity investments of NRW.BANK are also regularly checked for the need to establish risk provisions. Where these are required, the book value is written down.

### **5.5.7 Opportunities**

In accordance with its business model and the risk strategy principles, NRW.BANK takes risks only within clearly defined limits. This means that unexpected opportunities arising from potential future developments or events which may lead to a positive deviation from forecasts or targets exist only to a very limited extent.

Opportunities arise, for instance, from rating upgrades of the exposures, which means that less rating-related economic capital needs to be set aside for credit risks. This opens up further investment opportunities with additional income potential.

In the equity investment business, there is a possibility to generate sales proceeds above the book value of the investment when selling promotional investments.

NRW.BANK determines anticipated losses on the basis of probabilities of default and loss given default and incorporates them in the planning and extrapolation for its result under HGB. There is a possibility that the actual defaults are lower than the anticipated losses. In these cases higher allocations to reserves may be made, which helps strengthen the capital cover and the risk-bearing capacity.

## 5.6 Market Risk

### 5.6.1 Definition

The market risk refers to a potential loss resulting from unfavourable changes in market prices or price-influencing parameters. This definition covers interest rate, foreign exchange rate and volatility risks. Equity risks are assumed by the Bank only temporarily and on a case-by-case basis in the context of its promotional business. As far as the interest rate risk is concerned, a distinction is made between the general and the specific interest rate risk. It comprises both changes in general interest rates and changes in the credit spread of issuer classes and changes in the credit spread of individual issuers (residual risk).

### 5.6.2 Methods

NRW.BANK manages market risks both for net interest income (income-oriented perspective) and for the economic value of the Bank (value-oriented perspective). In both perspectives, market risks are limited and monitored daily, independent of trading.

NRW.BANK manages the market risks for the economic value using a stress VaR approach. Stress VaR is calculated for daily management at a 95% confidence level for a one-day holding period and takes into account all risk factors relevant for the portfolio, such as interest rates, foreign exchange rates, implicit volatilities and credit spreads. The observation period is 250 days, with a greater weight placed on incidents in the more recent past.

The EU government financial crisis of 2011 is primarily used as a stress period. This way, the Bank ensures that unfavourable market phases are also taken into consideration. In the investment book and the trading book, the stressed VaR is monitored across all levels from the Bank as a whole down to individual sub-portfolios. The stress VaR is fully calculated on the basis of a Monte Carlo simulation, with the Bank defining which transactions are to be fully revalued on a daily basis. The selection is based on the increase in accuracy that is achieved for the corresponding transactions by a full revaluation as compared to a sensitivity-based approach. A significantly increased accuracy is observed especially for the housing promotion loans and for positions with strategic interest rate risks (essentially pension obligations), which are therefore fully revalued. This selection is reviewed regularly and validated on a quarterly basis.

In the fiscal year, the number of Monte Carlo scenarios for the calculation of the economic capital for market price risks was increased from 3,000 to 60,000. The larger number of scenarios allows the Bank to directly calculate the higher confidence level of 99.9% in the economic capital instead of scaling. This increases the accuracy of the VaR approach for the confidence levels used.

Under the value-oriented perspective, the general interest rate risks from the equity-funded social housing promotional business as well as the specific interest rate risks (credit spreads) are considered in the investment portfolio.

The mark-to-market analysis is complemented by other instruments for managing the HGB income statement (income-oriented perspective), which take more extensive account of the Bank's buy-and-hold strategy and its focus on HGB net interest income (net interest income based on HGB sensitivities).

Under this approach, all market risks which may influence the HGB income statement are taken into account. In the investment portfolio, this may include potentially open interest or foreign exchange rate positions resulting from assets and liabilities with different fixed interest periods or currencies which have not yet been hedged on a nominal value basis in the context of asset/liability management. For the trading portfolio and the liquidity reserve, all relevant risk types are additionally measured on a mark-to-market basis. Accordingly, temporary fluctuations in market value are taken into account in the HGB income forecast for the trading portfolio and the liquidity reserve.

In contrast to a mark-to-market VaR concept, the focus is not on the mark-to-market sensitivities but on the sensitivities of the HGB result. To limit the risks to the result under commercial law, HGB market risks are limited on the basis of HGB sensitivities and HGB stress tests.

Above and beyond the day-to-day management of the interest-bearing business, strategic interest rate risks from pension obligations (incl. benefit obligations) and participations in the

public interest are considered. Strategic interest rate risks from pension obligations result from the Bank's strategic decisions regarding the capital investment of pension provisions in cases where the maturity of the investment does not exactly match the payment profile. There is a risk that the interest income generated from the investment needs to be complemented by other operating income to meet all pension obligations. In addition, strategic interest rate risks include risks from participations in the public interest if the term of the refinancing differs from the assumed term of the investment.

Under both perspectives, the calculation of the key figures is supplemented with daily stress scenario computations. In this context, hypothetical scenarios are considered for interest rates, foreign exchange rates, implicit volatilities and credit spreads. In addition, the effects of changes in interest rates and credit spreads are examined for historical scenarios. The standardised stress scenarios are supplemented if needed with individual, situational considerations tailored to the risk structure of the Bank's portfolio. Moreover, the analysis of the sensitivities and risk concentrations from the above risk factors is an integral element of daily market risk measurement.

### **5.6.3 Validation**

Daily backtesting is used to check the quality of the VaR projection. In this context, the losses projected by the VaR model are compared with the changes in the result. Here, the Bank uses

clean backtesting without ageing. This means that only changes in the result that are due to changes in market data are taken into account.

When the backtesting approach for internal market risk models accepted by the regulatory authorities pursuant to the CRR is applied to NRW.BANK's backtesting, the model is generally within the statistically expected range. The regular daily, monthly and annual processes conducted to review the parameters and assumptions confirmed the validity of the model.

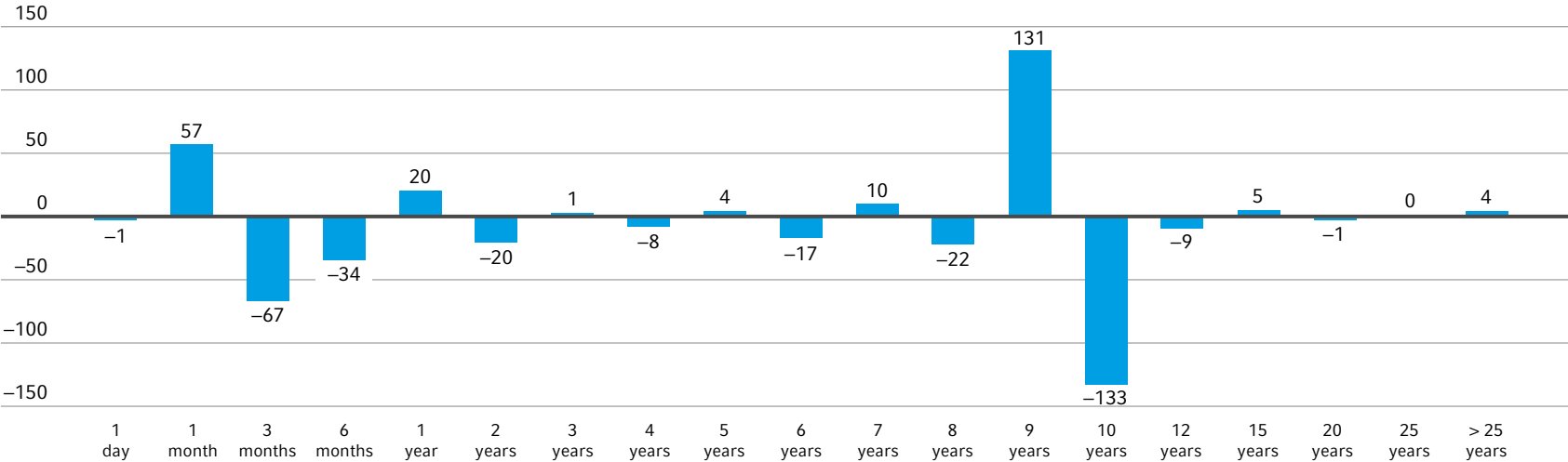
#### **5.6.4 Risk Assessment and Limitation**

The focus of the market risks under a mark-to-market perspective is on general and specific interest rate risks in the investment portfolio. The resulting market value fluctuations are not reflected in profit/loss in the HGB income statement, provided there is no permanent impairment. As investments in the investment portfolio are made with the intention of being held to maturity, the hedges used by the Bank relate to the nominal value at maturity. Accordingly, there are only minor fixed-interest-period and currency mismatches under the income-oriented perspective with daily management, which are limited by the HGB sensitivities for the risks of all future fiscal years as well as for the current and the next three fiscal years. This is complemented by mark-to-

market VaR limitation. The Bank also has minor active positions in the trading portfolio. These are limited by a separate limit for the trading portfolio. All limits were met at all times in the fiscal year.

Due to the hedges in place, there are no material fixed-interest-period mismatches at Bank-wide level under the income-oriented perspective (the following graph shows sensitivities of max. € 131 thousand and min. € -133 thousand).

**HGB interest rate sensitivities (excl. strategic interest rate risks, all periods) to a 1 bp interest rate hike**  
in € thousands as of Dec. 31, 2022



In addition, HGB interest rate sensitivities from strategic interest rate risks for pension obligations and participations in the public interest for the current and the next three fiscal years in the amount of € +106 thousand were considered in the risk measurement as at the reporting date.

Currency risks also play only a minor role for the HGB result. They are extensively hedged using derivatives, which means that the HGB result is essentially exposed only to the currency risk on the interest margin generated.

The table below shows the stress test results (based on regulatory stress tests) for market risks under the income-oriented perspective over the course of the year.

### HGB stress tests for market risks – total

	March 2022 € millions	June 2022 € millions	September 2022 € millions	December 2022 € millions
Short-term downward shock	-45	-70	-64	-21
Short-term upward shock	71	80	66	21
Steepening	-39	-45	-40	-18
Flattening	56	60	51	20
Parallel downward shift	-19	-68	-59	-9
Parallel upward shift	60	79	61	9
FX +30% (depreciation of the euro)	19	6	6	1
FX -30% (appreciation of the euro)	-19	-6	-6	-1

The results of the stress tests show the potential impact on the Bank's current results over the next four fiscal years. The effects are minor due to the limited interest rate and currency mismatches on a nominal value basis.

#### 5.6.5 Economic Capital

In calculating economic capital, market risks are taken into account on a mark-to-market basis with a uniform confidence level of 99.9%. In 2022, the risk horizon was extended to

250 days. In this context, the economic capital increased by approx. € 1 billion at the time of changeover. The economic capital for market risks is determined from a stress VaR with stressed correlations and volatilities. This way, the Bank ensures that the calculation of economic capital also reflects unfavourable market phases.

The economic capital for market risks results, in particular, from general interest rate risks of the housing promotion loans. These



are funded with own equity funds. To comply with regulatory law, own equity funds used to fund housing promotion loans may not be taken into account in the risk calculation. In calculating the mark-to-market market risk, regulatory law thus implies that housing promotion loans are funded fully mismatched with overnight deposits. This results in a high assumption-based interest position. Furthermore, the economic capital contains mark-to-market strategic interest rate risks and all credit spread risks of the investment portfolio. The resulting fluctuations in market value are usually not recognised in NRW.BANK's HGB financial statements. As at the reporting date, the economic capital set aside for market risks amounted to € 4.8 billion (2021: € 5.6 billion).

#### **5.6.6 Regulatory Standard Test**

The potential effect of a sudden and unexpected interest rate change in the investment book defined by BaFin circular 6/2019 (regulatory interest rate shock) of currently +/-200 basis points as well as the other six interest rate shock scenarios as early warning indicators are dominated by the above-mentioned assumption-based interest position of the housing promotion loans. As at the reporting date, the negative change in the present value of the Bank's investment book resulting from an assumed +200 bp interest rate shock amounted to 16.6% (2021: 20.2%) of the regulatory equity capital.

The interest rate sensitivity of the housing promotion loans that dominates the stress calculations results from the fact that they are funded with equity. When assessing the Bank's potential sensitivity to the postulated interest rate shock, equity funds

must be modelled as maturity mismatched refinancing funds payable on demand according to regulatory requirements.

Besides calculating the effects of the interest rate shocks on the present value, the Bank also calculates the effects of interest rate changes on the HGB result under the income-oriented perspective. In contrast to the above-described particularities of housing promotion under the mark-to-market perspective, interest rate risks under the income-oriented perspective are negligible at 0.1% of the Bank's own funds.

#### **5.6.7 Opportunities**

The aim of NRW.BANK's asset/liability management is to generate a fixed interest and commission margin with regard to the HGB income statement. This entails low market risks, which limit the respective opportunities in the investment portfolio. The biggest opportunities therefore lie in the development of the rates for future new business on the asset and the liability side and not in additional gains from mismatched interest and currency positions. In the trading portfolio, further opportunities are also ruled out due to the existing limit. This means that opportunities for generating additional HGB income from market risk positions play only a minor role. From a mark-to-market point of view, market price fluctuations lead to changes in unrealised profit and losses. In the investment portfolio, these are regarded as temporary value fluctuations – provided that they are not permanently impaired. Because of the buy-and-hold strategy, realised net gains in the investment portfolio exclusively result from portfolio-enhancing measures.

## 5.7 Liquidity Risk

### 5.7.1 Definition

The liquidity risk as part of the ILAAP includes, in particular:

- the risk of being unable to meet payment obligations at maturity (liquidity risk in the narrower sense)
- the risk of being unable to provide sufficient liquidity at the anticipated conditions (funding risk) when needed and
- the risk of being unable to unwind or liquidate transactions or to do so only at a loss because of insufficient market depth or market disruptions (market liquidity risk)

### 5.7.2 Methods

The liquidity risk is managed centrally at NRW.BANK to ensure liquidity across the entire Bank at all times.

The risk of insolvency and the funding risk are monitored daily on the basis of a liquidity gap analysis and its limitation. The liquidity gap analysis (in EUR and foreign currency) is prepared and analysed each day independently of trading units. It reflects the contractually agreed (deterministic) inflows and outflows of cash for each day until the final cash flow occurs (incl. interest cash flow and off balance sheet transactions).

For stochastic cash flows (e.g. termination rights or early redemption), conservative assumptions are made in such a way

that negative effects are assumed for NRW.BANK. Moreover, no (fictitious) new business is reflected or modelled in the liquidity gap analysis; e.g. there is no prolongation of unsecured and secured funding.

The funding risk as an earnings risk for the HGB result also includes long-term liquidity mismatches in addition to the risks from the planned issuing activity and is limited within the framework of the risk-bearing capacity. In the ICAAP, the funding risk is based on both the planned issue volume of the next twelve months and the existing and required long-term refinancing funds with a (remaining) term of more than ten years. For these positions, the funding risk is derived from an increase in the own credit spread. The Bank's existing liquidity buffer means that funding risks are mitigated as it permits secured funding independent of the Bank's own credit spread.

In addition, the funding base is diversified in terms of investor groups, regions and products, which helps minimise the funding risk.

The market liquidity risk is of minor importance for NRW.BANK, as the investment portfolio only consists of positions held in accordance with the buy-and-hold strategy. Accordingly, temporary market liquidity fluctuations are not relevant for the HGB income statement, as the focus is not on short-term profit generation by way of a sale. Sales of investments held in the

investment portfolio serve to optimise the portfolio in the context of portfolio management and are not directly related to the generation of liquidity.

According to the risk inventory, the market liquidity risk from securities held in the liquidity reserve and the trading portfolio is not material, as the securities holdings are relatively small.

An analysis of the market liquidity risk that goes beyond the analysis of the market risk is performed in the form of a regular analysis of the short-term liquidity to be generated from the securities portfolio. In addition, it is reflected in the liquidity risk limitation in the form of haircuts on the calculated liquidity potential.

### **5.7.3 Risk Assessment and Limitation**

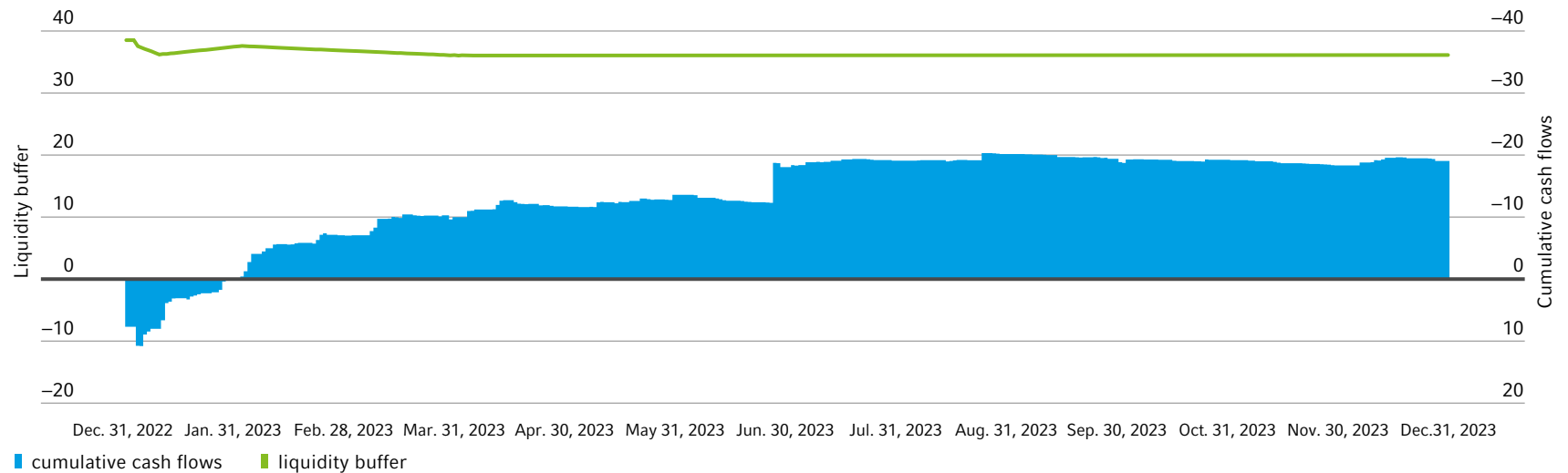
Because of the explicit funding guarantee extended by NRW.BANK's guarantor and its correspondingly good rating, the Bank can generate the required liquidity at short notice. The Bank usually funds itself in the money and capital markets.

To ensure it is able to meet its payment obligations at all times, the Bank additionally holds a substantial portfolio of liquid ECB/repo-eligible securities as well as ECB-eligible credit receivables. Regardless of the buy-and-hold strategy, the securities may be used in the repo market or for ECB open-market transactions to generate liquidity. Sales of securities in the investment portfolio are therefore not required for this purpose.

To limit liquidity gaps, a limit system graded according to maturities is in place, which is based on the MaRisk requirements for assets to be held as liquidity buffer even in a stress scenario (up to one week: highly liquid securities that can be liquidated in private markets without significant losses at any time and that are ECB-eligible; up to one month: unencumbered ECB-eligible securities and unencumbered securities deposited with the Bundesbank). The limit system also requires liquid securities for observation periods of more than one month. The liquidity buffer is thus an important element of the system for liquidity gap limitation. In addition, there are further funding possibilities of the money and capital markets, which are reflected in the limit system in a second step, with haircuts being applied.

Due to the above-mentioned limit system, NRW.BANK's ability to meet its payment obligations is secured by the freely available portfolio of ECB-eligible receivables and the unused ECB line even without external capital market funding. Netted with cash inflows and outflows, there is a significant liquidity buffer for the 1-year period that is most relevant for risk management.

## Liquidity gap analysis of NRW.BANK in € billions



The limit system ensures that liquidity gaps are at all times covered by the liquidity buffer, especially in the short-term segment.

Idiosyncratic, market-wide and combined stress tests are also performed in the context of liquidity management. These stress tests take into account crisis-specific effects on payments, the liquidity buffer maintained by the Bank as well as the limit utilisation. The following is simulated in the context of the stress tests:

- defaults of material borrowers,
- outflows under collateralisation agreements,

- reduced liquidity potential from ECB-eligible securities due to rating changes and
- reduction in the collateral value of ECB-eligible securities and credit receivables.

The results are analysed at least on a monthly basis. Even assuming these stress scenarios, NRW.BANK is able to meet its payment obligations at all times. In addition, the Bank subjects the HGB result to stress tests in the form of rising costs from USD exchange rate hedges.

Liquidity risk management also incorporates compliance both with the German Liquidity Regulation and with the regulatory

requirements regarding the minimum reserve. These conditions were met at all times in the fiscal year.

#### **5.7.4 Economic Capital**

As at the reporting date, economic capital set aside for liquidity risks amounted to € 228,6 million (2021: € 178,9 million).

The parameters and assumptions of the model are reviewed regularly in the context of various daily, monthly and annual processes.

#### **5.7.5 Funding Structure**

In its capacity as a state-guaranteed promotional bank, NRW.BANK issued instruments – after repurchases – in the amount of € 9.7 billion (2021: € 11.6 billion).

The funding transactions with domestic investors are dominated by bearer bonds, note loans and registered bonds.

NRW.BANK also used its international funding programmes for its funding operations. These essentially comprise the Debt Issuance Programme, which covers medium and long-term maturities, and the Global Commercial Paper Programme, which covers maturities of up to twelve months. In addition, NRW.BANK used the European Central Bank's Targeted Longer-Term Refinancing Operations (TLTRO III). The liquidity received in the context of TLTRO III was used as refinancing funds, also in consideration of the amendments to the TLTRO III terms and conditions decided by the ECB in October 2022.

#### **5.7.6 Opportunities**

Thanks to its status as a promotional bank and the funding guarantee granted by the Federal State of North Rhine-Westphalia, has been firmly established in the market as an issuing house since 2004. It therefore expects the funding environment to remain favourable in 2023 for the planned long-term funding volume of € 11 to 13 billion. Additional opportunities may arise for the coverage of short-term liquidity, which may take place in different money market segments, depending on the financial market situation.

### **5.8 Operational Risk**

#### **5.8.1 Definition**

Operational risk comprises risks in systems or processes, specifically resulting from human or technical failure, external events or legal risks resulting from contractual agreements or applicable law.

#### **5.8.2 Methods**

The framework for operational risk management at NRW.BANK incorporates both qualitative and quantitative aspects. Qualitative management is based on the MaRisk requirements, while quantitative management is based on the economic capital.

By using a combination of decentralised and centralised risk management and risk monitoring, the Bank ensures that management can respond promptly as needed and that the Managing Board can simultaneously take the necessary decisions based on the Bank's overall risk profile.

NRW.BANK collects information on losses and loss-free risk events in a central risk event database and categorises them in accordance with the regulatory event categories according to the CRR. The data collection serves as the basis for the assessment of operational risks at NRW.BANK. The results of the annual forward-looking self-assessments and the findings resulting from scenario analyses and from the monitoring of risk indicators are also included in the overall assessment of the risk situation.

Comprehensive, business process-oriented emergency plans exist for particularly mission-critical events such as a major loss of staff, breakdown of a bank building or a computing centre. The contingency plans cover all areas and are designed to prevent high financial and reputational risks.

The Bank's insurance cover is reviewed regularly to ensure that it is appropriate.

NRW.BANK uses standardised contracts to minimise legal risks from transactions. Deviations from standardised contracts and individual transactions are approved by the Legal business unit. At present, no material legal proceedings are pending against NRW.BANK.

Operational risks are mitigated by, among other things, the instructions in the written orders as defined in the internal control system (ICS). These comprise all processes, methods and control measures ordered by the Managing Board which serve to ensure the proper and safe functioning of the operational processes. The

ICS comprises general principles and requirements for working and behavioural practices, e.g. the four-eye principle, but also specific process-related instructions. In the event of material changes in the structural and operational organisation, the business units involved in the downstream workflows as well as the Risk Control function, the Compliance function and Internal Audit analyse the effects on the control procedures and the intensity of control. In the event of changes to the IT systems, the Information Security and Data Protection functions must also be involved as a general rule.

Human resources risks are initially managed in the context of regular human resources planning. HR-related measures are implemented in close consultation between the respective business units and the Human Resources business unit. As part of the observation of risk indicators, indicators, e.g. regarding staff turnover or further training, are monitored in order to respond to undesirable developments at an early stage.

Operational risks in NRW.BANK's IT environment are managed on the basis of the IT strategy. The written instructions include rules for the use, procurement and development of hardware and software, with the main emphasis on compliance with the necessary security standards and business continuity. Appropriate authorisation concepts and processes additionally have a risk-mitigating effect. Contingency plans exist for the breakdown of all critical IT systems. In addition, extensive security measures are in place to protect the Bank against cyber risks, i.e. the unauthorised access to computers or network systems (e.g.

hacking, data theft, virus attacks). Overall, information security and data protection are of great importance to the Bank.

Risks that may result from the outsourcing of material business activities are mitigated by an established audit and monitoring process, which primarily consists of a detailed risk or scenario analysis as the basis for a possible outsourcing decision to limit outsourcing risks.

In addition, the Bank effectively mitigates potential risks related to MaRisk and WpHG compliance, money laundering and financing terrorism as well as other criminal acts. Bank-wide security procedures, processes for the reporting of suspicions, regular risk analyses as well as self-assessments serve to manage and limit the potential risks arising in conjunction with these topics.

Economic capital for the operational risk used to be determined exclusively on the basis of the basic indicator approach according to the CRR. In the reporting year, a simulation-based procedure was added, which uses the valuation of the individual risks from the risk inventory. Economic capital now results from the maximum of the values determined according to the regulatory basic indicator approach and the internal simulation-based procedure.

### **5.8.3 Risk Assessment and Limitation**

In the context of the identification and assessment of risks, all losses and risk events are analysed for their causes (including

the observation of early warning indicators). Regardless of the amount of the risk or the risk potential, this is done to ensure that countermeasures can be taken at an early stage if similar events occur.

NRW.BANK performs self-assessments of all operational risks to which the Bank may be exposed. Risks are assessed separately for relevance (probability of occurrence) and frequency.

Neither the operational risk losses and loss-free risk events identified in the reporting year nor the findings from the self-assessments and the observation of early warning indicators have revealed any risks that could jeopardise the existence of the Bank.

The economic capital is calculated at least twice a year. As the economic capital allocated to cover potential losses otherwise remains constant throughout the year, no distinction is made between limit and utilisation.

### **5.8.4 Economic Capital**

As at the reporting date, economic capital set aside for operational risks amounted to € 160 million (2021: € 115 million). The increase is due to the fact that an additional, simulation-based procedure has been introduced to calculate the economic capital.

## 5.9 Pension Risk

### 5.9.1 Definition

Pension risk relates to the risk that there is a need to increase the pension provisions.

Pension obligations may increase primarily as a result of changes in the statistical assumptions regarding invalidity and mortality. This is considered as the pension risk in the calculation of economic capital. Strategic interest rate risks related to pension obligations are included in the market risk. In addition, risks resulting from a change in interest rates are considered in the capital cover.

### 5.9.2 Methods

The calculation of the pension provisions requires the actuarial determination of cash flows reflecting future changes in payment obligations over time.

With regard to the period during which pensions are received, invalidity and death must be modelled in the cash flows. This is done on the basis of actuarial mortality tables (acc. to Heubeck), which are generally accepted for Germany and approved by the tax authorities.

For the mortality tables, no historical changes covering sufficiently long periods are available from which the volatilities required for a VaR model can be derived. This is why the risk of changes in the statistical assumptions regarding invalidity and death is quantified using a scenario analysis in which the cash flows increase based on the assumption of a growing life

expectancy. In addition, the probabilities of invalidity are modified as well. To quantify the risk, the scenario showing the strongest impact on the Bank is applied.

### 5.9.3 Risk Assessment and Limitation

The pension risk comprises the obligations towards both NRW.BANK's own employees and the employees of Portigon AG employed under a dual contract.

Economic capital is calculated once a year. As this means that it is constant throughout the year, the Bank makes no distinction between limit and utilisation.

### 5.9.4 Economic Capital

As at the reporting date, economic capital set aside for pensions risks amounted to € 160 million (2021: € 160 million).

## 5.10 Business and Cost Risk

### 5.10.1 Definition

Business risk describes the risk of changes in the economic environment (market and/or demand) or the legal and/or political environment as a result of which income may be reduced. Cost risk means that the planned personnel and operating expenses are exceeded or that unplanned costs become effective.

The business and cost risk was classified as non-material in the risk inventory. This risk is nevertheless backed by economic capital to ensure comprehensive management of the risk-bearing capacity.



### **5.10.2 Methods**

A general risk amount is defined on the basis of a simplified procedure for a one-year risk horizon, which is consistent with other risk types. For this purpose, the deviations from the projected balance of income and administrative expenses are determined for the fiscal years since the inception of the Bank. From the negative deviations, mean and standard deviations are determined, from which the economic capital at the chosen confidence level is derived.

### **5.10.3 Risk Assessment and Limitation**

Developments from which business and cost risks may arise are analysed on a regular basis. This includes, in particular, a review of the internal and external premises on which the strategy of NRW.BANK is based.

Economic capital is calculated once a year. As this means that it is constant throughout the year, the Bank makes no distinction between limit and utilisation.

### **5.10.4 Economic Capital**

Economic capital set aside for the business and cost risk amounted to € 60 million as at the reporting date. No changes have occurred compared to the previous year.

## **5.11 Sustainability Risk**

### **5.11.1 Definition**

The sustainability risk is defined as the risk of financial losses or reputational damage due to events or conditions that have

occurred in the environmental, social or governance fields. The sustainability risk comprises both negative impacts of NRW.BANK's business activities on the environment and society ("inside-out") and possible impacts on NRW.BANK's risk positions due to environmental, social and governance challenges ("outside-in").

### **5.11.2 Risk Assessment and Limitation**

Being a risk relating to and covering all risk types, the sustainability risk is not a risk type in its own right, but can be summarised as a risk driver under the aforementioned material risk types and thus be reflected through the latter. In the Bank's Sustainability Guidelines, the sustainability risk is already reflected in criteria for the granting of and exclusion from promotional loans and capital market investments. The proportion of countries or sectors that are increasingly exposed to environmental, social or governance risks is analysed regularly and reported on a quarterly basis in the monthly risk report and in the Risk Committee.

### **5.12 Reporting**

In accordance with the MaRisk provisions, the Risk Control business unit ensures market-independent and regular reporting to the Managing Board and the Risk Committee.

Daily reports are produced for the Managing Board both on Bank-wide level and for the capital market business. These include risk ratios and earnings figures as well as all cases where limits for market risks and liquidity risks as well as counterparty and issuer limits are exceeded.

As a general standard, the monthly risk report covers the following topics: Bank-wide risk management, credit risks, market risks, liquidity risks, operational risks and profit performance. It forms the basis for the discussion of the risk situation in the ALCO and the Credit Committee. Besides the standardised content, the report covers risk-relevant special topics as required. Every quarter, it covers the Bank-wide stress tests across all risk types as well as sustainability risks.

The quarterly reports to the Risk Committee are based on the monthly reports that are relevant for the quarter; while the level of detail is reduced with a view to the recipients, all material aspects are addressed. In addition, the Risk Committee is currently informed on a monthly basis about the Bank's current risk situation in the context of the Covid-19 pandemic, Russia's war of aggression against Ukraine and the energy crisis. In addition, extraordinary events which are material from a risk perspective immediately trigger an (ad-hoc) report.

### **5.13 Outlook**

NRW.BANK plans to further develop the near-mark-to-market perspective – with regard to both economic capital and the capital cover – in 2023. Under the economic perspective, the credit risk has so far been quantified essentially on the basis of exposure amounts based on the acquisition value or the nominal value. This was historically derived from the buy-and-hold strategy in conjunction with NRW.BANK's HGB accounting. In the future, the mark-to-market amounts of the exposures will mostly be used

to calculate economic capital. Consistent with this, a correction will be made to the capital cover taking into account both hidden charges and hidden reserves.

As a result of the changeover, the economic capital for credit risk will fluctuate in the future as changes in the market values occur. Moreover, the capital cover will increasingly be subject to compensatory effects between the adjustment items, which may also result in an increase in the capital cover.

According to the preliminary implementation status, it is assumed that the economic capital for credit risks will decline by approx. –3% and the capital cover will increase by +3% (impact analysis based on data as of November 30, 2022).

In addition, it is planned to change the calculation of the economic capital for credit risk from a single-factor to a multi-factor model.

NRW.BANK will successively expand its control instruments with regard to sustainability risks. Starting 2023, sustainability criteria (in addition to the internal credit rating) will be taken into account in the capital investment portfolio for the corporate concentration limits anchored in the risk strategy.

## 6 Internal Control System Relevant for the Financial Reporting Process

NRW.BANK's internal control system (ICS) is to ensure that the annual financial statements present a true and fair view of the net worth, financial position and result of operations of the Bank in accordance with applicable legal provisions and standards. It primarily comprises regulations governing the organisational and operational structure and makes a clear distinction between responsibilities as well as processes, procedures and measures to ensure the appropriateness and reliability of internal and external accounting.

The Managing Board of NRW.BANK is responsible for the creation and effective maintenance of an appropriate accounting-related internal control system. Responsibility for implementation rests with the Finance business unit in cooperation with Business Support and Risk Control.

Accounting-related business events are mostly handled locally. All accounting-relevant events are initiated in IT systems. The respective business units are responsible for full and proper capture and for implementing and documenting the required controls. Bank-wide functional responsibility for the accounting rules, the booking system, accounting and the definition of the valuation principles rests with the Finance business unit. This ensures that consistent accounting and valuation principles are applied within NRW.BANK even where business transactions are recorded locally. Risk Control is responsible for the trading-independent valuation and results analysis.

In the context of the Management Information System, a standardised report on the income statement, the cost centre statement, total assets, the business volume and the planning process is usually sent to the Managing Board each month to ensure timely reporting. The Managing Board regularly informs the Supervisory Board and its committees about the current business situation.

The annual financial statements are prepared by the Finance business unit and drawn up by the Managing Board. In accordance with the Statutes, the annual financial statements are endorsed by the Board of Guarantors. Since the 2020 reporting year, the accounting documents have been disclosed on the Bank's website in accordance with the European Single Electronic Format (ESEF) for annual financial reports. In addition, they are published in the electronic Federal Gazette within the statutory periods.

On the basis of legal standards, especially of the German Commercial Code (HGB) and the Ordinance on Accounting by Banks and Financial Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute" – RechKredV), NRW.BANK's accounting process is described and laid down in manuals and work instructions. These written orders are updated on a regular basis. All employees have direct access to the corresponding manuals via NRW.BANK's intranet. Compliance with the manuals is mandatory.

The Finance business unit examines all new legislation for its potential relevance to the Bank's accounting process. Necessary adjustments to processes and manuals are implemented in a timely manner. The management and monitoring of new products are coordinated by the Risk Control business unit in a standardised process. In this context, an accounting-related analysis of the products and the associated risks is carried out with a view to ensuring accurate accounting.

The front-office business units are functionally and organisationally separated from the business units responsible for settlement, monitoring and control as well as accounting. This separation is also reflected in the responsibilities of the individual Managing Board members. The authorities and responsibilities are laid down in detail in the individual specialist units. Employees involved in accounting-relevant processes have the knowledge and experience required for their respective tasks. Where required, external experts are called in for certain calculations, e.g. the measurement of pension obligations.

Besides the minimum requirements of the four-eye principle, the use of standard software is a key element of the accounting-related internal control system. The software is protected against unauthorised access by means of authorisations reflecting users' competence levels. In addition, system-immanent plausibility checks, standardised coordination routines and target/actual comparisons serve to check completeness and avoid and identify errors. For instance, the figures determined in the accounting process are additionally checked for plausibility on a monthly

basis by means of comparisons with prior-year figures and planning figures and on the basis of the actual business trend. Inconsistencies are addressed jointly by the external and internal accounting departments.

Internal Audit regularly audits the functionality of the accounting-related ICS in a process-independent manner and provides the Managing Board and the Supervisory Board's Audit Committee with adequate information about the results of the audit.

The Supervisory Board establishes an Audit Committee from among its members. In accordance with the Statutes and the Public Corporate Governance Code of NRW.BANK, the Audit Committee addresses matters such as accounting-related issues, the selection of the auditors and the verification of their independence, the commissioning of the auditors to carry out the audit, the definition of focal points for the audit, the auditor's fee and the approval of the permissible non-audit services of the auditor.

The auditor is appointed by the Board of Guarantors at the recommendation of the Supervisory Board/Audit Committee.

The auditor participates in the Supervisory Board's and the Board of Guarantors' consultations regarding the annual financial statements and reports on the key results of the audit.

# Balance Sheet

of NRW.BANK at December 31, 2022

## Assets

see Notes No.

Dec. 31, 2021

	€	€	€	€ thousands
<b>1. Cash</b>				
a) cash on hand		3,522.12		10
b) balances with central banks		179,021,660.15		4,123,405
thereof: with Deutsche Bundesbank € 179,021,660.15				(4,123,405)
			<b>179,025,182.27</b>	4,123,415
<b>2. Receivables from banks</b>	<b>1, 10, 22, 25, 26</b>			
a) payable on demand		11,507,873,385.56		3,742,384
b) other receivables		44,720,950,300.77		42,566,695
			<b>56,228,823,686.33</b>	46,309,079
<b>3. Receivables from customers</b>	<b>2, 10, 22, 25, 26</b>			
thereof: secured by mortgages € 251,785.88				(682)
loans to public authorities and entities under public law € 42,643,133,469.95				(41,283,188)
<b>4. Bonds and other interest-bearing securities</b>	<b>3, 7, 11, 22, 25, 26</b>			
a) bonds and notes				
aa) of public institutions		21,520,192,162.47		21,088,453
thereof: eligible as collateral for Deutsche Bundesbank advances € 19,297,977,796.60				(18,517,782)
ab) of other issuers		17,270,135,086.74		17,026,318
thereof: eligible as collateral for Deutsche Bundesbank advances € 14,043,080,388.93				(13,805,480)
		38,790,327,249.21		38,114,771
			<b>38,790,327,249.21</b>	38,114,771
		To be carried forward:	<b>153,775,708,726.57</b>	146,405,996

see Notes No.

Dec. 31, 2021

		€	€ thousands
		Carried forward:	153,775,708,726.57
			146,405,996
<b>5. Shares and other non-fixed-income securities</b>	<b>4, 7</b>	<b>0.00</b>	11,874
<b>6. Equity investments in non-affiliated companies</b>	<b>5, 7</b>	<b>2,428,609,355.28</b>	2,409,193
thereof: equity investments in banks € 2,242,294,419.58			(2,243,773)
<b>7. Equity investments in affiliated companies</b>	<b>5, 7</b>	<b>25,628,162.87</b>	25,653
<b>8. Trust assets</b>	<b>6</b>	<b>2,050,711,740.93</b>	2,081,782
thereof: trust loans € 2,045,170,566.48			(2,075,983)
<b>9. Intangible assets</b>	<b>7</b>	<b>2,717,191.85</b>	2,810
<b>10. Tangible assets</b>	<b>7</b>	<b>252,153,266.96</b>	254,226
<b>11. Other assets</b>	<b>8, 22, 31, 33</b>	<b>903,619,032.31</b>	1,452,658
<b>12. Deferred items</b>	<b>9, 22, 33</b>	<b>458,624,112.55</b>	488,021
<b>Total assets</b>		<b>159,897,771,589.32</b>	153,132,213

## Liabilities

see Notes No.

Dec. 31, 2021

		€	€	€ thousands
<b>1. Liabilities to banks</b>	<b>12, 22, 25, 26</b>			
a) payable on demand		3,977,626,785.26		1,755,966
b) with agreed maturity or period of notice		35,876,324,383.65		38,284,814
			<b>39,853,951,168.91</b>	40,040,780
<b>2. Liabilities to customers</b>	<b>13, 22, 26</b>			
a) other liabilities				
aa) payable on demand		525,179,525.23		358,698
ab) with agreed maturity or period of notice		9,520,374,800.52		10,653,276
			<b>10,045,554,325.75</b>	11,011,974
<b>3. Certificated liabilities</b>	<b>14, 22, 26</b>			
a) bonds and notes issued by the bank		81,687,586,808.48		74,129,246
			<b>81,687,586,808.48</b>	74,129,246
<b>3a. Trading portfolio</b>	<b>15</b>		<b>189,632.61</b>	106
<b>4. Trust liabilities</b>	<b>16</b>		<b>2,050,711,740.93</b>	2,081,782
thereof: trust loans € 2,045,170,566.48				(2,075,983)
<b>5. Other liabilities</b>	<b>17, 22, 33</b>		<b>1,601,387,249.74</b>	1,232,389
<b>6. Deferred items</b>	<b>18, 22, 33</b>		<b>695,125,515.33</b>	850,680
<b>7. Provisions</b>	<b>19</b>			
a) provisions for pensions and similar obligations		2,535,586,692.00		2,493,077
b) tax reserves		2,945,671.85		7,984
c) provisions for interest rate reductions		203,334,703.89		154,293
d) other		665,943,280.11		615,645
			<b>3,407,810,347.85</b>	3,270,999
		To be carried forward:	<b>139,342,316,789.60</b>	132,617,956

see Notes No.

Dec. 31, 2021

		€	€	€	€ thousands
			Carried forward:	<b>139,342,316,789.60</b>	132,617,956
<b>8. Subordinated liabilities</b>	<b>20</b>			<b>1,431,020,207.00</b>	1,490,420
thereof: due in less than two years		€ 227,600,000.00			(118,200)
<b>9. Fund for general banking risks</b>				<b>1,138,190,000.00</b>	1,038,190
thereof: special item pursuant to Section 340e Para. 4 HGB		€ 3,190,000.00			(3,190)
<b>10. Equity capital</b>	<b>21</b>				
a) subscribed capital			17,000,000,000.00		17,000,000
b) capital reserves			730,497,464.30		729,900
c) reserves from retained earnings					
ca) reserves required by NRW.BANK's Statutes		36,100,000.00			36,100
cb) other reserves		219,647,128.42			219,647
			255,747,128.42		255,747
d) profit for the year			0.00		0
				<b>17,986,244,592.72</b>	17,985,647
<b>Total liabilities</b>				<b>159,897,771,589.32</b>	153,132,213
<b>1. Contingent liabilities</b>	<b>22, 23, 32</b>				
Liabilities from guarantees and indemnity agreements				<b>14,911,766,671.24</b>	14,990,403
<b>2. Other commitments</b>	<b>22, 24</b>				
Irrevocable loan commitments				<b>8,342,446,206.68</b>	7,954,318
<b>3. Administered funds</b>				<b>17,694,642.00</b>	18,668



# Income Statement

of NRW.BANK for the Period January 1 – December 31, 2022

see Notes No.

Jan. 1 – Dec. 31, 2021

	€	€	€	€ thousands
<b>1. Interest income from</b>				
a) lending and money market transactions	2,556,644,780.73			2,326,203
b) interest-bearing securities and book-entry securities	345,910,863.38			369,206
		2,902,555,644.11		2,695,409
thereof: from negative interest € 63,578,796.13				(86,655)
<b>2. Interest expenses</b>		2,262,386,382.03		2,043,379
thereof: from positive interest € 144,712,334.68				(186,133)
			<b>640,169,262.08</b>	652,030
<b>3. Income from</b>				
a) equity investments in non-affiliated companies		18,469,802.05		16,619
b) equity investments in affiliated companies		0.00		131
			<b>18,469,802.05</b>	16,750
<b>4. Income from profit pooling, profit transfer and partial profit transfer agreements</b>			<b>0.00</b>	168
<b>5. Commission income</b>	<b>27</b>	90,550,025.21		89,449
<b>6. Commission expenses</b>		8,249,669.44		8,219
			<b>82,300,355.77</b>	81,230
<b>7. Net profit from trading portfolio</b>			<b>388,251.84</b>	855
<b>8. Other operating income</b>	<b>28</b>		<b>18,326,992.10</b>	30,807
		To be carried forward:	<b>759,654,663.84</b>	781,840

see Notes No.

Jan. 1 – Dec. 31, 2021

	€	€	€	€ thousands
		Carried forward:	759,654,663.84	781,840
<b>9. General administrative expenses</b>				
a) personnel expenses	34			
aa) wages and salaries		123,727,440.40		119,997
ab) social security contributions and expenses for pensions and other employee benefits		61,662,372.86		35,479
		185,389,813.26		155,476
thereof: for pensions € 34,866,005.00				(11,304)
b) other administrative expenses	30, 35	105,892,956.80		109,493
			291,282,770.06	264,969
<b>10. Depreciation and value adjustments on intangible and tangible assets</b>			8,155,777.28	8,038
<b>11. Other operating expenses</b>	29		125,963,098.59	248,589
<b>12. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions</b>			391,903,214.40	417,081
thereof: allocation to fund for general banking risks € 100,000,000.00				(30,000)
<b>13. Income from write-ups of equity investments in non-affiliated companies, equity investments in affiliated companies and securities treated as tangible assets</b>			74,972,807.61	179,849
<b>14. Expenses from the assumption of losses</b>			0.00	0
<b>15. Result from normal operations</b>			17,322,611.12	23,012
<b>16. Taxes on income and revenues</b>		11,553,156.52		17,217
<b>17. Other taxes not shown under other operating expenses</b>		284,596.95		285
			11,837,753.47	17,502
<b>18. Net income</b>			5,484,857.65	5,510
<b>19. Designated payout due to legal requirements</b>	36		5,484,857.65	5,510
<b>20. Profit for the year</b>			0.00	0

# Notes

## of NRW.BANK for the Fiscal Year 2022

### Information for the Identification of the Bank

The following information is provided to identify NRW.BANK in accordance with Section 264 Para. 1a of the German Commercial Code (Handelsgesetzbuch – HGB):

#### Company Name

NRW.BANK

Institution under public law

#### Head Offices

Düsseldorf	Münster
Kavalleriestraße 22	Friedrichstraße 1
40213 Düsseldorf	48145 Münster

#### Commercial Register

Commercial Register A 15277 District Court Düsseldorf

Commercial Register A 5300 District Court Münster

### Preparation of NRW.BANK's Annual Financial Statements

The annual financial statements of NRW.BANK are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB), the Ordinance Regarding Accounting for Banks and Financial Services Institutions (Verordnung über

die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV), the Act on NRW.BANK (Gesetz über die NRW.BANK – NRW.BANK G) and NRW.BANK's Statutes. Information that may appear either on the balance sheet or in the notes is included in the notes. Amounts in the notes are generally given in € millions.

As in the previous year, assets and liabilities in the present annual financial statements are recognised at amortised cost in accordance with Sections 252 et seq. HGB.

The subsidiaries in the NRW.BANK Group are not of material importance either individually or collectively. Consolidated financial statements are not prepared.

### Accounting and Valuation Principles

Assets, liabilities and open contracts are valued in accordance with Sections 340 et seq. HGB in conjunction with Sections 252 et seq. HGB.

#### 1. General Information

Receivables are reported at their amortised cost less any discounts where appropriate. Premiums and discounts from notes and bonds are released by the end of the term. Liabilities

are carried at their settlement amount with any related discounts reported under deferred items. Premiums on receivables and liabilities are reported under deferred items as an asset or liability, respectively. These items are released on a straight-line basis. The proportionate amount of accrued interest on a receivable or liability at year-end is generally included with the receivable or liability to which it applies. Non-interest-bearing loans to employees are reported at their amortised cost in accordance with tax regulations. Zero-coupon bonds are carried as liabilities at their issue price plus interest accrued as of the reporting date.

According to a decision made by the Specialist Committee on Banking (Bankenfachausschuss – BFA) of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) on June 23, 2015, negative interest included in net interest income has to be shown separately in the income statement (P&L). The Specialist Committee on Banking justifies this by saying that negative interest is an unusual phenomenon in money and capital markets. NRW.BANK therefore discloses negative interest by open deduction as a sub-item of “Interest income” (reduction in interest income on the assets side) and “Interest expenses” (reduction in interest expenses on the liabilities side) in the income statement. Negative interest from swap transactions is netted and therefore not included in this item.

Repurchase agreements and reverse repurchase agreements are combinations of a spot purchase or sale of securities with a simultaneous forward sale or repurchase transaction entered into

with the same counterparty. Securities purchased with an obligation to sell (reverse repurchase agreements), and securities sold with an obligation to repurchase (repurchase agreements), are generally regarded as collateralised financial transactions. The securities pledged under repurchase agreements (spot sale) are still recognised as part of the securities portfolio. The cash deposit received as part of the repurchase agreement, including accrued interest, is recognised as a liability. In the case of reverse repurchase agreements, a corresponding receivable is recognised, including accrued interest. The underlying securities received in pledge (spot purchase) are not recognised on the balance sheet.

In securities lending transactions, the lender transfers securities held in its portfolio to the borrower for a certain period of time. The borrower undertakes to retransfer the same type and the same amount of securities at the end of the lending period. According to prevailing legal opinion, this is a non-cash loan. The lender is obliged to assign the securities to the borrower; the borrower assumes all rights associated with the securities. Regardless of this, the lender remains the beneficial owner of the lent securities according to prevailing legal opinion. Consequently, the securities are not recognised in the borrower’s balance sheet but continue to be recognised in the lender’s balance sheet, as the latter remains the beneficial owner.

Discernible risks in the lending business were adequately covered by individual value adjustments (Einzelwertberichtigungen – EWB) and provisions.

General value adjustments (Pauschalwertberichtigungen – PWB) for latent risks of receivables, contingent liabilities and irrevocable loan commitments are determined applying the IDW statement on accounting “Risk provisioning for foreseeable, not yet individually specified credit risks in the lending business of credit institutions (‘general value adjustments’)” (“Risikovorsorge für vorhersehbare, noch nicht individuell konkretisierte Adressenausfallrisiken im Kreditgeschäft von Kreditinstituten (‘Pauschalwertberichtigungen’) (IDW RS BFA 7)”). For this purpose, the Bank uses the simplified valuation procedure in accordance with IDW RS BFA 7 to determine the general value adjustments. According to this procedure, the twelve-month probability of default without consideration of creditworthiness premiums may be used for credit transactions if a balance between creditworthiness premiums and risk expectation can be assumed at the time the loan is granted and there is no significant increase in the credit risk on the reporting date. If the credit risk of the loan portfolio in question has increased noticeably over time, it must be assessed whether a higher amount should be recognised as an adequate risk provision. In this context, NRW.BANK’s concept provides for certain downgrade constellations in the credit rating as an assessment criterion. In these cases, the general value adjustments are determined on the basis of the expected loss over the entire remaining term.

To account for the uncertainties in connection with the energy price trend, which have not yet been taken into account in the statistical valuation parameters, NRW.BANK recognised a general

value adjustment of € 45.0 million (“Post Model Adjustment”) in addition to the general value adjustments pursuant to IDW RS BFA 7. By contrast, the additional general value adjustment established in the previous years because of the pandemic-related extraordinary conditions was reversed.

The value adjustments were deducted from the respective receivables item on the assets side of the balance sheet in the longest residual maturity band. Non-performing loans were written off. The off-balance sheet contingent liabilities and other commitments were reduced by the provisions for potential losses established for these items.

The principles of the IDW statement on accounting “On Uniform or Separate Accounting under Commercial Law for Structured Financial Instruments” (“Zur einheitlichen oder getrennten handelsrechtlichen Bilanzierung strukturierter Finanzinstrumente (IDW RS HFA 22)”) are incorporated in the current financial statements. According to these principles, each structured financial instrument held in the investment book including securities issued is generally recognised as an integral asset or an integral liability. In those cases where the structured financial instrument has much higher or additional risks or opportunities than the basic instrument due to an embedded derivative, each individual component of the asset or liability is recognised separately as an underlying transaction and a derivative in accordance with the relevant HGB principles. In those cases where the recognition as an integral asset or an integral liability

gives a fair view of the net assets, financial position and result of operations, such recognition is applied.

In the context of the determination of the fair value, NRW.BANK applies mark-to-market valuation provided that an active market exists for a given security. In this case, the valuation is based on the liquid prices provided by respected market data providers (such as Refinitiv or Bloomberg). In addition, the discounted cash flow method is used for mark-to-model valuation. Under the discounted cash flow method, the contractually agreed cash flows of an instrument (without options) are discounted using risk-adjusted interest rates (use of spread curves). To the extent possible, interest curves based on liquid curves quoted in the market are used. In exceptional cases, the spreads used for discounting are taken from research publications or, alternatively, provided by external market participants and verified independently by the Risk Control business unit.

Structured derivatives and other structured products are valued on the basis of generally accepted models (Normal-Black 76, Normal-Black 76 with extension for CMS spread instruments, One Factor Models of Interest Rates, Linear Swap Rate Model, Hazard Rate Model). Here, too, valuation parameters based on standard market data sources are used (such as Refinitiv or Markit).

When using models, standard model assumptions are made. Valuation uncertainties primarily result from uncertainties of the

parameters used and the assumptions on which the models are based.

Due to the EU Benchmark Regulation, all critical reference interest rates are replaced by new risk-free interest rates. The one-off compensation payments for the conversion of interest on cash collateral for collateralised derivatives are recognised directly in the income statement in accordance with the pronouncement of the Banking Committee of the IDW for derivatives in the non-trading portfolio.

## **2. Promotional Loans of the Housing Promotion Business Unit**

The Housing Promotion business unit's promotional loans to customers and banks, most of which are at no interest or below-market interest, are carried at their nominal value. This recognises the fact that these loans are funded at matching maturities from equity capital and takes into account the interest balance guarantee under which the State of North Rhine-Westphalia would compensate for any negative interest balance for all promotional loans granted by the Housing Promotion business unit up to December 31, 2009. No negative interest balance existed for these receivables as of the balance sheet date.

All loans granted by the Housing Promotion business unit after December 31, 2009 are not covered by the interest balance guarantee of the State of North Rhine-Westphalia. Up to the balance sheet date, the Bank exclusively used equity capital to finance these non-guaranteed loans.

### **3. Loss-Free Valuation of the Banking Book**

According to the IDW statement on accounting “Individual Aspects of the Loss-Free Valuation of Interest-Related Transactions in the Banking Book (Interest Book) (Einzelfragen der verlustfreien Bewertung von zinsbezogenen Geschäften des Bankbuchs (Zinsbuchs) (IDW RS BFA 3 new version)”, a provision for contingent losses must be established for a surplus of obligations resulting from the banking and interest book in an overall view of the transactions. NRW.BANK performed the corresponding calculations in the 2022 financial statements, for which a P&L-oriented (periodic or period-related) view was taken. The present value of the future interest result of the banking book was reduced by pro-rated risk and administrative costs for the total term. The calculation did not result in a surplus of obligations, which means that there was no need to establish a provision for contingent losses.

### **4. Securities and Derivatives in the Investment Portfolio**

Securities treated as fixed assets (financial investment portfolio) are valued at amortised cost. If an impairment is expected to be permanent, they are written down to the lower fair value. Where securities in the financial investment portfolio are recognised at values which exceed the current market or stock exchange values in accordance with the mitigated lower of cost or market principle, these differences are stated in the notes. This information is subject to change over time due to portfolio changes as well as interest rate-induced movements and/or risk-induced movements.

For securities held in the financial investment portfolio with a carrying value of € 34,214,879,404.70 a lower market value of € 30,652,309,729.30 was determined.

Because these securities have been funded and/or hedged at matching maturities and interest rates, and because none of the issuers’ credit ratings indicated sustained weakening (no permanent impairment in value expected), it was not necessary to write the securities down to market or stock exchange value.

Revaluation adjustments relating to derivative transactions in the financial investment portfolio are not recognised. These derivatives are microhedges and/or macrohedges in the form of interest rate and currency derivatives, which serve to hedge individual risk positions or to manage the Bank’s overall exposure to interest rate risk, as well as credit default swaps (CDS), which are used as credit substitute transactions.

### **5. Securities Held in the Liquidity Reserve**

Securities held in the liquidity reserve are valued according to the strict lower of cost or market principle. If the carrying value exceeds the fair value, they are recognised at the lower fair value on the reporting date.

### **6. Financial Instruments of the Trading Portfolio**

In accordance with Section 340e Para. 3 HGB, financial instruments in the trading portfolio are measured at fair

value plus a risk discount for trading liabilities of € 0.2 million (2021: € 0.1 million).

The risk discount was calculated on the basis of the value-at-risk (VaR) model, which the Risk Control business unit also uses for internal monitoring of the market price risks of the trading book. The regulatory requirements of a confidence level of 99% and a holding period of ten days were applied. The historical observation period for the determination of the statistical parameters is 250 days, with a greater weight placed on incidents in the more recent past.

The internally defined criteria for the inclusion of financial instruments in the trading portfolio remained unchanged in the past fiscal year.

According to Section 340e Para. 4 HGB, an amount of at least 10% of the net profits from the trading portfolio must be allocated to the "Fund for general banking risks" pursuant to Section 340g HGB and be stated separately under this special item in each fiscal year. The amount of the allocation to the special item is limited and the allocation must be made until the special item amounts to 50% of the average of the last five annual net profits from the trading portfolio generated before the calculation date. With the accumulated amount allocated to the special item "Fund for general banking risks" pursuant to Section 340g HGB amounting to € 3.2 million as of € December 31, 2021, NRW.BANK

met the legal requirement and already exceeded the required minimum amount. As of the fiscal year 2022, the Bank therefore refrains from making any further allocations to the special item pursuant to Section 340e Para. 4 HGB for the time being and will not allocate any further amounts to the special item "Fund for general banking risks" pursuant to Section 340g HGB.

## **7. Equity Investments in Non-Affiliated and Affiliated Companies**

Equity investments in affiliated and non-affiliated companies are carried at cost taking existing collateral into account; where a loss of value is expected to be permanent, they are written down to the lower fair value.

With regard to the equity investment in Portigon AG, the State of North Rhine-Westphalia has issued an indefinite value guarantee to NRW.BANK to hedge the equity investment risk. In the case of a sale, the difference between the proceeds and a value of € 2,200.0 million is guaranteed.

NRW.BANK treats the equity investment in Portigon AG and the value guarantee as a hedge relationship as defined in Section 254 HGB, which is accounted for using the net hedge presentation method. Accordingly, the equity investment in Portigon AG was recognised at an amount of € 2,190.8 million as of December 31, 2022.



## 8. Tangible and Intangible Assets

Tangible and purchased intangible assets with a limited useful life are depreciated in accordance with the applicable tax regulations. They are written down for impairment where such impairment is likely to be permanent.

## 9. Provisions

Provisions have been made for contingent liabilities and anticipated losses from open contracts in the amount of the settlement amount that will be required according to prudent commercial judgment.

Provisions for pension obligations with a remaining maturity of more than one year are discounted at the average market rate of the past ten fiscal years as appropriate for the respective remaining maturity in accordance with Section 253 Para. 2 Sentence 1 HGB. By contrast, other provisions with a remaining maturity of more than one year are discounted using the average market rate of the past seven years as appropriate for the respective remaining maturity.

In accordance with the option granted under Section 253 Para. 2 Sentence 2 HGB, NRW.BANK has discounted provisions for pension obligations or comparable long-term obligations using the average market rate for an assumed remaining maturity of 15 years. The interest rate of 1.78% (2021: 1.87%) used for discounting was stipulated by Deutsche Bundesbank.

The difference arising from the recognition of pension provisions using the average market rate of the past ten fiscal years and the recognition of pension provisions using the average market rate for the past seven years in the amount of € 135.8 million (2021: € 210.1 million), which is determined in accordance with Section 253 Para. 6 Sentence 1 HGB, is subject to a payout restriction pursuant to Section 253 Para. 6 Sentence 2 HGB, according to which profits may be distributed only if the free reserves remaining after the profit distribution plus a profit carried forward and minus a loss carried forward are equivalent to at least the amount of the difference.

Pension, benefit and other personnel provisions are measured by using the internationally accepted projected unit credit method, taking the future development of wages and pensions into account. Based on the "Heubeck tables 2018 G" published by Heubeck-RichttafelIn-GmbH in Cologne, average salary and pension increases of 2.5% were applied for this purpose.

The assessment of the provisions for benefit payments was calculated using an annual cost increase of 3.5% for healthcare benefits. The average rate of the benefit payments over the past three years was taken as the basis.

Interest rate effects from the valuation of pension, benefit and other personnel provisions are recognised in the other operating result in the income statement.

As in the previous years, NRW.BANK used reduced interest rates for certain loans in order to fulfil its state promotional tasks. When the loan is extended, the interest rate reduction is provisioned for in the amount of the present value.

#### **10. Currency Translation**

Foreign currency amounts are translated in accordance with Section 256a HGB in conjunction with Section 340h HGB as well as the IDW statement on accounting "Special Aspects of Currency Translation at Institutions under Commercial Law" ("Besonderheiten der handelsrechtlichen Fremdwährungsumrechnung bei Instituten (IDW RS BFA 4)"). Assets, liabilities and pending transactions denominated in foreign currencies are translated into euros using the spot exchange rate on the reporting date. In this context, NRW.BANK uses the reference rates of the European System of Central Banks (ESCB). In case of foreign exchange forwards, the forward rate is split into a spot rate and a swap rate.

For the translation of foreign currencies, NRW.BANK determines the foreign currency positions by offsetting the claims and obligations of all foreign currency assets, liabilities and pending transactions in the respective foreign currency. In accordance with Section 256a HGB in conjunction with Section 340h HGB, these transactions are classified and valued as being specifically covered in all currencies. Accordingly, all income and expenses from foreign currency translation are stated in the income

statement pursuant to Section 340h HGB and shown as "Foreign currency result" in "Net expenses from trading portfolio" or "Net profit from trading portfolio".

In deviation from this general procedure, non-monetary assets are converted into euros at the time of addition and carried in euros in accordance with to Section 256a HGB.

Negative revaluation adjustments resulting from the currency translation of foreign exchange forwards as at December 31, 2022 are recognised as "Adjustment item from currency translation pursuant to Section 340h HGB" under "Other liabilities".

#### **11. Deferred Tax Assets**

Due to NRW.BANK's exemption from income tax, deferred taxes relate to an investment in a commercial partnership held as part of the public mission. In accordance with Section 274 Para. 1 Sentence 2 HGB, no deferred taxes were recognised for the deductible temporary differences which result in a tax reduction.

## Balance Sheet

### Receivables from Banks (1)

Breakdown by maturity	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Payable on demand	11,507.9	3,742.4
Other receivables		
– up to 3 months	2,014.2	1,965.3
– between 3 months and 1 year	3,707.3	3,695.4
– between 1 and 5 years	16,735.5	16,378.6
– more than 5 years	22,263.9	20,527.4
<b>Total receivables from banks</b>	<b>56,228.8</b>	<b>46,309.1</b>

The increase in receivables payable on demand essentially related to a deposit facility with Deutsche Bundesbank in the amount of € 7,200.0 million, as the Bank took advantage of conditions on the money and capital markets to shift funds from the credit account with Deutsche Bundesbank (balance sheet item “Cash”) to the deposit facility.

The receivables from companies in which equity investments are held totalled € 149.9 million (2021: € 143.4 million).

### Receivables from Customers (2)

Breakdown by maturity	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
– up to 3 months	2,527.1	2,561.3
– between 3 months and 1 year	4,059.1	3,911.6
– between 1 and 5 years	17,075.4	17,715.3
– more than 5 years	34,915.9	33,670.5
<b>Total receivables from customers</b>	<b>58,577.5</b>	<b>57,858.7</b>

The receivables from companies in which equity investments are held totalled € 7.8 million (2021: € 8.2 million).

### Bonds and Other Interest-bearing Securities (3)

Marketability	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Bonds and other interest-bearing securities		
– listed on a stock exchange	35,398.0	35,081.2
– not listed on a stock exchange	3,392.3	3,033.6
<b>Total bonds and other interest-bearing securities</b>	<b>38,790.3</b>	<b>38,114.8</b>

Of the bonds and other interest-bearing securities, an amount of € 4,692.0 million (2021: € 3,450.1 million) is due in the following year.

Of the total bonds and other interest-bearing securities, € 0.1 million (2021: € 0.1 million) are held as part of the liquidity reserve and € 38,790.2 million (2021: € 38,114.7 million) are held in the financial investment portfolio.

#### Shares and Other Non-fixed-income Securities (4)

Marketability	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Shares and other non-fixed-income securities		
– listed on a stock exchange	–	11.9
– not listed on a stock exchange	–	–
<b>Total shares and other non-fixed-income securities</b>	<b>–</b>	<b>11.9</b>

Shares and other non-fixed-income securities reported in the previous year were attributable to the financial investment portfolio.

#### Equity Investments in Non-Affiliated and Affiliated Companies (5)

NRW.BANK holds € 2,428.6 million (2021: € 2,409.2 million) in equity investments in non-affiliated companies and € 25.6 million (2021: € 25.7 million) in equity investments in affiliated companies. Of the equity investments in non-affiliated companies, € 2,197.8 million (2021: 2,200.0 million) are securitised by marketable securities. However, none are listed on a stock exchange.

An itemised list of NRW.BANK's investments pursuant to Section 285 No. 11 and 11a HGB is shown separately in the "Miscellaneous" paragraph.

NRW.BANK holds more than 5% of the voting rights in the following major corporations:

- Investitionsbank des Landes Brandenburg (ILB)
- Portigon AG

#### Trust Assets (6)

Trust assets comprise the following:

Breakdown by asset type	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Receivables from banks	1,002.8	984.2
Receivables from customers	1,042.4	1,091.8
Equity investments in non-affiliated and affiliated companies	5.5	5.8
<b>Total trust assets</b>	<b>2,050.7</b>	<b>2,081.8</b>

## Changes in Fixed Assets (7)

Schedule of fixed assets	Bonds and other interest-bearing securities forming part of fixed assets € millions	Shares and other non-fixed-income securities forming part of fixed assets € millions	Equity investments in non-affiliated companies € millions	Equity investments in affiliated companies € millions	Intangible assets € millions	Land and buildings € millions	Office equipment € millions
<b>Acquisition cost/ production cost</b>							
As of Jan. 1, 2022	37,914.8	11.9	4,011.8	25.7	76.5	259.8	31.6
Additions					0.9	2.9	2.2
Disposals					–	–	–1.8
<b>As of Dec. 31, 2022</b>					<b>77.4</b>	<b>262.7</b>	<b>32.0</b>
<b>Write-downs</b>							
As of Jan. 1, 2022	Net change pursuant to Section 34 Para. 3 Sentence 2 RechKredV: € –905.3 million				–73.7	–20.8	–16.3
Write-downs					–1.0	–5.5	–1.7
Change in total write-downs from disposals					–	–	1.8
<b>As of Dec. 31, 2022</b>					<b>–74.7</b>	<b>–26.3</b>	<b>–16.2</b>
<b>Remaining carrying amounts</b>							
As of Dec. 31, 2022	38,604.7	0.0	2,428.6	25.6	2.7	236.4	15.8
As of Dec. 31, 2021	37,914.8	11.9	2,409.2	25.7	2.8	238.9	15.3

Of the land and buildings, € 236.4 million (2021: € 238.9 million) is used for business purposes.

## Other Assets (8)

Breakdown by individual items	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Interest receivables from the State of North Rhine-Westphalia under the value guarantee for the equity investment in Portigon AG	502.4	502.4
Option premiums not yet received	189.5	202.5
Option premiums paid	137.0	167.8
Compensation claims to Helaba Landesbank Hessen-Thüringen relating to pension provisions for "dual contract holders"	47.0	46.8
Cash collateral furnished in the context of the EU bank levy	12.3	12.3
Tax prepayments for subsidiaries	1.1	0.3
Compensation claims from Portigon AG relating to service cost of "dual contract holders"	0.4	–
Other	13.9	8.4
Adjustment item from currency translation pursuant to Section 340h HGB	–	512.2
<b>Total other assets</b>	<b>903.6</b>	<b>1,452.7</b>

## Deferred Items (Assets) (9)

Breakdown of deferred items (assets)	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Discounts from underwriting business	165.7	130.8
Prepaid swap fees	151.1	196.7
Prepaid CDS fees	125.1	142.4
Premiums from lending business	12.8	14.5
Other	3.9	3.6
<b>Total deferred items</b>	<b>458.6</b>	<b>488.0</b>

## Subordinated Assets (10)

Subordinated assets are included in:

Breakdown by asset type	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Receivables from banks	0.8	0.8
Receivables from customers	78.0	77.0
<b>Total subordinated assets</b>	<b>78.8</b>	<b>77.8</b>

## Pledged Assets (11)

Of the assets reported, assets in the amount of € 38.9 million (2021: € – million) were pledged under repurchase agreements.

### Liabilities to Banks (12)

Breakdown by maturity	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Payable on demand	3,977.6	1,756.0
Other liabilities		
– up to 3 months	8,286.8	8,525.3
– between 3 months and 1 year	2,260.8	4,247.7
– between 1 and 5 years	10,595.1	11,167.7
– more than 5 years	14,733.7	14,344.1
<b>Total liabilities to banks</b>	<b>39,854.0</b>	<b>40,040.8</b>

The liabilities to companies in which equity investments are held totalled € 0.1 million (2021: € 0.2 million).

### Liabilities to Customers (13)

Breakdown by maturity	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Payable on demand	525.2	358.7
Other liabilities		
– up to 3 months	712.6	375.9
– between 3 months and 1 year	779.0	762.5
– between 1 and 5 years	2,889.3	3,470.1
– more than 5 years	5,139.5	6,044.8
<b>Total liabilities to customers</b>	<b>10,045.6</b>	<b>11,012.0</b>

The liabilities to companies in which equity investments are held totalled € 4.0 thousand (2021: € 0.3 thousand).

### Certificated Liabilities (14)

Breakdown of certificated liabilities	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Notes issued		
– mortgage bonds	0.6	0.6
– municipal bonds	338.4	321.6
– other bonds	81,348.6	73,807.0
<b>Total certificated liabilities</b>	<b>81,687.6</b>	<b>74,129.2</b>

Of the notes issued, € 32,084.6 million (2021: € 24,519.3 million) are due in the following year.

### Trading Portfolio (Liabilities) (15)

Breakdown of trading portfolio (liabilities)	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Risk discount pursuant to Section 340e Para. 3 Sentence 1 HGB	0.2	0.1
<b>Total trading portfolio</b>	<b>0.2</b>	<b>0.1</b>

The risk discount in the balance sheet is shown on an accrual basis.

## Trust Liabilities (16)

Trust liabilities comprise the following:

Breakdown by liability type	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Liabilities to banks	992.2	975.5
Liabilities to customers	1,058.5	1,106.3
<b>Total trust liabilities</b>	<b>2,050.7</b>	<b>2,081.8</b>

## Other Liabilities (17)

Breakdown by individual items	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Liabilities owed to the State of North Rhine-Westphalia from repayment discounts granted for housing promotional programmes	933.9	824.7
Adjustment item from currency translation pursuant to Section 340h HGB	305.6	–
Option premiums not yet paid	189.5	202.5
Option premiums received	137.0	167.8
Liabilities owed to employees of NRW.BANK from the fixed bonus	12.8	12.9
Liabilities owed to the State of North Rhine-Westphalia	5.5	5.5
Other	17.1	19.0
<b>Total other liabilities</b>	<b>1,601.4</b>	<b>1,232.4</b>



## Deferred Items (Liabilities) (18)

Breakdown of deferred items (liabilities)	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Premiums from underwriting business	346.7	490.4
Swap fees received in advance	299.8	307.9
Transfer of salaries for employees of Portigon AG under "dual contracts"	26.2	32.2
CDS fees received in advance	22.4	20.1
Discounts from lending business	0.0	0.0
Other	0.0	0.1
<b>Total deferred items</b>	<b>695.1</b>	<b>850.7</b>

## Provisions (19)

The provisions for pensions reported in the amount of € 2,535.6 million (2021: € 2,493.1 million) include € 1,543.2 million (2021: € 1,551.5 million) in pension obligations to employees of Portigon AG who have claims for or are entitled to a pension under the laws relating to civil servants. Pursuant to Article 1 Section 4 Para. 1 Sentence 4 of the Bank Redefining Act (Neuregelungsgesetz) of July 2, 2002, these obligations passed from the former Westdeutsche Landesbank Girozentrale to NRW.BANK. Pursuant to the regulations of the assessment dated August 1, 2002, Portigon AG and NRW.BANK agreed in the fiscal

year 2013 to settle NRW.BANK's claims resulting from the compensation entitlement for good, with the exception of the future service cost, by means of a one-time payment. With this one-time payment, responsibility for managing and handling the pension payments has passed to NRW.BANK. The provisions for pensions additionally include pension obligations in the amount of € 47.0 million (2021: € 46.8 million) towards employees of Helaba Landesbank Hessen-Thüringen who also have contractual claims or are entitled to a pension under the laws relating to civil servants. NRW.BANK is entitled to reimbursement from Helaba Landesbank Hessen-Thüringen in the same amount, which is shown in "Other assets". An additional € 945.4 million (2021: € 894.8 million) has been set aside for pension claims that employees of NRW.BANK have for their retirement.

NRW.BANK's provisions for additional benefits are at € 483.8 million (2021: € 468.1 million). This amount includes € 371.5 million (2021: € 361.7 million) in obligations to persons covered under the former pension agreement of the former Westdeutsche Landesbank Girozentrale, for which NRW.BANK has assumed the additional benefit payments since the spin-off from the former Westdeutsche Landesbank Girozentrale. An additional € 112.3 million (2021: € 106.4 million) has been set aside for claims to additional benefits that employees of NRW.BANK have for their retirement.

Provisions in an unchanged amount of € 76.7 million exist for potential compensation claims under the value guarantee.

### Subordinated Liabilities (20)

The subordinated liability as described below exceeds 10% of the total subordinated liabilities of € 1,431.0 million (2021: € 1,490.4 million).

The State of North Rhine-Westphalia has to make repayments towards the Federal Government in conjunction with the use of housing promotional loans granted by the Federal Government. Under applicable federal state law, NRW.BANK has to transfer the required funds from the repayment of housing promotional loans to the state budget. This transfer duty takes the form of a non-interest-bearing subordinated loan in an amount of € 2,413.9 million granted by the State of North Rhine-Westphalia to NRW.BANK, which has to be repaid by the year 2044 in accordance with a defined repayment plan. Based on the repayments made to date, the subordinated loan was stated in an amount of € 1,271.0 million as of December 31, 2022.

The other subordinated liabilities of € 160.0 million have original maturities between 20 and 30 years and carry interest rates of between 0.876% and 4.72%. These subordinated liabilities carry an average interest rate of 2.1% (2021: 1.2%). There is no early redemption obligation. The other subordinated liabilities carried by NRW.BANK comply with the requirements of Article 63 of the Capital Requirements Regulation (CRR).

Subordinated liabilities include liabilities with a remaining term of less than two years in an amount of € 227.6 million (2021: € 118.2 million).

There are no existing agreements or plans to convert these funds into capital or into another form of debt.

Interest expenses of € 1.0 million (2021: € 0.5 million) were incurred for subordinated liabilities.

### Equity Capital (21)

As of December 31, 2022, NRW.BANK's subscribed capital remained unchanged at € 17,000.0 million. The reserves totalled € 986.2 million (2021: € 985.6 million).

NRW.BANK's capital and reserves as reported on the balance sheet are made up of the following:

Equity capital pursuant to the German Commercial Code (HGB)	Dec. 31, 2022 € millions	Dec. 31, 2021 € millions
Subscribed capital	17,000.0	17,000.0
Capital reserves	730.5	729.9
Reserves from retained earnings		
– reserves required by NRW.BANK's Statutes	36.1	36.1
– other reserves	219.6	219.6
Profit for the year	–	–
<b>Total equity capital</b>	<b>17,986.2</b>	<b>17,985.6</b>

Once the annual financial statements are approved, the capital of NRW.BANK required for regulatory purposes under Section 10 of the German Banking Act (Kreditwesengesetz – KWG) will total € 18,829.2 million (2021: € 18,739.2 million).

### **Foreign Currency Assets and Foreign Currency Liabilities (22)**

At the reporting date, NRW.BANK had foreign currency assets valued at € 5,858.7 million (2021: € 6,532.7 million) and foreign currency liabilities valued at € 31,852.9 million (2021: € 27,508.9 million). Contingent liabilities and other commitments denominated in foreign currencies totalled € 10,468.7 million (2021: € 10,858.1 million).

### **Contingent Liabilities (23)**

Contingent liabilities totalled € 14,911.8 million (2021: € 14,990.4 million) and incorporate € 13,531.4 million (2021: € 13,669.2 million) for credit derivatives and € 1,380.4 million (2021: € 1,321.2 million) for other guarantees and indemnity agreements.

The credit derivatives are credit default swaps, in which NRW.BANK acts as protection seller. Against receipt of a premium from the protection buyer, NRW.BANK has taken the risk that a credit event agreed between the two parties with regard to the reference debtor occurs. The credit default swaps of NRW.BANK are primarily referenced to countries and are almost exclusively of very good and good investment grade quality. No claims are expected to be raised at present.

The other guarantees and indemnity agreements primarily comprise liability releases in favour of house banks for loans granted in the context of various promotional programmes as well as

working capital loans with changing utilisation as well risk sub-participations held to reduce the risk of SME financing. Claims under these guarantees would potentially be raised in the event of the non-fulfilment of contractual obligations of the main borrower towards the beneficiary. This would arise, for instance, in the event of the delayed (or non-)repayment of loans or the improper completion of promised services. NRW.BANK considers the overall risk of future claims being raised because of such non-fulfilment by the main borrower to be low. In those cases where claims are likely to be raised, adequate provisions have been established.

### **Other Commitments (24)**

Other commitments comprise irrevocable loan commitments in an amount of € 8,342.4 million (2021: € 7,954.3 million) and mainly relate to the promotional business.

The irrevocable loan commitments result from transactions in which NRW.BANK has made a binding commitment towards its customers and is therefore exposed to a future credit risk from loans. Based on historical experience from the previous years, it is expected that the irrevocable loan commitments will be utilised with a probability of almost 100%. In individual cases where a loss is likely to arise from anticipated claims, adequate provisions have been established for the risk arising from these claims.

### Assets Used as Collateral (25)

Receivables in the nominal amount of € 8,108.2 million (2021: € 6,666.5 million) were assigned as collateral for liabilities to banks.

Bonds and notes with a nominal amount of € 6,163.5 million (2021: € 8,363.8 million) were pledged to Deutsche Bundesbank as collateral for refinancing facilities. In addition, municipal loans, registered securities and note loans with a nominal amount of € 28,347.7 million (2021: € 25,142.3 million) were submitted to Deutsche Bundesbank via the "Mobilisation and Administration of Credit Claims" (MACCs) procedure.

Securities in a nominal amount of € 46.3 million (2021: € 21.1 million) were deposited for the Eurex (electronic futures and options exchange) as collateral for forward transactions. In addition, securities in a nominal amount of € 11.3 million (2021: € 15.1 million) were submitted as collateral to compensate for exchange rate fluctuations in Eurex repurchase agreements.

### Cover Calculation (26)

All issues of NRW.BANK requiring cover were covered in accordance with the statutory provisions and in accordance with the Bank's Statutes.

On December 31, 2022, the nominal amounts of the cover calculation are as follows:

	Dec. 31, 2022 Municipal bonds (cover register II) € millions	Dec. 31, 2021 Municipal bonds (cover register II) € millions
<b>Cover calculation</b>		
Municipal bonds issued	1,523.6	1,506.9
<b>Liabilities requiring cover</b>	<b>1,523.6</b>	<b>1,506.9</b>
Municipal loans	2,075.1	2,179.7
Excess cover	49.6	49.6
<b>Capital cover</b>	<b>2,124.7</b>	<b>2,229.3</b>
<b>Excess cover</b>	<b>601.1</b>	<b>722.4</b>

The cover calculation only includes the cover register for municipal bonds (cover register II), as NRW.BANK currently holds no mortgage bonds (cover register I) and currently does not issue new mortgage bonds.

## Income Statement

### Services Rendered for Third Parties (27)

The net commission income includes € 10.3 million (2021: € 10.0 million) from the trust and administered activities.

### Other Operating Income (28)

The principal contributions towards other operating income are composed of € 11.8 million (2021: € 22.9 million) in income from the writeback of provisions, € 1.4 million (2021: € 1.4 million) in income from compensation payments and cash payments relating to the improper use of publicly subsidised housing as well as € 1.1 million (2021: € 0.1 million) in income from the reimbursement of the service cost of Portigon AG.

### Other Operating Expenses (29)

The principal contributions towards other operating expenses are composed of € 85.1 million (2021: € 227.2 million) in interest effects from the valuation of pension, benefit and other personnel provisions as well as € 35.9 million (2021: € 19.9 million) for non-interest allocations to pension and benefit provisions for employees of Portigon AG who have claims for or are entitled to a pension under the laws relating to civil servants.

### Fee Paid to Auditor of the Annual Financial Statements (30)

In the fiscal year 2022, the auditor charged a total fee of € 2.0 million (2021: € 1.6 million). Of this amount, € 1.9 million (2021: € 1.4 million) accounted for the auditing of the annual financial statements and € 0.1 million (2021: € 0.2 million) for other auditing services.

### Services Provided to NRW.BANK by the Auditor in Addition to the Audit

In the fiscal year 2022, the auditor provided permitted non-audit services within the meaning of the EU Audit Regulation to NRW.BANK. These services essentially comprised the voluntary annual audits of the legally dependent NRW.BANK.Fonds, the issue of a Comfort Letter and the preparation of audit reports and audit procedures according to ISAE 3000, such as, inter alia, the execution of an audit to obtain limited assurance regarding the non-financial statement.

## Miscellaneous

### Other Financial Obligations (31)

NRW.BANK has long-term obligations in the amount of € 249.7 million (2021: € 271.9 million) up to the end of the contractual term. Thereof obligations in the amount of € 33.2 million relate to the fiscal year 2023. The remaining other financial obligations in the amount of € 216.5 million relate to the fiscal years 2024 to 2037. In addition, there are other annual financial obligations with an indefinite remaining term after the balance sheet date in the amount of € 4.1 million (2021: € 4.0 million). Other financial obligations primarily result from building leases, software maintenance agreements, maintenance and IT service agreements, facility management contracts as well as other service agreements.

In the equity investment business, NRW.BANK additionally has other financial obligations from outstanding payment obligations and subscription commitments towards equity investments and funds in the amount of € 153.3 million (2021: € 160.1 million).

As in the previous year, there is another financial obligation in the amount of the irrevocable payment obligation of € 12.3 million in the context of the EU bank levy. The cash collateral paid in the same amount is included in the balance sheet item "Other assets".

### Other Obligations (32)

NRW.BANK has other obligations pursuant to Article 1 Section 3 Sentence 1 of the Bank Redefining Act of July 2, 2002.

In addition to its capital contribution of € 55.0 million, NRW.BANK remains liable for Investitionsbank des Landes Brandenburg (ILB) in the amount of an additional € 110.0 million.

As in the previous year, there is an obligation to make additional contributions in the amount of € 16.0 million to the European Investment Fund (EIF).

Both the liability assumed for Investitionsbank des Landes Brandenburg (ILB) and the obligation to make additional contributions to the European Investment Fund (EIF) are included in other guarantees and indemnity agreements shown under the balance sheet item "Contingent liabilities".

### Derivative Transactions (33)

As of December 31, 2022, the total nominal value of the derivative transactions is € 203,249 million (2021: € 185,002 million).

Derivative transactions are mostly used as hedges against fluctuations in interest rates, exchange rates and market prices and almost entirely relate to the banking book.

<b>Banking book</b>	<b>Nominal values Dec. 31, 2022 € millions</b>	<b>Nominal values Dec. 31, 2021 € millions</b>	<b>Market values positive Dec. 31, 2022 € millions</b>	<b>Market values negative Dec. 31, 2022 € millions</b>
<b>Interest rate derivatives</b>				
Interest rate swaps	163,999	143,172	10,550	-8,648
Interest rate options				
– bought (long)	2,473	2,915	276	–
– written (short)	2,495	3,174	–	-182
Stock market contracts				
– bought (long)	–	–	–	–
– written (short)	25	620	0	–
Other interest rate forwards	23	87	4	–
<b>Total interest rate derivatives</b>	<b>169,015</b>	<b>149,968</b>	<b>10,830</b>	<b>-8,830</b>
<b>Currency derivatives</b>				
Foreign exchange forwards, swaps	17,080	16,684	12	-609
Currency swaps/interest rate currency swaps	17,149	18,346	774	-854
<b>Total currency derivatives</b>	<b>34,229</b>	<b>35,030</b>	<b>786</b>	<b>-1,463</b>
<b>Total banking book</b>	<b>203,244</b>	<b>184,998</b>	<b>11,616</b>	<b>-10,293</b>

<b>Trading book</b>	<b>Nominal values Dec. 31, 2022 € millions</b>	<b>Nominal values Dec. 31, 2021 € millions</b>	<b>Market values positive Dec. 31, 2022 € millions</b>	<b>Market values negative Dec. 31, 2022 € millions</b>
<b>Interest rate derivatives</b>				
Stock market contracts				
– bought (long)	–	4	–	–
– written (short)	5	–	–	0
<b>Total interest rate derivatives</b>	<b>5</b>	<b>4</b>	<b>–</b>	<b>0</b>
<b>Total trading book</b>	<b>5</b>	<b>4</b>	<b>–</b>	<b>0</b>

<b>Banking book and trading book</b>	<b>Nominal values Dec. 31, 2022 € millions</b>	<b>Nominal values Dec. 31, 2021 € millions</b>	<b>Market values positive Dec. 31, 2022 € millions</b>	<b>Market values negative Dec. 31, 2022 € millions</b>
<b>Total interest rate derivatives</b>	<b>169,020</b>	<b>149,972</b>	<b>10,830</b>	<b>–8,830</b>
<b>Total currency derivatives</b>	<b>34,229</b>	<b>35,030</b>	<b>786</b>	<b>–1,463</b>
<b>Total banking book and trading book</b>	<b>203,249</b>	<b>185,002</b>	<b>11,616</b>	<b>–10,293</b>

The presentation of derivative transactions also reflects embedded derivative instruments that have to be separated with a nominal volume of € 2,742.0 million (2021: € 3,224.1 million). In addition, there are embedded equity risk based derivatives from convertible loans with a nominal value of € 4.1 million (2021: € 10.1 million) and a positive market value of € 1.2 million (2021: € 2.5 million) in the promotional business unit Equity Finance.

The average nominal value of the derivative transactions and other forward transactions entered into by NRW.BANK for the period from January 1 to December 31, 2022 amounted to € 203,902 million (2021: € 184,285 million).

The market values of the derivative transactions are shown without accrued interest.



To the extent available, stock exchange or market prices are used for valuing the derivative financial instruments. If stock exchange or market values are not available or cannot be reliably determined, the fair value is determined on the basis of standard pricing models or discounted cash flows.

Option premiums paid/received are reported under the balance sheet items "Other assets" and "Other liabilities"; prepaid swap

fees and swap fees received in advance are included in the respective deferred item.

The breakdown of derivative transactions by counterparty is as follows:

	Nominal values Dec. 31, 2022 € millions	Nominal values Dec. 31, 2021 € millions	Market values positive Dec. 31, 2022 € millions	Market values negative Dec. 31, 2022 € millions
<b>Banking book</b>				
OECD banks	198,695	178,616	11,315	-10,270
OECD public-sector entities	60	102	1	-
Other counterparties	4,489	6,280	300	-23
<b>Total banking book</b>	<b>203,244</b>	<b>184,998</b>	<b>11,616</b>	<b>-10,293</b>

	Nominal values Dec. 31, 2022 € millions	Nominal values Dec. 31, 2021 € millions	Market values positive Dec. 31, 2022 € millions	Market values negative Dec. 31, 2022 € millions
<b>Trading book</b>				
OECD banks	5	4	-	0
<b>Total trading book</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>0</b>

	Nominal values Dec. 31, 2022 € millions	Nominal values Dec. 31, 2021 € millions	Market values positive Dec. 31, 2022 € millions	Market values negative Dec. 31, 2022 € millions
<b>Banking book and trading book</b>				
<b>Total banking book and trading book</b>	<b>203,249</b>	<b>185,002</b>	<b>11,616</b>	<b>-10,293</b>

Interest rate derivatives that are not assigned to the trading book are used as microhedges for specific transactions or as macrohedges for overall exposure, exclusively in the Bank's proprietary business. Their result is recognised in net interest income.

The interest rate contracts are spread across the entire spectrum of maturities, with approx. 50% (2021: 51%) of the interest rate contracts having a remaining time to maturity of more than five years.

<b>Banking book</b>	<b>Interest rate derivatives</b>	<b>Interest rate derivatives</b>	<b>Currency derivatives</b>	<b>Currency derivatives</b>
<b>Nominal values</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
	<b>€ millions</b>	<b>€ millions</b>	<b>€ millions</b>	<b>€ millions</b>
Residual maturity				
– up to 3 months	15,659	4,796	14,911	10,119
– more than 3 months to 1 year	15,498	16,732	6,109	10,303
– more than 1 to 5 years	52,986	51,520	11,272	12,557
– more than 5 years	84,872	76,920	1,937	2,051
<b>Total banking book</b>	<b>169,015</b>	<b>149,968</b>	<b>34,229</b>	<b>35,030</b>

<b>Trading book</b>	<b>Interest rate derivatives</b>	<b>Interest rate derivatives</b>	<b>Currency derivatives</b>	<b>Currency derivatives</b>
<b>Nominal values</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
	<b>€ millions</b>	<b>€ millions</b>	<b>€ millions</b>	<b>€ millions</b>
Residual maturity				
– up to 3 months	5	4	–	–
<b>Total trading book</b>	<b>5</b>	<b>4</b>	<b>–</b>	<b>–</b>

<b>Banking book and trading book</b>	<b>Interest rate derivatives</b>	<b>Interest rate derivatives</b>	<b>Currency derivatives</b>	<b>Currency derivatives</b>
<b>Nominal values</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
	<b>€ millions</b>	<b>€ millions</b>	<b>€ millions</b>	<b>€ millions</b>
<b>Total banking book and trading book</b>	<b>169,020</b>	<b>149,972</b>	<b>34,229</b>	<b>35,030</b>

## Number of Employees

<b>Employees on an annual average<sup>1)</sup></b>	<b>2022 Women</b>	<b>2022 Men</b>	<b>2022 Total</b>	<b>2021<sup>2)</sup> Women</b>	<b>2021<sup>2)</sup> Men</b>	<b>2021<sup>2)</sup> Total</b>
Full-time employees	361	593	954	363	601	964
Part-time employees	400	154	554	398	137	535
<b>Total employees on an annual average</b>	<b>761</b>	<b>747</b>	<b>1,508</b>	<b>761</b>	<b>738</b>	<b>1,499</b>

<sup>1)</sup> Excl. Managing Board, trainees, apprentices, interns and employees on parental leave and similar leave.

<sup>2)</sup> Information for 2021 corrected.

<b>Active employees as at Dec. 31</b>	<b>2022 Women</b>	<b>2022 Men</b>	<b>2022 Total</b>	<b>2021 Women</b>	<b>2021 Men</b>	<b>2021 Total</b>
Full-time employees	362	605	967	358	602	960
thereof employees under limited employment contracts	14	15	29	19	19	38
Part-time employees	412	159	571	402	138	540
thereof employees under limited employment contracts	14	14	28	12	12	24
<b>Total active employees as at Dec. 31</b>	<b>774</b>	<b>764</b>	<b>1,538</b>	<b>760</b>	<b>740</b>	<b>1,500</b>
In addition as at Dec. 31						
Managing Board	2	2	4	1	3	4
Apprentices and trainees	12	30	42	13	31	44
Employees employed outside of NRW.BANK (leave, secondments, employee assignments)	11	15	26	12	18	30

### Managing Board Remuneration (34)

Non-performance-linked and performance-linked components of the Managing Board remuneration as well as the remuneration for mandates received by the Managing Board members in 2022 and 2021:

	Non-performance-linked remuneration						Total remuneration		Remuneration for mandates <sup>4)</sup>	
	Fixed remuneration <sup>1)</sup>		Other remuneration <sup>2)</sup>		Company pension scheme <sup>3)</sup>		2022 €	2021 €	2022 €	2021 €
	2022 €	2021 €	2022 €	2021 €	2022 €	2021 €				
Eckhard Forst	776,595	765,155	14,857	14,864	202,554	221,346	994,006	1,001,365	51,219	45,097
Claudia Hillenherms <sup>5)</sup>	286,643	0	7,905	0	101,841	0	396,389	0	800	0
Gabriela Pantring	615,506	556,374	14,311	14,261	149,168	243,519	778,985	814,154	0	0
Michael Stölting	634,761	601,519	34,543	1,600	660,411	616,030	1,329,715	1,219,149	8,152	51,002
Dietrich Suhlrie <sup>6)</sup>	272,142	627,706	3,726	14,907	0	563,888	275,868	1,206,501	1,600	0
<b>Total Managing Board</b>	<b>2,585,647</b>	<b>2,550,754</b>	<b>75,342</b>	<b>45,632</b>	<b>1,113,974</b>	<b>1,644,783</b>	<b>3,774,963</b>	<b>4,241,169</b>	<b>61,771</b>	<b>96,099</b>

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

<sup>2)</sup> Employer's statutory social security contributions and benefit payments.

<sup>3)</sup> Direct commitment, shown is the allocation to provisions including interest expenses.

<sup>4)</sup> Amounts incl. VAT, where applicable.

<sup>5)</sup> In 2022, pro-rata consideration as of the entry on June 1, 2022.

<sup>6)</sup> In 2022, pro-rata consideration until departure on March 31, 2022.

Commitments in case of premature or regular termination of the activity:

In case of a premature resignation not attributable to an extraordinary termination for serious cause, the members of the Managing Board will receive the agreed remuneration until the

end of their contractual term. For Mr Forst, Ms Hillenherms and Ms Pantring, this payment is capped at an amount equivalent to the remuneration for a maximum of two years (severance payment cap). Thereafter, Mr Stölting will receive an early pension based on the pension that would be paid in case of invalidity until he reaches the age of retirement.

The 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. As a result of his previous employment, Mr Stölting has an entitlement to a civil-service-type pension taking into account entitlements from the public pension scheme as well as entitlements under a pension enhancement policy. Mr Forst, Ms Hillenherms and Ms Pantring benefit from a contribution-linked pension commitment. In the context of this pension commitment, a personal

pension account with a starting component has been set up for them, into which annual pension components are paid.

In the fiscal year 2022, there were no changes in the commitments for old-age/invalidity and dependants' pension for any Managing Board member.

Expenses and present values of the benefits promised to the members of the Managing Board in case of regular termination of their activity:

	Expenses <sup>1)</sup> 2022 €	Expenses <sup>1)</sup> 2021 €	Present value of the obligation 2022 €	Present value of the obligation 2021 €
Eckhard Forst	202,554	221,346	1,037,039	834,485
Claudia Hillenherms	101,841	0	101,841	0
Gabriela Pantring	149,168	243,519	901,507	752,339
Michael Stölting	660,002	615,621	6,699,289	6,039,287
<b>Total Managing Board</b>	<b>1,113,565</b>	<b>1,080,486</b>	<b>8,739,676</b>	<b>7,626,111</b>

<sup>1)</sup> The expenses shown here comprise personnel and interest expenses.

Payments to retired and resigned Managing Board members and their surviving dependents as well as present values of their retirement benefits:

	Payments from active employment <sup>1)</sup> 2022 €	Payments from active employment <sup>1)</sup> 2021 €	Payments from pension claims 2022 €	Payments from pension claims 2021 €	Present value of the obligation 2022 €	Present value of the obligation 2021 €
Former Managing Board members	19,725	29,250	1,692,212	1,579,469	31,945,746	32,131,685

<sup>1)</sup> Payments of deferred variable remuneration components from previous years.

## Remuneration of the Members of the Board of Guarantors, the Supervisory Board and Its Committees as Well as the Advisory Board (35)

The tables below show the remuneration of the members of the

Board of Guarantors, the Supervisory Board and its Committees as well as the Advisory Board in itemised form. The remuneration of the members of the Supervisory Board varies depending on their committee membership.

### Disclosure of the Remuneration Paid to Members of the Board of Guarantors

	Total remuneration €
<b>Members Pursuant to Section 8 Para. 1 Letters a to c of the Statutes</b>	
Prof. Dr. Andreas Pinkwart (until June 29, 2022) Chairman Minister of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	2,800
Mona Neubaur, MdL (since June 29, 2022) Chairwoman (since August 9, 2022) Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	2,800
Lutz Lienenkämper, MdL (until June 29, 2022) Deputy Chairman Minister of Finance of the State of North Rhine-Westphalia	2,800
Dr. Marcus Optendrenk, MdL (since June 29, 2022) Deputy Chairman (since August 9, 2022) Minister of Finance of the State of North Rhine-Westphalia	2,800
Ina Scharrenbach, MdL Deputy Chairwoman Minister for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	5,600

	Total remuneration €
<b>Members Pursuant to Section 8 Para. 1 Letter d of the Statutes</b>	
Nathanael Liminski Minister for Federal, European and International Affairs and the Media (since June 29, 2022) and Head of the State Chancellery of the State of North Rhine-Westphalia	5,600
Mathias Richter (until July 31, 2022) State Secretary (until June 29, 2022) Ministry for School and Further Education of the State of North Rhine-Westphalia	3,217
<b>Permanent Guests</b>	
Matthias Elzinga Staff representative NRW.BANK	600
Frank Lill Staff representative NRW.BANK	600

1. On the basis of the rules adopted by the Board of Guarantors, turnover tax and travel expenses are refunded by the Bank upon request.
2. The labour remuneration for members who join or leave the Advisory Board during the year is paid on a pro-rata temporis basis for each calendar month.
3. Potential duties of payment of the mandate holders and/or payments made are not taken into account.

## Disclosure of the Remuneration Paid to Members of the Supervisory Board and Its Committees

	Total remuneration €
<b>Members Pursuant to Section 12 Para. 1 Letters a to c of the Statutes</b>	
Prof. Dr. Andreas Pinkwart (until June 29, 2022) Chairman Minister of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	15,000
Mona Neubaur, MdL (since June 29, 2022) Chairwoman (since August 9, 2022) Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	13,450
Lutz Lienenkämper, MdL (until June 29, 2022) Deputy Chairman Minister of Finance of the State of North Rhine-Westphalia	16,600
Dr. Marcus Optendrenk, MdL (since June 29, 2022) Deputy Chairman (since August 9, 2022) Minister of Finance of the State of North Rhine-Westphalia	16,733
Ina Scharrenbach, MdL Deputy Chairwoman Minister for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	31,967

	Total remuneration €
<b>Permanent Representatives Pursuant to Section 12 Para. 2 of the Statutes</b>	
Dr. Johannes Velling (until June 29, 2022) (since September 8, 2022) Assistant Secretary Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	23,433
Gerhard Heilgenberg (until June 29, 2022) Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	16,500
Martin Fischer-Appelt (since August 4, 2022 until October 31, 2022) Senior Principal Ministry of Finance of the State of North Rhine-Westphalia	8,250
Günther Bongartz (since November 1, 2022) Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	6,000
Dr. Christian von Kraack (until June 29, 2022) (since August 26, 2022) Assistant Secretary Ministry for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	25,383



	Total remuneration €
<b>Members Pursuant to Section 12 Para. 1 Letter d of the Statutes</b>	
Martin Börschel, MdL (until May 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	9,533
Ina Brandes (since January 1, 2022) Minister for Culture and Science of the State of North Rhine-Westphalia	15,083
Ute Gerbaulet CFO/General Partner Dr. August Oetker KG	18,000
Silke Gorißen (since August 26, 2022) Minister for Agriculture and Consumer Affairs of the State of North Rhine-Westphalia	7,750
Ursula Heinen-Esser (until April 20, 2022) Minister for Environment, Agriculture, Conservation and Consumer Affairs of the State of North Rhine-Westphalia	3,933
Oliver Krischer (since August 26, 2022) Minister for Environment, Conservation and Transport of the State of North Rhine-Westphalia	5,367
Bernd Krücker, MdL Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	18,300
Thomas Kutschaty, MdL (since August 26, 2022) Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	7,750
Dr. Birgit Roos Retired Savings Bank Director	20,600
Dirk Wedel (until July 31, 2022) State Secretary (until June 1, 2022) Ministry of Justice of the State of North Rhine-Westphalia	3,517

	Total remuneration €
<b>Members Pursuant to Section 12 Para. 1 Letter e of the Statutes</b>	
Matthias Elzinga Staff representative NRW.BANK	20,600
Tanja Gossens Staff representative NRW.BANK	24,500
Frank Lill Staff representative NRW.BANK	24,700
Yvonne Rohde Authorised officer NRW.BANK	18,300
Torben Wittenberg Staff representative NRW.BANK	18,600

1. On the basis of the rules adopted by the Board of Guarantors, turnover tax and travel expenses are refunded by the Bank upon request.
2. The labour remuneration for members who join or leave the Advisory Board during the year is paid on a pro-rata temporis basis for each calendar month.
3. Potential duties of payment of the mandate holders and/or payments made are not taken into account.

## Disclosure of the Remuneration Paid to Members of the Advisory Board for Housing Promotion of NRW.BANK

	Total remuneration €
<b>Member Pursuant to Section 23 Para. 1 Letter a of the Statutes</b>	
Ina Scharrenbach, MdL (until May 31, 2022) (since July 1, 2022) Chairwoman Minister for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	3,350
<b>Members Pursuant to Section 23 Para. 1 Letter b of the Statutes</b>	
Günther Bongartz (until May 31, 2022) (since August 26, 2022 until October 31, 2022) Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	2,300
Sebastian Kahler (since November 1, 2022) Principal Ministry of Finance of the State of North Rhine-Westphalia	800
Dr. Michael Henze (until May 31, 2022) (since September 21, 2022) Assistant Secretary Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	2,250
Sven-Axel Köster (until May 31, 2022) (since August 12, 2022) Senior Principal Ministry of Work, Welfare and Social Integration of the State of North Rhine-Westphalia	3,100

	Total remuneration €
<b>Members Pursuant to Section 23 Para. 1 Letter c of the Statutes</b>	
Roger Beckamp (until January 26, 2022) Member of the AfD Parliamentary Group NRW (until October 26, 2021) State Assembly of North Rhine-Westphalia	250
Andreas Becker, MdL (until May 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,550
Martin Börschel, MdL (until May 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,550
Christian Dahm, MdL (since September 28, 2022) Deputy Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,300
Angela Freimuth, MdL (since September 28, 2022) Member of the FDP Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,300
Arndt Klocke, MdL (until May 31, 2022) (since September 28, 2022) Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	2,850
Jochen Ott, MdL (until May 31, 2022) (since September 28, 2022) Deputy Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	2,850
Stephen Paul, MdL (until May 31, 2022) Member of the FDP Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,550

	Total remuneration €
<b>Members Pursuant to Section 23 Para. 1 Letter c of the Statutes</b>	
Jochen Ritter, MdL (since September 28, 2022) Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,300
Fabian Schrumpf, MdL (until May 31, 2022) (since September 28, 2022) Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	2,850
Daniel Sieveke, MdL (until May 31, 2022) Deputy Chairman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,250
Herbert Strotebeck, MdL (since January 26, 2022 until May 31, 2022) Member of the AfD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,550
Hedwig Tarner, MdL (since September 28, 2022) Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,300
Sebastian Watermeier, MdL (since September 28, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	1,300
Klaus Voussem, MdL (until May 31, 2022) (since September 28, 2022) Deputy Chairman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	2,850

	Total remuneration €
<b>Members Pursuant to Section 23 Para. 1 Letter d of the Statutes</b>	
Ass. jur. Erik Amaya (until May 31, 2022) (since October 18, 2022) Association Director Haus & Grund Rheinland Westfalen	2,600
Elisabeth Gendziorra, lawyer (until May 31, 2022) (since October 18, 2022) Managing Director BFW Landesverband Nordrhein-Westfalen e. V.	2,600
Alexander Rychter (until May 31, 2022) (since October 18, 2022) Association Director Verband der Wohnungs- und Immobilienwirtschaft Rheinland Westfalen e. V.	2,300
<b>Members Pursuant to Section 23 Para. 1 Letter e of the Statutes</b>	
Dr. Olaf Gericke (until May 31, 2022) (since October 18, 2022) Vice President Landkreistag Nordrhein-Westfalen e. V.	2,300
Rudolf Graaff (until May 31, 2022) (since October 18, 2022) Deputy Mayor Städte- und Gemeindebund Nordrhein-Westfalen e. V.	2,600
Hilmar von Lojewski (until May 31, 2022) (since October 18, 2022) Deputy Mayor for Urban Development, Construction, Housing and Transport Städtetag Nordrhein-Westfalen	2,600
Bernd Schwuchow (until May 31, 2022) (since October 18, 2022) Mayor City of Büren	2,600

	Total remuneration €
<b>Member Pursuant to Section 23 Para. 1 Letter f of the Statutes</b>	
Hans-Jochem Witzke (until May 31, 2022) (since October 18, 2022) 1st Chairman of the Managing Board Deutscher Mieterbund Nordrhein-Westfalen e.V.	2,600
<b>Member Pursuant to Section 23 Para. 1 Letter g of the Statutes</b>	
Dipl.-Ing. Ernst Uhing (until May 31, 2022) (since October 18, 2022) President Chamber of Architects in North Rhine-Westphalia	2,300

	Total remuneration €
<b>Permanent Representative of the Chairing Member Pursuant to Section 23 Para. 2 of the Statutes</b>	
Deborah Dautzenberg (until May 31, 2022) (since October 18, 2022) Senior Principal Ministry for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	2,600

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2. The labour remuneration for members who join or leave the Advisory Board during the year is paid on a pro-rata temporis basis for each calendar month.
3. Potential duties of payment of the mandate holders and/or payments made are not taken into account.

## Disclosure of the Remuneration Paid to Members of the Advisory Board of NRW.BANK

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Prof. Dr. Andreas Pinkwart (until June 28, 2022) Chairman Minister of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	1,300
Mona Neubaur, MdL (since October 1, 2022) Chairwoman Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	800
Kai Abruszat (until June 28, 2022) (since October 1, 2022) Mayor Stemwede local government	2,100
Michael Ackermann (until June 28, 2022) Managing Director Klinikum Bielefeld gem. GmbH	1,300
Klaus Baumann (until June 28, 2022) (since October 1, 2022) Chairman Regional Assembly of Westphalia-Lippe	2,100
Uwe Berghaus (until June 28, 2022) (since October 1, 2022) Member of the Managing Board DZ BANK AG Deutsche Zentral-Genossenschaftsbank	1,500
Heinrich Böckelühr (since October 1, 2022) District President Arnsberg Regional Government	800
Dr.-Ing. Heinrich Bökamp (until June 28, 2022) (since October 1, 2022) President and Board member Chamber of Engineers in North Rhine-Westphalia	1,800

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Anna Katharina Bölling (since October 1, 2022) District President Detmold Regional Government	800
Andreas Bothe (since October 1, 2022) District President Münster Regional Government	800
Michael Breuer (until June 28, 2022) (since October 1, 2022) President Savings Banks and Giro Association of the Rhineland	2,100
Prof. Dr. Liane Buchholz (until June 28, 2022) (since October 1, 2022) Chairwoman of the Managing Board Savings Banks and Giro Association of Westphalia-Lippe	2,100
Thomas Buschmann (since October 1, 2022) Chairman of the Managing Board Bankenverband Nordrhein-Westfalen e. V.	800
Dr. Andre Carls (until June 28, 2022) Chairman of the Managing Board (until November 3, 2021) Bankenverband Nordrhein-Westfalen e. V.	1,300
Isabelle Chevelard (since October 1, 2022) Chairwoman of the Managing Board Targobank AG	0
Pit Clausen (until June 28, 2022) Chairman of the Managing Board (until June 2, 2022) Städtetag Nordrhein-Westfalen	1,000
Heinrich Otto Deichmann (until June 28, 2022) Chairman of the Supervisory Board and Managing Directors Deichmann SE	1,300

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Paolo Dell' Antonio (until June 28, 2022) (since October 1, 2022) Chairman of the Managing Board Wilh. Werhahn KG	2,100
Andreas Ehlert (until June 28, 2022) (since October 1, 2022) President Chamber of Handicrafts Düsseldorf	2,100
Thomas Eiskirch (until June 28, 2022) (since October 1, 2022) Lord Mayor City of Bochum	1,800
Dorothee Feller (until June 28, 2022) District President Münster Regional Government	1,000
Heinz Fiege (until June 28, 2022) FIEGE Logistik Holding Stiftung & Co. KG	1,000
Prof. Dr.-Ing. Manfred Fishedick (until June 28, 2022) (since October 1, 2022) Academic Managing Director Wuppertal Institut für Klima, Umwelt, Energie gGmbH	2,100
Prof. Dr. Ursula Gather (until June 28, 2022) (since October 1, 2022) Chairwoman of the Board of Trustees Alfried Krupp von Bohlen und Halbach-Stiftung	1,800
Alexandra Gauß (since October 1, 2022) Mayoress Windeck local government	800
Dr. Olaf Gericke (until June 28, 2022) (since October 1, 2022) District Administrator Warendorf district	1,800
Dr. iur. Antonius Hamers, pastor (until June 28, 2022) (since October 1, 2022) Canon Catholic Office North-Rhine Westphalia	2,100

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Anne Henk-Hollstein (until June 28, 2022) (since October 1, 2022) Chairwoman Regional Assembly of the Rhineland	2,100
Thomas Hunsteger-Petermann (until June 28, 2022) Retired Lord Mayor City of Hamm	1,300
Dr. Marie Jaroni (since October 1, 2022) Head of Decarbonization and Sustainability thyssenkrupp Steel Europe AG	800
Sibylle Keupen (until June 28, 2022) (since October 1, 2022) Lord Mayoress City of Aachen	1,800
Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff (until June 28, 2022) (since October 1, 2022) Managing Partner and CEO KIRCHHOFF Holding GmbH & Co. KG	2,100
Lauren Kjeldsen (since October 1, 2022) Member of the Management Board Evonik Operations GmbH	800
Prof. Dr. Lambert T. Koch (until June 28, 2022) (since October 1, 2022 until December 31, 2022) Chairman Directors Conference of the Universities in North Rhine-Westphalia	2,100
Monika Kocks (until June 28, 2022) (since October 1, 2022) 1st Chairwoman of the Managing Board automotiveland.nrw e.V.	2,100
Stefan Koetz (until June 28, 2022) Chairman of the Management Board Ericsson GmbH	1,300
Daniel Krahn (until June 28, 2022) Chief Executive Officer Urlaubsguru GmbH	1,000

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Thomas Kufen (since October 1, 2022) Chairman of the Managing Board Städtetag Nordrhein-Westfalen	500
Dr. Arne Kupke (until June 28, 2022) (since October 1, 2022) Legal Vice President Evangelical Church of Westphalia	1,500
Markus Lewe (until June 28, 2022) (since October 1, 2022) Lord Mayor City of Münster	1,800
Matthias Löb (until June 28, 2022) Director of LWL Regional Association of Westphalia-Lippe	1,300
Ulrike Lubek (until June 28, 2022) (since October 1, 2022) Director of LVR Regional Association of the Rhineland	2,100
Wolfgang Lubert (until June 28, 2022) (since October 1, 2022) Managing Director EnjoyVenture Management GmbH	1,800
Dr. Georg Lunemann (since October 1, 2022) State Director Regional Association of Westphalia-Lippe	800
Dr.-Ing. Hinrich Mählmann (until June 28, 2022) Personally liable Managing Partner Otto Fuchs KG	1,300
Prof. Dr.-Ing. Wolfgang Marquardt (until June 28, 2022) (since October 1, 2022) Chairman of the Board of Directors Forschungszentrum Jülich GmbH	1,500
Aleksandra Meissner (since October 1, 2022) Managing Director Ecolab Deutschland GmbH	800

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Astrid Messmer (since October 1, 2022) Senior Director Infrastructure Strategy & Analytics Deutsche Lufthansa AG	800
Dr. Michael Müller (until June 28, 2022) Member of the Managing Board RWE AG	1,000
Julia Niederdrenk (since October 1, 2022) Managing Director Jul. Niederdrenk GmbH & Co. KG	800
Roland Oetker (until June 28, 2022) (since October 1, 2022) Managing Partner ROI Verwaltungsgesellschaft mbH	2,100
Prof. Dr. Uli Paetzel (until June 28, 2022) (since October 1, 2022) Chairman of the Managing Board EMSCHERGENOSSENSCHAFT und LIPPEVERBAND	2,100
Dr. Paul-Josef Patt (until June 28, 2022) (since October 1, 2022) Chairman of the Managing Board eCAPITAL entrepreneurial Partners AG	1,800
Guntram Pehlke (until June 28, 2022) (since October 1, 2022) Chairman of the Managing Board Verband kommunaler Unternehmen e. V. – Regional Group North Rhine-Westphalia –	1,500
Judith Pirscher (until June 28, 2022) State Secretary Federal Ministry of Education and Research	1,000
Birgitta Radermacher (until June 28, 2022) District President Düsseldorf Regional Government	1,300

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Katharina Reiche (since October 1, 2022) Chairwoman of the Managing Board Westenergie AG	500
Henriette Reker (until June 28, 2022) (since October 1, 2022) Lord Mayoress City of Cologne	1,800
Helene von Roeder (since October 1, 2022) Chief Transformation Officer Vonovia SE	500
Dr. Eckhard Ruthemeyer (until June 28, 2022) (since October 1, 2022) President Städte- und Gemeindebund Nordrhein-Westfalen e.V.	2,100
Carola Gräfin von Schmettow (until June 28, 2022) Former Chairwoman of the Management Board HSBC Trinkaus & Burkhard AG	1,300
Prof. Dr. Christoph M. Schmidt (until June 28, 2022) (since October 1, 2022) President RWI – Leibniz-Institut für Wirtschaftsforschung	1,800
Prof. Dr. Uwe Schneidewind (since October 1, 2022) Lord Mayor City of Wuppertal	0
Thomas Schürmann (since October 1, 2022) District President Düsseldorf Regional Government	800
Ralf Stoffels (until June 28, 2022) (since October 1, 2022) President IHK NRW – Die Industrie- und Handelskammern in Nordrhein-Westfalen e.V.	1,800

	Total remuneration €
<b>Members Pursuant to Section 25 of the Statutes</b>	
Hans-Josef Vogel (until June 28, 2022) District President Arnsberg Regional Government	1,300
Gisela Walsken (until June 28, 2022) District President Cologne Regional Government	1,300
Anja Weber (until June 28, 2022) (since October 1, 2022) District Chairwoman Deutscher Gewerkschaftsbund NRW	1,800
Dr. Thomas Wilk (since October 1, 2022) District President Cologne Regional Government	800
Matthias Zachert (until June 28, 2022) Chairman of the Managing Board LANXESS AG	1,000
Bernd Zimmer (until June 28, 2022) (since October 1, 2022) Chairman of the Managing Board Verband Freier Berufe im Lande Nordrhein-Westfalen e.V.	2,100

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3. Potential duties of payment of the mandate holders and/or payments made are not taken into account.



## Disclosure of the Remuneration Paid to Members of the Parliamentary Advisory Board of NRW.BANK

	Total remuneration €
<b>Members Pursuant to Section 26 of the Statutes</b>	
Dr. Marcus Optendrenk, MdL (until May 31, 2022) Chairman Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Olaf Lehne, MdL (until May 31, 2022) (since August 31, 2022) Chairman (since November 14, 2022) Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	250
Ralf Witzel, MdL (until May 31, 2022) (since August 31, 2022) Deputy Chairman (until May 31, 2022) Deputy Chairman of the FDP Parliamentary Group NRW State Assembly of North Rhine-Westphalia	250
Simon Rock, MdL (since August 31, 2022) Deputy Chairman (since November 14, 2022) Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Alexander Baer, MdL (since August 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	0
Inge Blask, MdL (until May 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Ralph Bombis, MdL (until May 31, 2022) Member of the FDP Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Christian Dahm, MdL (since August 31, 2022) Deputy Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125

	Total remuneration €
<b>Members Pursuant to Section 26 of the Statutes</b>	
Christian Loose, MdL (since August 31, 2022) Member of the AfD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Mehrdad Mostofizadeh, MdL (until May 31, 2022) Parliamentary State Secretary of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Elisabeth Müller-Witt, MdL (until May 31, 2022) Deputy Chairwoman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Dr. Patricia Peill, MdL (until May 31, 2022) (since August 31, 2022) Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Romina Plonsker, MdL (until May 31, 2022) Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	0
André Stinka, MdL (until May 31, 2022) (since August 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	250
Herbert Strotebeck, MdL (until May 31, 2022) Member of the AfD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Raphael Tigges, MdL (since August 31, 2022) Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Petra Vogt, MdL (until May 31, 2022) Deputy Chairwoman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125

	<b>Total remuneration €</b>
<b>Members Pursuant to Section 26 of the Statutes</b>	
Klaus Vossemer, MdL (since August 31, 2022) Deputy Chairman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Jule Wenzel, MdL (since August 31, 2022) Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	125
Markus Herbert Weske, MdL (until May 31, 2022) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	0

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## Itemised List of NRW.BANK's Investments Pursuant to Section 285 No. 11 and 11a HGB

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
<b>Equity investments in affiliated companies</b>						
Nordwestlotto in Nordrhein-Westfalen GmbH, Münster	D	100.00%	542	3	EUR	Dec. 31, 2021
NRW.BANK.Fonds Beteiligungs-GmbH i. L., Düsseldorf <sup>2)</sup>	D	100.00%				
Unterstützungseinrichtungs GmbH der Westdeutsche Lotterie GmbH & Co. OHG, Münster	D/I	100.00%	26	–	EUR	Dec. 31, 2021
Westdeutsche Lotterie GmbH & Co. OHG, Münster <sup>1)</sup>	D	100.00%	161,277	17,481	EUR	Dec. 31, 2021
Westdeutsche Lotto-VertriebsGmbH, Münster	I	100.00%	22	4	EUR	Dec. 31, 2021
Westdeutsche Spielcasino Service GmbH, Duisburg	D	100.00%	218	193	EUR	Dec. 31, 2021
WestEvent GmbH & Co. KG, Münster	I	100.00%	1,890	535	EUR	Dec. 31, 2021
<b>Equity investments in non-affiliated companies</b>						
4TEEN4 Pharmaceuticals GmbH, Henningsdorf	D	3.58%	22	–3,396	EUR	Dec. 31, 2021
ABALOS THERAPEUTICS GmbH, Düsseldorf	D	20.15%	14,252	–4,306	EUR	Dec. 31, 2021
aifora GmbH, Düsseldorf	D	4.55%	84	–4,069	EUR	Dec. 31, 2021
Algiax Pharmaceuticals GmbH, Erkrath	D	8.89%	354	–1,369	EUR	Dec. 31, 2021
AMEPA Angewandte Messtechnik und Prozessautomatisierung GmbH, Würselen	D	16.67%	8,522	2,625	EUR	Dec. 31, 2021
Ananda Impact Fund IV GmbH & Co. KG, Munich	D	4.56%	7,203	–987	EUR	Dec. 31, 2021
BE Beteiligungen Fonds GmbH & Co. geschlossene Investmentkommanditgesellschaft, Cologne	D	4.08%	56,407	12,427	EUR	Dec. 31, 2021
Below One Fund I GmbH & Co. KG, Hamburg <sup>3)</sup>	D	0.53%				
BGB Ges. Bankenkonsortium ZENIT GmbH, Mülheim an der Ruhr	D	33.40%	2,692	41	EUR	Dec. 31, 2021
BLSW Seedfonds GmbH & Co. KG, Wuppertal	D	48.20%	7,449	53	EUR	Dec. 31, 2021
Bomedus GmbH, Bonn	D	22.80%	–1,237	–199	EUR	Dec. 31, 2020
Bright Capital Credit Fund III, Luxembourg <sup>3)</sup>	D	4.08%				
Bright Capital SME Debt Fund I GmbH & Co. KG, Frankfurt am Main	D	3.86%	32,692	2,607	EUR	Dec. 31, 2021

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
<b>Equity investments in non-affiliated companies</b>						
btov Industrial Technologies SCS, SICAR, Munsbach	D	5.19%	47,436	-2,486	EUR	Dec. 31, 2021
Bürgschaftsbank Brandenburg GmbH, Potsdam	D	19.85%	34,206	2,105	EUR	Dec. 31, 2021
Bürgschaftsbank NRW GmbH – Kreditgarantiegemeinschaft, Neuss	D	15.75%	40,284	1,040	EUR	Dec. 31, 2021
Capnamic United Venture Fund I GmbH & Co. KG, Cologne	D	7.69%	7,637	42,590	EUR	Dec. 31, 2021
Capnamic Ventures Fund II GmbH & Co. KG, Cologne	D	4.35%	70,677	3,234	EUR	Dec. 31, 2021
Capnamic Ventures Fund III GmbH & Co. KG, Cologne	D	5.26%	16,856	-501	EUR	Dec. 31, 2021
Capza 5 Private Debt SCSp-RAIF, Luxembourg	D	0.27%	688,421	28,324	EUR	Dec. 31, 2021
CATCH GmbH, Cologne <sup>3)</sup>	D	5.72%				
CellAct Pharma GmbH, Dortmund	D	38.71%	242	-163	EUR	Dec. 31, 2020
Cherry Ventures Fund III GmbH & Co. KG, Berlin	D	4.98%	125,858	-2,939	EUR	Dec. 31, 2021
Chronext AG, Zug	D	2.33%	1,636	-12,435	CHF	Dec. 31, 2020
citadelle systems AG, Essen	D	8.36%	1,894	-1,772	EUR	Dec. 31, 2021
Claret European Growth Capital Fund III, Luxembourg	D	2.20%	78,873	1,057	EUR	Dec. 31, 2021
CMP German Opportunity Fund II (SCA) SICAR, Luxembourg	D	1.71%	11,078	-47,072	EUR	Dec. 31, 2021
CMP German Opportunity Investors Fund II (SCS) SICAR, Luxembourg	D	1.68%	25,196	-53,433	EUR	Dec. 31, 2021
CMP German Opportunity Investors Fund III, Luxembourg	D	2.00%	90,184	-12,856	EUR	Dec. 31, 2020
Creathor Venture Fund IV (SCSp) SICAR, Luxembourg	D	13.85%	20,249	-1,228	EUR	Dec. 31, 2021
CryoTherapeutics SA, Awans	D	12.86%	16,518	-2,264	EUR	Dec. 31, 2020
Cusp Capital Fund 2021 GmbH & Co. KG, Essen	D	2.76%	18,439	-3,301	EUR	Dec. 31, 2021
DBAG Expansion Capital Fund GmbH & Co. KG, Frankfurt am Main	D	9.79%	19,728	34,163	EUR	Dec. 31, 2021
DEINZER Holding GmbH, Munich	D	35.56%	7,417	513	EUR	Mar. 31, 2022
Deutsche Arzt AG, Essen	D	11.32%	457	-1,555	EUR	Dec. 31, 2021
DIMATE GmbH, Bochum	D	8.30%	-132	-474	EUR	Dec. 31, 2021

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
<b>Equity investments in non-affiliated companies</b>						
DIREVO Industrial Biotechnology GmbH, Cologne	D	25.45%	-163	-120	EUR	Sep. 30, 2021
DroidDrive GmbH, Aachen	D	5.47%	1,138	-979	EUR	Dec. 31, 2021
Earlybird GmbH & Co. Beteiligungs KG 2012, Munich	D	3.33%	53,287	-1,401	EUR	Dec. 31, 2021
Earlybird Health GmbH & Co. Beteiligungs KG, Cologne	D	8.54%	59,618	605	EUR	Dec. 31, 2021
eCAPITAL Cybersecurity Fonds GmbH & Co. KG, Münster	D	10.00%	14,965	136	EUR	Dec. 31, 2021
eCAPITAL V Technologies Fonds GmbH & Co. KG, Münster <sup>3)</sup>	D	9.47%				
ECBF I SCSp, Munsbach	D	2.52%	21,765	-5,790	EUR	Dec. 31, 2021
EINHUNDERT Energie GmbH, Cologne	D	5.80%	-2,217	-1,842	EUR	Dec. 31, 2021
Emergence Therapeutics AG, Duisburg	D	8.28%	-1,543	-3,997	EUR	Dec. 31, 2021
Enerthing GmbH, Cologne	D	20.40%	-425	-1,271	EUR	Dec. 31, 2021
ENLYZE GmbH, Cologne	D	9.09%	671	-859	EUR	Dec. 31, 2021
EOS Beteiligungs GmbH & Co. KG, Munich	D	2.50%	48,317	152	EUR	Dec. 31, 2021
European Investment Fund (EIF), Luxembourg	D	0.44%	3,974,049	564,357	EUR	Dec. 31, 2021
everwave GmbH, Aachen <sup>3)</sup>	D	3.95%				
Evoco TSE III SCSp, SICAV-RAIF, Luxembourg	D	3.09%	26,643	2,163	EUR	Dec. 31, 2021
FIMO Health GmbH, Bonn <sup>3)</sup>	D	11.19%				
FLEX Capital Fund II GmbH & Co. KG, Berlin	D	2.38%	104,277	1,339	EUR	Dec. 31, 2021
FLEX Capital Fund III GmbH & Co. KG, Berlin <sup>3)</sup>	D	1.15%				
Gardeur Beteiligungs GmbH, Mönchengladbach <sup>2)</sup>	D	49.00%				
GENUI I GmbH & Co. KG, Hamburg	D	1.72%	207,307	128,827	EUR	Dec. 31, 2021
GENUI II GmbH & Co. KG, Hamburg	D	1.69%	278,625	-14,931	EUR	Dec. 31, 2021
GreenPocket GmbH, Cologne	D	7.13%	-1,509	-1,093	EUR	Dec. 31, 2021
Gründerfonds Ruhr GmbH & Co. KG, Essen	D	43.48%	11,364	-652	EUR	Dec. 31, 2021

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
<b>Equity investments in non-affiliated companies</b>						
Harbert European Growth Capital Fund I L.P., London	D	1.67%	18,915	2,325	EUR	Dec. 31, 2021
Harbert European Growth Capital Fund II SCSp, London	D	1.55%	219,729	20,419	EUR	Dec. 31, 2021
HAVERKAMP GmbH, Münster	D	49.00%	1,155	50	EUR	Dec. 31, 2021
HF Private Debt Fonds II SCSp, Senningerberg <sup>3)</sup>	D	2.86%				
HF Private Debt Fonds SCSp, Senningerberg	D	3.05%	100,336	7,333	EUR	Dec. 31, 2021
Homelike Internet GmbH, Cologne	D	2.99%	-12,176	-6,900	EUR	Dec. 31, 2021
icho systems gmbh, Duisburg	D	2.74%	189	-434	EUR	Dec. 31, 2021
Investitionsbank des Landes Brandenburg (ILB), Potsdam	D	50.00%	238,229	6,279	EUR	Dec. 31, 2021
IPF Fund I SCA, SICAV-FIS, Luxembourg	D	1.19%	19,737	2,184	EUR	Dec. 31, 2021
JADO Technologies GmbH, Dresden <sup>2)</sup>	D	18.02%				
Kapitalbeteiligungsgesellschaft für die mittelständische Wirtschaft in NRW mbH, Neuss	D	49.63%	5,666	336	EUR	Dec. 31, 2021
Kleffmann Holding GmbH i. L., Lüdinghausen	D	50.00%	1	-19	EUR	Dec. 31, 2020
Kreos Capital VI (Expert Fund) LP, St. Helier	D	0.59%	584,527	27,766	EUR	Dec. 31, 2021
Kurma Biofund III FPCI, Paris	D	3.92%	52,486	-2,593	EUR	Dec. 31, 2021
LSI Pre-Seed-Fonds GmbH, Bonn	D	35.13%	8,081	-636	EUR	Dec. 31, 2020
Lumoview Building Analytics GmbH, Cologne <sup>3)</sup>	D	4.18%				
Marondo Small-Cap Growth Fund I GmbH & Co. KG, Munich	D	5.88%	14,574	7,832	EUR	Dec. 31, 2021
Masterplan com GmbH, Bonn	D	3.44%	-12,369	-6,226	EUR	Dec. 31, 2021
MotionMiners GmbH, Dortmund	D	1.59%	1,313	-412	EUR	Dec. 31, 2021
neoteq ventures Rheinland One GmbH & Co. KG, Cologne	D	48.67%	3,699	-60	EUR	Dec. 31, 2021
nerou GmbH, Cologne <sup>3)</sup>	D	6.67%				
Novihum Technologies GmbH, Dortmund	D	16.70%	-13,650	-6,033	EUR	Dec. 31, 2021
Occlutech Holding AG, Schaffhausen	D	0.09%	36,562	-20,084	CHF	Dec. 31, 2021

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
<b>Equity investments in non-affiliated companies</b>						
ODDSET Sportwetten GmbH, Munich	I	34.00%	4,500	4,779	EUR	Dec. 31, 2021
Odewald KMU GmbH & Co. Beteiligungsgesellschaft für Vermögensanlagen KG, Berlin	D	7.32%	5,184	-79	EUR	Dec. 31, 2021
Odewald KMU II GmbH & Co. Beteiligungsgesellschaft für Vermögensanlagen KG, Berlin	D	5.87%	123,520	2,943	EUR	Dec. 31, 2021
operaize GmbH, Cologne <sup>3)</sup>	D	5.26%				
Peppermint CBF 1 GmbH & Co. KG, Berlin	D	14.66%	17,827	-836	EUR	Dec. 31, 2021
Personal MedSystems GmbH, Berlin	D	5.68%	977	8	EUR	Dec. 31, 2021
PINOVA Fund 3 GmbH & Co. KG, Munich <sup>3)</sup>	D	6.53%				
Pinova GmbH & Co. Beteiligungs 2 KG, Munich	D	5.56%	131,796	30,689	EUR	Dec. 31, 2021
Pinova GmbH & Co. Erste Beteiligungs KG, Munich	D	10.26%	10,243	16,158	EUR	Dec. 31, 2021
Portigon AG, Düsseldorf	D	23.10%	345,491	50,810	EUR	Dec. 31, 2021
Pride Capital II Feeder C.V., Amsterdam <sup>3)</sup>	D	1.67%				
Pride Mezzanine Capital I FGR, Amsterdam	D	1.67%	55,117	2,910	EUR	Dec. 31, 2021
Project A Ventures III GmbH & Co. KG, Berlin	D	2.42%	132,201	42,693	EUR	Dec. 31, 2021
Refined Laser Systems GmbH, Münster	D	2.99%	-4	-42	EUR	Dec. 31, 2021
Rehappy GmbH, Aachen <sup>2)</sup>	D	4.41%				
RESADO GmbH, Cologne	D	8.52%	-10	-68	EUR	Jul. 26, 2022
Resolve BioSciences GmbH, Monheim am Rhein	D	5.22%	2,298	-14,287	EUR	Dec. 31, 2021
Revent Ventures I GmbH & Co. KG, Berlin	D	5.00%	7,965	-1,349	EUR	Dec. 31, 2021
Rheinland Venture Capital GmbH & Co. KG, Cologne	D	39.92%	217	206	EUR	Jun. 30, 2021
RiverRock European Opportunities Feeder Fund II, London	D	1.07%	89,434	-81,302	EUR	Dec. 31, 2021
RiverRock European Opportunities Fund, London	D	1.49%	31,715	-2,597	EUR	Dec. 31, 2021
Round2 Capital Partners II SCSp RAIF, Howald <sup>3)</sup>	D	3.25%				
saperatec GmbH, Dessau-Roßlau	D	6.83%	12,007	-470	EUR	Dec. 31, 2021

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
<b>Equity investments in non-affiliated companies</b>						
SeedCapital Dortmund GmbH & Co. KG i. L., Dortmund	D	46.51%	5,160	1,329	EUR	Dec. 31, 2021
SeedCapital Dortmund II GmbH & Co. KG, Dortmund	D	47.62%	4,379	41	EUR	Dec. 31, 2021
SeedCapital Dortmund III GmbH & Co. KG, Dortmund	D	47.62%	1,394	-143	EUR	Dec. 31, 2021
Seed Fonds II für die Region Aachen GmbH & Co. KG, Aachen	D	46.96%	3,052	7,927	EUR	Dec. 31, 2021
Semalytix GmbH, Bielefeld	D	14.24%	5,060	-1,908	EUR	Dec. 31, 2021
SET Fund III C.V., Amsterdam	D	5.00%	29,870	9,435	EUR	Dec. 31, 2021
Sirius Seedfonds Düsseldorf GmbH & Co. KG i. L., Düsseldorf	D	44.61%	402	-302	EUR	Dec. 31, 2021
SphingoTec GmbH, Henningsdorf	D	8.78%	-13,150	-13,362	EUR	Dec. 31, 2021
talpasolutions GmbH, Essen	D	8.52%	-833	-3,820	EUR	Dec. 31, 2021
Technologiefonds OWL GmbH & Co. KG, Paderborn	D	42.87%	3,746	-1,096	EUR	Dec. 31, 2021
TechVision Fonds I für die Regionen Aachen, Krefeld und Mönchengladbach GmbH & Co. KG, Aachen	D	31.36%	11,081	-260	EUR	Dec. 31, 2021
ubirch GmbH, Cologne	D	7.97%	-1,444	-681	EUR	Dec. 31, 2021
Unternehmertum VC Fonds III GmbH & Co. KG, Garching	D	2.35%	18,168	-5,684	EUR	Dec. 31, 2021
VENTECH GmbH, Marl <sup>2)</sup>	D	19.98%				
VMRay GmbH, Bochum	D	3.50%	3,388	-7,485	EUR	Dec. 31, 2021
WF World Fund I GmbH & Co. KG, Berlin	D	3.68%	9,426	-580	EUR	Dec. 31, 2021
windtest grevenbroich gmbh, Grevenbroich	D	25.00%	1,111	100	EUR	Dec. 31, 2021
World of sonoro Holding GmbH, Neuss	D	23.66%	3,812	101	EUR	Jul. 31, 2021
VTI Holding GmbH, Menden <sup>3)</sup>	D	23.89%				

<sup>1)</sup> NRW.BANK is a personally liable shareholder of Westdeutsche Lotterie GmbH & Co. OHG, Münster.

<sup>2)</sup> The company did not prepare financial statements due to insolvency or liquidation.

<sup>3)</sup> No relevant information is available due to new incorporations/exposures.



**Disclosure of Seats Held Pursuant to Section 340a Para. 4  
No. 1 HGB**

**Seats Held by Members of the Managing Board**

**Eckhard Forst**

Portigon AG, Düsseldorf  
Chairman of the Supervisory Board

Société de Financement Local (SFIL), Issy-Les-Moulineaux  
Administrateur indépendant, membre du Conseil d'Administration  
de SFIL

**Claudia Hillenherms** (since June 1, 2022)

Investitionsbank des Landes Brandenburg (ILB), Potsdam  
(since September 1, 2022)  
Member of the Supervisory Board

**Michael Stölting**

Investitionsbank des Landes Brandenburg (ILB), Potsdam  
Deputy Chairman of the Supervisory Board

**Dietrich Suhlrie** (until March 31, 2022)

Investitionsbank des Landes Brandenburg (ILB), Potsdam  
(until August 31, 2022)  
Member of the Supervisory Board

**Seats Held by Employees**

**Ute Hagedorn**

Investitionsbank des Landes Brandenburg (ILB), Potsdam  
(until August 31, 2022)  
Member of the Supervisory Board

**Simone Merk**

Investitionsbank des Landes Brandenburg (ILB), Potsdam  
Member of the Supervisory Board

**Dr. Aristotelis Nastos**

BICO Group AB, Gothenburg (until April 26, 2022)  
Member of the Supervisory Board

**Klaus Rupprath**

Erste Abwicklungsanstalt, Düsseldorf  
Member of the Supervisory Board

**Dr. Peter Stemper**

Portigon AG, Düsseldorf  
Member of the Supervisory Board

**Carolin Woltermann**

Investitionsbank des Landes Brandenburg (ILB), Potsdam  
(since September 1, 2022)  
Member of the Supervisory Board

### **Report on Post-Balance Sheet Date Events**

There were no events of special importance after the end of the fiscal year that are considered neither in the income statement nor in the balance sheet.

### **Resolution on the Appropriation of Profits (36)**

The Board of Guarantors of NRW.BANK has passed the following resolution on the appropriation of profits:

In accordance with Section 30 of the Statutes and to meet the statutory distribution requirements under Section 14 Para. 1 NRW.BANK G, an amount of € 5,484,857.65 will be paid to the Federal Government for interest amounts that become due after December 31, 2022 and are to be paid by the State of North Rhine-Westphalia due to the utilisation of loans from the Federal Government for the promotion of housing construction and modernisation (subsidies pursuant to Article 104a Para. 4 of the German Constitution [Grundgesetz – GG] in the version effective until August 31, 2006).

## **Executive Bodies of the Bank**

### **Board of Guarantors**

#### **Members Pursuant to Section 8 Para. 1 Letters a to c of the Statutes**

**Prof. Dr. Andreas Pinkwart** (until June 29, 2022)

Chairman

Minister of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia

**Mona Neubaur, MdL** (since June 29, 2022)

Chairwoman (since August 9, 2022)

Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia

**Lutz Lienenkämper, MdL** (until June 29, 2022)

Deputy Chairman

Minister of Finance of the State of North Rhine-Westphalia

**Dr. Marcus Optendrenk, MdL** (since June 29, 2022)

Deputy Chairman (since August 9, 2022)

Minister of Finance of the State of North Rhine-Westphalia

**Ina Scharrenbach, MdL**

Deputy Chairwoman

Minister for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia

## **Members Pursuant to Section 8 Para. 1 Letter d of the Statutes**

### **Nathanael Liminski**

Minister for Federal, European and International Affairs and the Media (since June 29, 2022) and Head of the State Chancellery of the State of North Rhine-Westphalia

**Mathias Richter** (until July 31, 2022)

State Secretary (until June 29, 2022)

Ministry for School and Further Education of the State of North Rhine-Westphalia

## **Permanent Guests**

### **Matthias Elzinga**

Staff representative  
NRW.BANK

### **Frank Lill**

Staff representative  
NRW.BANK

## **Supervisory Board**

### **Members Pursuant to Section 12 Para. 1 Letters a to c of the Statutes**

**Prof. Dr. Andreas Pinkwart** (until June 29, 2022)

Chairman

Minister of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia

**Mona Neubaur, MdL** (since June 29, 2022)

Chairwoman (since August 9, 2022)

Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia

**Lutz Lienenkämper, MdL** (until June 29, 2022)

Deputy Chairman

Minister of Finance

of the State of North Rhine-Westphalia

**Dr. Marcus Optendrenk, MdL** (since June 29, 2022)

Deputy Chairman (since August 9, 2022)

Minister of Finance

of the State of North Rhine-Westphalia

**Ina Scharrenbach, MdL**

Deputy Chairwoman

Minister for Regional Identity, Local Government, Building and Digitalization

of the State of North Rhine-Westphalia

### **Members Pursuant to Section 12 Para. 1 Letter d of the Statutes**

**Martin Börschel, MdL** (until May 31, 2022)

Member of the SPD Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Ina Brandes** (since January 1, 2022)

Minister for Culture and Science

of the State of North Rhine-Westphalia

**Ute Gerbaulet**

CFO/General Partner

Dr. August Oetker KG

**Silke Gorißen** (since August 26, 2022)

Minister for Agriculture and Consumer Affairs

of the State of North Rhine-Westphalia

**Ursula Heinen-Esser** (until April 20, 2022)

Minister for Environment, Agriculture, Conservation and Consumer Affairs

of the State of North Rhine-Westphalia

**Oliver Krischer** (since August 26, 2022)

Minister for Environment, Conservation and Transport

of the State of North Rhine-Westphalia

**Bernd Krückel, MdL**

Member of the CDU Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Thomas Kutschaty, MdL** (since August 26, 2022)  
Chairman of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Dr. Birgit Roos**  
Retired Savings Bank Director

**Dirk Wedel** (until July 31, 2022)  
State Secretary (until June 1, 2022)  
Ministry of Justice  
of the State of North Rhine-Westphalia

**Members Pursuant to Section 12 Para. 1 Letter e  
of the Statutes**

**Matthias Elzinga**  
Staff representative  
NRW.BANK

**Tanja Gossens**  
Staff representative  
NRW.BANK

**Frank Lill**  
Staff representative  
NRW.BANK

**Yvonne Rohde**  
Authorised officer  
NRW.BANK

**Torben Wittenberg**  
Staff representative  
NRW.BANK

**Permanent Representatives Pursuant to Section 12 Para. 2  
of the Statutes**

**Dr. Johannes Velling**  
(until June 29, 2022) (since September 8, 2022)  
Assistant Secretary  
Ministry of Economic Affairs, Industry, Climate Action and Energy  
of the State of North Rhine-Westphalia

**Gerhard Heilgenberg** (until June 29, 2022)  
Assistant Secretary  
Ministry of Finance  
of the State of North Rhine-Westphalia

**Martin Fischer-Appelt**  
(since August 4, 2022 until October 31, 2022)  
Senior Principal  
Ministry of Finance  
of the State of North Rhine-Westphalia

**Günther Bongartz** (since November 1, 2022)

Assistant Secretary  
Ministry of Finance  
of the State of North Rhine-Westphalia

**Dr. Christian von Kraack**

(until June 29, 2022) (since August 26, 2022)  
Assistant Secretary  
Ministry for Regional Identity, Local Government, Building and  
Digitalization  
of the State of North Rhine-Westphalia

## **Managing Board**

**Eckhard Forst**

Chairman of the Managing Board

**Claudia Hillenherms** (since June 1, 2022)

Member of the Managing Board

**Gabriela Pantring**

Member of the Managing Board

**Michael Stölting**

Member of the Managing Board

**Dietrich Suhlrie** (until March 31, 2022)

Member of the Managing Board

Düsseldorf/Münster, February 14, 2023

NRW.BANK

The Managing Board

Eckhard Forst

Claudia Hillenherms

Gabriela Pantring

Michael Stölting

# Cash Flow Statement

of NRW.BANK as of December 31, 2022

The cash flow statement shows the changes in cash and cash equivalents and the cash flows of NRW.BANK, divided into operating activities, investing activities and financing activities. The cash and cash equivalents shown include the balance sheet items “Cash” and “Debt instruments issued by public institutions and bills of exchange eligible for refinancing with central banks”. Cash flows are allocated to operating activities as operating income accrues. The cash flow from investing activities results primarily from cash received and cash used in connection with selling or acquiring financial and tangible assets. The change in cash from financing activities captures the relationships to equity capital providers. The statement was prepared in accordance with German Accounting Standard No. 21 (Deutscher Rechnungslegungsstandard Nr. 21 – DRS 21).

	€ millions
1. Net income	5.5
2. Depreciation, write-downs/write-ups of receivables and tangible assets	34.5
3. Increase/decrease in provisions	233.3
4. Other non-cash items	331.6
5. Gain/loss on the sale of tangible assets	-138.1
6. Other adjustments (balance)	0.0
7. Increase/decrease in receivables from banks	-10,022.1
8. Increase/decrease in receivables from customers	-1,104.7
9. Increase/decrease in securities (with the exception of financial assets)	-2.2
10. Increase/decrease in other assets from operating activities	-10.7
11. Increase/decrease in liabilities to banks	-128.9
12. Increase/decrease in liabilities to customers	-1,011.6
13. Increase/decrease in certificated liabilities	7,276.9
14. Increase/decrease in other liabilities from operating activities	649.4
15. Interest expenses/income	-658.6
16. Expenses for/income from extraordinary items	-
17. Income tax expenses/income	11.5
18. Interest and dividends received	3,195.9
19. Interest paid	-1,925.4

	€ millions
20. Extraordinary cash received	-
21. Extraordinary cash disbursed	-
22. Income tax payments	-16.4
<b>23. Cash flow from operating activities</b>	<b>-3,280.1</b>
24. Cash from the disposal of financial assets	-578.5
25. Disbursements for investments in financial assets	-74.9
26. Cash from the disposal of tangible assets	0.0
27. Disbursements for investments in tangible assets	-5.1
28. Cash from the disposal of intangible assets	-
29. Disbursements for investments in intangible assets	-0.9
30. Changes in cash from other investing activities (balance)	-
<b>31. Cash flow from investing activities</b>	<b>-659.4</b>
32. Cash from allocations to equity capital	0.6
33. Disbursements from equity reductions	-
34. Dividends paid to shareholders	-5.5
35. Cash changes from other capital (balance)	-
<b>36. Cash flow from financing activities</b>	<b>-4.9</b>
37. Net change in cash and cash equivalents	-3,944.4
38. Other changes in cash and cash equivalents	-
39. Cash and cash equivalents at the beginning of the period	4,123.4
<b>40. Cash and cash equivalents at the end of the period</b>	<b>179.0</b>



# Statement of Changes in Equity

of NRW.BANK as of December 31, 2022

	Subscribed capital	Capital reserves	Reserves from retained earnings		Profit for the year	Total
			Reserves required by NRW.BANK's Statutes	Other reserves from retained earnings		
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
<b>As of Dec. 31, 2020</b>	<b>17,000.0</b>	<b>729.3</b>	<b>36.1</b>	<b>219.6</b>	<b>–</b>	<b>17,985.0</b>
Allocations	–	0.6	–	–	–	0.6
Net income	–	–	–	–	5.5	5.5
Designated payout due to legal requirements	–	–	–	–	–5.5	–5.5
<b>As of Dec. 31, 2021</b>	<b>17,000.0</b>	<b>729.9</b>	<b>36.1</b>	<b>219.6</b>	<b>–</b>	<b>17,985.6</b>
Allocations	–	0.6	–	–	–	0.6
Net income	–	–	–	–	5.5	5.5
Designated payout due to legal requirements	–	–	–	–	–5.5	–5.5
<b>As of Dec. 31, 2022</b>	<b>17,000.0</b>	<b>730.5</b>	<b>36.1</b>	<b>219.6</b>	<b>–</b>	<b>17,986.2</b>

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, liabilities, financial position and result of operations of NRW.BANK, and the management report includes a fair review of the development and performance of the business and the position of NRW.BANK, together with a description of the principal opportunities and risks associated with the expected development of NRW.BANK.

Düsseldorf/Münster, February 14, 2023

NRW.BANK

The Managing Board



Eckhard Forst  
Chairman of the Managing Board



Claudia Hillenherms  
Member of the Managing Board



Gabriela Pantring  
Member of the Managing Board



Michael Stölting  
Member of the Managing Board

# Independent Auditor's Report

To NRW.BANK institution under public law, Düsseldorf and Münster

## Report on the Audit of the Annual Financial Statements and the Management Report

### Audit Opinions

We have audited the annual financial statements of NRW.BANK institution under public law, which comprise the balance sheet as at December 31, 2022 and the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from January 1, 2022 to December 31, 2022 as well as the notes to the annual financial statements including the presentation of the accounting and valuation principles. We have also audited the management report of NRW.BANK institution under public law for the fiscal year from January 1, 2022 to December 31, 2022. We have not audited the content of the information provided by the Bank outside the Annual Report, to which reference is made in section 1.2 of the Management Report.

According to our assessment based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the applicable provisions of German

commercial law for institutions and, in accordance with German principles of proper accounting, give a true and fair view of the net assets and financial position of the Bank as of December 31, 2022 as well as of its result of operations for the fiscal year from January 1, 2022 to December 31, 2022 and

- the accompanying management report as a whole provides a suitable view of the Bank's position. In all material respects, the management report is consistent with the annual financial statements, complies with legal requirements and suitably presents the future opportunities and risks.

Pursuant to Section 322 Para. 3 Sentence 1 HGB, we state that our audit has not led to any reservations with respect to the correctness of the annual financial statements and the management report.

### Basis for the Audit Opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany

(Institut der Wirtschaftsprüfer – IDW). Our responsibility under those provisions and standards is further described in the “Auditor’s responsibility for the audit of the annual financial statements and the management report” section of our report. We are independent of the Bank in accordance with the requirements of European and German commercial and professional law, and we have fulfilled our ethical responsibilities applicable in Germany in accordance with these requirements. In accordance with Article 10 Para. 2 Letter f of the EU Audit Regulation, we also declare that we have not provided non-audit services prohibited under Article 5 Para. 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements and the management report.

#### **Key Audit Matters in the Audit of the Annual Financial Statements**

Key audit matters are those matters that, in our professional judgment, were most important in our audit of the annual financial statements for the fiscal year from January 1, 2022 to December 31, 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

A description of what we have classified as a key audit matter is provided below:

#### **Valuation of the Receivables from Customers from the Energy Supply, (Energy-Intensive) Manufacturing, Mechanical Engineering and Logistic Sectors.**

##### **Reasons for the Classification as a Key Audit Matter**

The valuation of the receivables from customers from the energy supply, (energy-intensive) manufacturing, mechanical engineering and logistic sectors is a material area in which management makes discretionary decisions. The identification of impaired exposures as well as the determination of any necessary individual value adjustments of these receivables are subject to uncertainty and involve various assumptions and discretionary powers, in particular regarding the financial situation of the customer, expectations of future cash flows and the realisation of collateral. As the direct and indirect consequences of the energy crisis and the rising energy prices resulting from the Russia-Ukraine war and of inflation cannot be conclusively assessed, this uncertainty was higher in the fiscal year. Even minor changes in the assumptions and estimation parameters may lead to major valuation differences. Against this background, the valuation of the receivables from customers from the energy supply, (energy-intensive) manufacturing, mechanical engineering and logistic sectors within the customer credit volume was a key audit matter.

##### **Audit Procedure**

Within the scope of our audit, we included the accounting-relevant processes for identifying objective indications of impair-

ments or impending losses and for determining individual value adjustments and assessed their appropriateness. We tested the effectiveness of the controls implemented in the processes to identify impaired exposures and to determine individual value adjustments. The focus of our audit procedures was on the processes for evaluating the economic situation of borrowers, for applying internal risk classification procedures, for monitoring with regard to the occurrence of early warning indicators and for the valuation of collateral.

In addition, we performed substantive audit procedures on a random sample basis to assess the need for individual value adjustment and the determination of individual value adjustments of the receivables to customers from the energy supply, (energy-intensive) manufacturing, mechanical engineering and logistic sectors. The random samples were chosen in a risk-oriented manner, especially based on criteria such as the amount of the exposure and/or the listing of loans on watchlists for increased risks of default as well as the rating class or individual value adjustments already formed.

For our risk-oriented sample, we assessed whether the key assumptions and estimation parameters regarding the expected future cash flows of customers from the energy supply, (energy-intensive) manufacturing, mechanical engineering and logistic sectors, including cash flows from the realisation of collateral held, are consistent with the borrower's economic situation and the market expectations for these sectors. In addition, we verified the mathematical accuracy of the individual value adjustments determined in each case.

Our audit procedures did not give rise to any objections regarding the valuation of receivables from customers from the energy supply, (energy-intensive) manufacturing, mechanical engineering and logistic sectors.

#### **Reference to Related Disclosures**

The Bank's disclosures on the valuation of receivables from customers, which also include the energy supply, (energy-intensive) manufacturing, mechanical engineering and logistic sectors, are made in the notes under the Accounting and Valuation Principles under the heading ["1. General Information"](#). In addition, the section ["Receivables from Customers \(2\)"](#) in the ["Balance Sheet"](#) notes contains information on the portfolio of these receivables.

Further explanations on the portfolio of receivables from customers and the changes in risk provisions in the fiscal year can be found in the Bank's management report in the sections ["2.3.1 Results of Operations"](#), ["2.3.3 Net Assets"](#) and ["5.5.6 Risk Provisions"](#).

#### **Other Information**

The Supervisory Board is responsible for providing the "Report of the Supervisory Board". Otherwise, the legal representatives are responsible for providing other information.

Other information comprises the non-financial report, of which we obtained a copy prior to issuing this auditor's report. Other information also comprises further components of the Annual Report, of which copies were obtained by us prior to issuing this

auditor's report, in particular: "Foreword", "The Promotional Business of NRW.BANK", "Report on Public Corporate Governance", "Declaration of Conformity", "Report of the Supervisory Board", "Responsibility Statement", "Members of the Advisory Board for Housing Promotion", "Members of the Advisory Board", "Members of the Parliamentary Advisory Board", "NRW.BANK at a Glance" and the "Report on Equal Opportunities and Equal Pay" as an annex to the Management Report; by contrast, such other information does not include the annual financial statements, disclosures in the management report not covered by our audit and our respective auditor's report.

Our audit opinions of the annual financial statements and the management report do not cover other information and we therefore issue no audit opinion or any other type of audit conclusion regarding such other information.

As part of our audit, it is our responsibility to read the other information and to check whether such other information

- shows material inconsistencies with the annual financial statements, the management report or the knowledge obtained in the context of our audit or
- otherwise appears to be materially misstated.

If, on the basis of the work performed by us, we arrive at the conclusion that such other information is materially misstated, we are obliged to report on this. We have nothing to report in this respect.

### **Responsibilities of the Legal Representatives and the Supervisory Board for the Annual Financial Statements and the Management Report**

The legal representatives are responsible for preparing annual financial statements that comply, in all material respects, with German commercial law applicable for institutions and for ensuring that the annual financial statements, in accordance with German principles of proper accounting, give a true and fair view of the net assets, financial position and result of operations of the Bank. In addition, the legal representatives are responsible for such internal control as they have determined necessary in accordance with German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement due to fraud (i.e. manipulation of accounting system and asset misappropriation) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Bank's ability to continue as a going concern. They also have the responsibility – where applicable – for disclosing matters related to the going concern. In addition, they are responsible for the accounting based on the going concern, provided no actual or legal circumstances conflict with this.

The legal representatives are also responsible for preparing a management report which, as a whole, provides a suitable view of the Bank's position, and is consistent with the annual financial statements in all material aspects, complies with German legal requirements and suitably presents the future opportunities and risks. In addition, the legal representatives are responsible for

such arrangements and measures (systems) as they consider necessary to enable the preparation of a management report that complies with the requirements of German commercial law and to enable the provision of sufficient and appropriate evidence for assertions in the management report.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process for the preparation of the annual financial statements and the management report.

#### **Auditor's Responsibility for the Audit of the Annual Financial Statements and the Management Report**

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides a suitable view of the situation of the Bank and is consistent with the annual financial statements in all material aspects as well as with the findings of our audit, complies with the legal provisions applicable in Germany and adequately reflects the future opportunities and risks as well as to issue an auditor's report that contains our audit opinions of the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German generally accepted standards for the audit of annual

financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

During our audit, we exercise professional judgment and maintain professional scepticism. Moreover,

- we identify and assess the risks of material misstatement of the annual financial statements and the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls;
- we obtain an understanding of the internal control system that is relevant to the audit of the annual financial statements and of the arrangements and measures that are relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Bank's systems;

- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the accounting estimates and related disclosures made by the legal representatives;
- we conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or in the management report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in the Bank no longer being able to continue as a going concern;
- we evaluate the overall presentation, structure and content of the annual financial statements and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and result of operations of the Bank in accordance with German principles of proper accounting;
- we assess the consistency of the management report with the annual financial statements, its compliance with applicable laws and the view it provides of the situation of the Bank;
- we perform audit procedures on the forward-looking information presented by the legal representatives in the management report. Based on sufficient audit evidence, we hereby review, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking information and evaluate the appropriate derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the forward-looking information and on the underlying assumptions. There is a substantial unavoidable risk that future events will deviate materially from the forward-looking information.

We discuss with the supervisory body, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory body with a statement that we have complied with the relevant independence requirements and discuss with it all relationships and other matters that may reasonably be thought to bear on our independence and the protective measures taken in this context.

From the matters discussed with the supervisory body, we determine those matters that were most important in the audit of the annual financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our



report on the audit of the annual financial statements unless laws or other regulations preclude public disclosure of such matters.

### Other Legal and Regulatory Requirements

#### **Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and the Management Report Prepared for the Purpose of Disclosure in Accordance with Section 317 Para. 3a HGB**

##### **Audit Opinion**

We performed a reasonable assurance audit pursuant to Section 317 Para. 3a HGB to determine whether the reproductions of the annual financial statements and the management report (hereinafter also referred to as “ESEF documents”) contained in the attached file NRW.BANK\_AOER\_JA+LB\_ESEF-2022-12-31.zip and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 Para. 1 HGB on the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this audit covers only the transfer of the information contained in the annual financial statements and the management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file and prepared for the purpose of dis-

closure comply in all material respects with the requirements of Section 328 Para. 1 HGB regarding the electronic reporting format. Other than this opinion and our opinions on the accompanying annual financial statements and on the accompanying management report for the fiscal year from January 1, 2022 to December 31, 2022 included in the “Report on the audit of the annual financial statements and management report” above, we do not express any opinion on the information contained in these reproductions or on any other information contained in the aforementioned file.

##### **Basis for the Audit Opinion**

We conducted our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file in accordance with Section 317 Para. 3a HGB and in compliance with the IDW Auditing Standard: “Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to Section 317 Para. 3a HGB” (“Prüfung der für Zwecke der Offenlegung erstellten elektronischen Wiedergaben von Abschlüssen und Lageberichten nach § 317 Abs. 3a HGB (IDW PS 410 (06.2022))”). Our responsibility under this standard is further described in the section “Auditor’s responsibility for the audit of the ESEF documents”. Our auditing firm has applied the quality assurance system requirements of the IDW Quality Assurance Standard: “Requirements for Quality Assurance in Auditing Practice” (“Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)”).

### **Responsibilities of the Legal Representatives and the Supervisory Board for the ESEF Documents**

The legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the management report in accordance with Section 328 Para. 1 Sentence 4 No. 1 HGB.

The legal representatives are also responsible for the internal controls they consider necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 Para. 1 HGB.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the financial reporting process.

### **Auditor's Responsibility for the Audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 Para. 1 HGB. During our audit, we exercise professional judgment and maintain professional scepticism. Moreover,

- we identify and assess the risks of non-compliance with the requirements of Section 328 Para. 1 HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;

- we obtain an understanding of the internal control systems that are relevant for the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, as amended as of the reporting date, regarding the technical specification for that file;
- we assess whether the ESEF documents provide a consistent XHTML representation of the audited annual financial statements and the audited management report.

### **Further Information Pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditors by the Board of Guarantors on March 14, 2022. We were commissioned by the Chairman of the Supervisory Board and the Board of Guarantors of NRW.BANK institution under public law on May 4, 2022. We have been the auditors of the annual financial statements of NRW.BANK institution under public law without interruption since the fiscal year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (audit report).

### **Other Matter – Use of the Auditor’s Report**

Our auditor’s report should always be read in conjunction with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and the management report converted into the ESEF format – including the versions to be entered in the company register – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein may be used only in conjunction with the audited ESEF documentation provided in electronic form.

### **German Public Auditor Responsible for the Engagement**

The German Public Auditor responsible for the engagement is Laura Gundelach.

Düsseldorf, February 15, 2023

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Matthias Koch  
German Public Auditor

Laura Gundelach  
German Public Auditor

# Members of the Advisory Board for Housing Promotion

## Member Pursuant to Section 23 Para. 1 Letter a of the Statutes

**Ina Scharrenbach, MdL** (until May 31, 2022) (since July 1, 2022)  
Chairwoman  
Minister for Regional Identity, Local Government, Building and Digitalization  
of the State of North Rhine-Westphalia

## Members Pursuant to Section 23 Para. 1 Letter b of the Statutes

**Günther Bongartz**  
(until May 31, 2022) (since August 26, 2022 until October 31, 2022)  
Assistant Secretary  
Ministry of Finance  
of the State of North Rhine-Westphalia

**Sebastian Kahler** (since November 1, 2022)  
Principal  
Ministry of Finance  
of the State of North Rhine-Westphalia

**Dr. Michael Henze**  
(until May 31, 2022) (since September 21, 2022)  
Assistant Secretary  
Ministry of Economic Affairs, Industry, Climate Action and Energy  
of the State of North Rhine-Westphalia

**Sven-Axel Köster** (until May 31, 2022) (since August 12, 2022)  
Senior Principal  
Ministry of Work, Welfare and Social Integration  
of the State of North Rhine-Westphalia

## Members Pursuant to Section 23 Para. 1 Letter c of the Statutes

**Roger Beckamp** (until January 26, 2022)  
Member of the AfD Parliamentary Group NRW  
(until October 26, 2021)  
State Assembly of North Rhine-Westphalia

**Andreas Becker, MdL** (until May 31, 2022)  
Member of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Martin Börschel, MdL** (until May 31, 2022)  
Member of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Christian Dahm, MdL** (since September 28, 2022)  
Deputy Chairman of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Angela Freimuth, MdL** (since September 28, 2022)  
Member of the FDP Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Arndt Klocke, MdL**

(until May 31, 2022) (since September 28, 2022)  
Member of the Bündnis 90/Die Grünen Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Jochen Ott, MdL**

(until May 31, 2022) (since September 28, 2022)  
Deputy Chairman of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Stephen Paul, MdL** (until May 31, 2022)

Member of the FDP Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Jochen Ritter, MdL** (since September 28, 2022)

Member of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Fabian Schrumpf, MdL**

(until May 31, 2022) (since September 28, 2022)  
Member of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Daniel Sieveke, MdL** (until May 31, 2022)

Deputy Chairman of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Herbert Strotebeck, MdL**

(since January 26, 2022) (until May 31, 2022)  
Member of the AfD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Hedwig Tarner, MdL** (since September 28, 2022)

Member of the Bündnis 90/Die Grünen Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Sebastian Watermeier, MdL** (since September 28, 2022)

Member of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Klaus Voussemer, MdL**

(until May 31, 2022) (since September 28, 2022)  
Deputy Chairman of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Members Pursuant to Section 23 Para. 1 Letter d of the Statutes**

**Ass. jur. Erik Amaya** (until May 31, 2022) (since October 18, 2022)

Association Director  
Haus & Grund Rheinland Westfalen

**Elisabeth Gendziorra, lawyer**

(until May 31, 2022) (since October 18, 2022)  
Managing Director  
BFW Landesverband Nordrhein-Westfalen e. V.

**Alexander Rychter** (until May 31, 2022) (since October 18, 2022)

Association Director  
Verband der Wohnungs- und Immobilienwirtschaft Rheinland  
Westfalen e. V.

#### Members Pursuant to Section 23 Para. 1 Letter e of the Statutes

**Dr. Olaf Gericke** (until May 31, 2022) (since October 18, 2022)  
Vice President  
Landkreistag Nordrhein-Westfalen e. V.

**Rudolf Graaff** (until May 31, 2022) (since October 18, 2022)  
Deputy Mayor  
Städte- und Gemeindebund Nordrhein-Westfalen e. V.

**Hilmar von Lojewski** (until May 31, 2022) (since October 18, 2022)  
Deputy Mayor  
for Urban Development, Construction, Housing and Transport  
Städtetag Nordrhein-Westfalen

**Bernd Schwuchow** (until May 31, 2022) (since October 18, 2022)  
Mayor  
City of Büren

#### Member Pursuant to Section 23 Para. 1 Letter f of the Statutes

**Hans-Jochem Witzke**  
(until May 31, 2022) (since October 18, 2022)  
1st Chairman of the Managing Board  
Deutscher Mieterbund Nordrhein-Westfalen e. V.

#### Member Pursuant to Section 23 Para. 1 Letter g of the Statutes

**Dipl.-Ing. Ernst Uhing**  
(until May 31, 2022) (since October 18, 2022)  
President  
Chamber of Architects in North Rhine-Westphalia

#### Permanent Representative of the Chairing Member Pursuant to Section 23 Para. 2 of the Statutes

**Deborah Dautzenberg**  
(until May 31, 2022) (since October 18, 2022)  
Senior Principal  
Ministry for Regional Identity, Local Government, Building and  
Digitalization  
of the State of North Rhine-Westphalia

# Members of the Advisory Board

## Members Pursuant to Section 25 of the Statutes

**Prof. Dr. Andreas Pinkwart** (until June 28, 2022)

Chairman

Minister of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia

**Mona Neubaur, MdL** (since October 1, 2022)

Chairwoman

Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia

**Kai Abrusztat** (until June 28, 2022) (since October 1, 2022)

Mayor

Stemwede local government

**Michael Ackermann** (until June 28, 2022)

Managing Director

Klinikum Bielefeld gem. GmbH

**Klaus Baumann** (until June 28, 2022) (since October 1, 2022)

Chairman

Regional Assembly of Westphalia-Lippe

**Uwe Berghaus** (until June 28, 2022) (since October 1, 2022)

Member of the Managing Board

DZ BANK AG

Deutsche Zentral-Genossenschaftsbank

**Heinrich Böckelühr** (since October 1, 2022)

District President

Arnsberg Regional Government

**Dr.-Ing. Heinrich Bökamp**

(until June 28, 2022) (since October 1, 2022)

President and Board member

Chamber of Engineers in North Rhine-Westphalia

**Anna Katharina Bölling** (since October 1, 2022)

District President

Detmold Regional Government

**Andreas Bothe** (since October 1, 2022)

District President

Münster Regional Government

**Michael Breuer** (until June 28, 2022) (since October 1, 2022)

President

Savings Banks and Giro Association of the Rhineland

**Prof. Dr. Liane Buchholz**

(until June 28, 2022) (since October 1, 2022)

Chairwoman of the Managing Board

Savings Banks and Giro Association of Westphalia-Lippe

**Thomas Buschmann** (since October 1, 2022)

Chairman of the Managing Board

Bankenverband Nordrhein-Westfalen e.V.

**Dr. Andre Carls** (until June 28, 2022)  
Chairman of the Managing Board (until November 3, 2021)  
Bankenverband Nordrhein-Westfalen e. V.

**Isabelle Chevelard** (since October 1, 2022)  
Chairwoman of the Managing Board  
Targobank AG

**Pit Clausen** (until June 28, 2022)  
Chairman of the Managing Board (until June 2, 2022)  
Städtetag Nordrhein-Westfalen

**Heinrich Otto Deichmann** (until June 28, 2022)  
Chairman of the Supervisory Board and Managing Directors  
Deichmann SE

**Paolo Dell' Antonio** (June 28, 2022) (since October 1, 2022)  
Chairman of the Managing Board  
Wilh. Werhahn KG

**Andreas Ehlert** (until June 28, 2022) (since October 1, 2022)  
President  
Chamber of Handicrafts Düsseldorf

**Thomas Eiskirch** (until June 28, 2022) (since October 1, 2022)  
Lord Mayor  
City of Bochum

**Dorothee Feller** (until June 28, 2022)  
District President  
Münster Regional Government

**Fabiola Fernandez** (since January 1, 2023)  
Co-Chairwoman of the Managing Board  
Gegenbauer Holding SE & Co. KG

**Heinz Fiege** (until June 28, 2022)  
FIEGE Logistik Holding Stiftung & Co. KG

**Prof. Dr.-Ing. Manfred Fishedick**  
(until June 28, 2022) (since October 1, 2022)  
Academic Managing Director  
Wuppertal Institut für Klima, Umwelt, Energie gGmbH

**Prof. Dr. Ursula Gather**  
(until June 28, 2022) (since October 1, 2022)  
Chairwoman of the Board of Trustees  
Alfried Krupp von Bohlen und Halbach-Stiftung

**Alexandra Gauß** (since October 1, 2022)  
Mayoress  
Windeck local government

**Dr. Olaf Gericke** (until June 28, 2022) (since October 1, 2022)  
District Administrator  
Warendorf district

**Dr. iur. Antonius Hamers, pastor**  
(until June 28, 2022) (since October 1, 2022)  
Canon  
Catholic Office North-Rhine Westphalia



**Anne Henk-Hollstein** (until June 28, 2022) (since October 1, 2022)  
Chairwoman  
Regional Assembly of the Rhineland

**Thomas Hunsteger-Petermann** (until June 28, 2022)  
Retired Lord Mayor  
City of Hamm

**Dr. Marie Jaroni** (since October 1, 2022)  
Head of Decarbonization and Sustainability  
thyssenkrupp Steel Europe AG

**Sibylle Keupen** (until June 28, 2022) (since October 1, 2022)  
Lord Mayoress  
City of Aachen

**Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff**  
(until June 28, 2022) (since October 1, 2022)  
Managing Partner and CEO  
KIRCHHOFF Holding GmbH & Co. KG

**Lauren Kjeldsen** (since October 1, 2022)  
Member of the Management Board  
Evonik Operations GmbH

**Prof. Dr. Lambert T. Koch** (until June 28, 2022)  
(since October 1, 2022 until December 31, 2022)  
Chairman  
Directors Conference of the Universities  
in North Rhine-Westphalia

**Monika Kocks** (until June 28, 2022) (since October 1, 2022)  
1st Chairwoman of the Managing Board  
automotiveland.nrw e. V.

**Stefan Koetz** (until June 28, 2022)  
Chairman of the Management Board  
Ericsson GmbH

**Daniel Krahn** (until June 28, 2022)  
Chief Executive Officer  
Urlaubsguru GmbH

**Thomas Kufen** (since October 1, 2022)  
Chairman of the Managing Board  
Städtetag Nordrhein-Westfalen

**Dr. Arne Kupke** (until June 28, 2022) (since October 1, 2022)  
Legal Vice President  
Evangelical Church of Westphalia

**Markus Lewe** (until June 28, 2022) (since October 1, 2022)  
Lord Mayor  
City of Münster

**Matthias Löb** (until June 28, 2022)  
Director of LWL  
Regional Association of Westphalia-Lippe

**Ulrike Lubek** (until June 28, 2022) (since October 1, 2022)  
Director of LVR  
Regional Association of the Rhineland

**Wolfgang Lubert** (until June 28, 2022) (since October 1, 2022)  
Managing Director  
EnjoyVenture Management GmbH

**Dr. Georg Lunemann** (since October 1, 2022)  
State Director  
Regional Association of Westphalia-Lippe

**Dr.-Ing. Hinrich Mählmann** (until June 28, 2022)  
Personally liable Managing Partner  
Otto Fuchs KG

**Prof. Dr.-Ing. Wolfgang Marquardt**  
(until June 28, 2022) (since October 1, 2022)  
Chairman of the Board of Directors  
Forschungszentrum Jülich GmbH

**Aleksandra Meissner** (since October 1, 2022)  
Managing Director  
Ecolab Deutschland GmbH

**Astrid Messmer** (since October 1, 2022)  
Senior Director Infrastructure Strategy & Analytics  
Deutsche Lufthansa AG

**Dr. Michael Müller** (until June 28, 2022)  
Member of the Managing Board  
RWE AG

**Julia Niederdrenk** (since October 1, 2022)  
Managing Director  
Jul. Niederdrenk GmbH & Co. KG

**Roland Oetker** (until June 28, 2022) (since October 1, 2022)  
Managing Partner  
ROI Verwaltungsgesellschaft mbH

**Prof. Dr. Uli Paetzel** (until June 28, 2022) (since October 1, 2022)  
Chairman of the Managing Board  
EMSCHERGENOSSENSCHAFT und LIPPEVERBAND

**Dr. Paul-Josef Patt** (until June 28, 2022) (since October 1, 2022)  
Chairman of the Managing Board  
eCAPITAL entrepreneurial Partners AG

**Guntram Pehlke** (until June 28, 2022) (since October 1, 2022)  
Chairman of the Managing Board  
Verband kommunaler Unternehmen e.V.  
– Regional Group North Rhine-Westphalia –

**Judith Pirscher** (until June 28, 2022)  
State Secretary  
Federal Ministry of Education and Research

**Birgitta Radermacher** (until June 28, 2022)  
District President  
Düsseldorf Regional Government

**Katharina Reiche** (since October 1, 2022)  
Chairwoman of the Managing Board  
Westenergie AG

**Henriette Reker** (until June 28, 2022) (since October 1, 2022)  
Lord Mayoress  
City of Cologne

**Helene von Roeder** (since October 1, 2022)  
Chief Transformation Officer  
Vonovia SE

**Dr. Eckhard Ruthemeyer**  
(until June 28, 2022) (since October 1, 2022)  
President  
Städte- und Gemeindebund Nordrhein-Westfalen e. V.

**Carola Gräfin von Schmettow** (until June 28, 2022)  
Former Chairwoman of the Management Board  
HSBC Trinkaus & Burkhard AG

**Prof. Dr. Christoph M. Schmidt**  
(until June 28, 2022) (since October 1, 2022)  
President  
RWI – Leibniz-Institut für Wirtschaftsforschung

**Prof. Dr. Uwe Schneidewind** (since October 1, 2022)  
Lord Mayor  
City of Wuppertal

**Thomas Schürmann** (since October 1, 2022)  
District President  
Düsseldorf Regional Government

**Ralf Stoffels** (until June 28, 2022) (since October 1, 2022)  
President  
IHK NRW – Die Industrie- und Handelskammern  
in Nordrhein-Westfalen e. V.

**Hans-Josef Vogel** (until June 28, 2022)  
District President  
Arnsberg Regional Government

**Gisela Walsken** (until June 28, 2022)  
District President  
Cologne Regional Government

**Anja Weber** (until June 28, 2022) (since October 1, 2022)  
District Chairwoman  
Deutscher Gewerkschaftsbund NRW

**Dr. Thomas Wilk** (since October 1, 2022)  
District President  
Cologne Regional Government

**Matthias Zachert** (until June 28, 2022)  
Chairman of the Managing Board  
LANXESS AG

**Bernd Zimmer** (until June 28, 2022) (since October 1, 2022)  
Chairman of the Managing Board  
Verband Freier Berufe im Lande Nordrhein-Westfalen e. V.

# Members of the Parliamentary Advisory Board

## Members Pursuant to Section 26 of the Statutes

**Dr. Marcus Optendrenk, MdL** (until May 31, 2022)

Chairman

Member of the CDU Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Olaf Lehne, MdL** (until May 31, 2022) (since August 31, 2022)

Chairman (since November 14, 2022)

Member of the CDU Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Ralf Witzel, MdL** (until May 31, 2022) (since August 31, 2022)

Deputy Chairman (until May 31, 2022)

Deputy Chairman of the FDP Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Simon Rock, MdL** (since August 31, 2022)

Deputy Chairman (since November 14, 2022)

Member of the Bündnis 90/Die Grünen Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Alexander Baer, MdL** (since August 31, 2022)

Member of the SPD Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Inge Blask, MdL** (until May 31, 2022)

Member of the SPD Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Ralph Bombis, MdL** (until May 31, 2022)

Member of the FDP Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Christian Dahm, MdL** (since August 31, 2022)

Deputy Chairman of the SPD Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Christian Loose, MdL** (since August 31, 2022)

Member of the AfD Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Mehrdad Mostofizadeh, MdL** (until May 31, 2022)

Parliamentary State Secretary of the Bündnis 90/Die Grünen

Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Elisabeth Müller-Witt, MdL** (until May 31, 2022)

Deputy Chairwoman of the SPD Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Dr. Patricia Peill, MdL**

(until May 31, 2022) (since August 31, 2022)

Member of the CDU Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**Romina Plonsker, MdL** (until May 31, 2022)

Member of the CDU Parliamentary Group NRW

State Assembly of North Rhine-Westphalia

**André Stinka, MdL** (until May 31, 2022) (since August 31, 2022)  
Member of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Herbert Strotebeck, MdL** (until May 31, 2022)  
Member of the AfD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Raphael Tigges, MdL** (since August 31, 2022)  
Member of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Petra Vogt, MdL** (until May 31, 2022)  
Deputy Chairwoman of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Klaus Vossemer, MdL** (since August 31, 2022)  
Deputy Chairman of the CDU Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Jule Wenzel, MdL** (since August 31, 2022)  
Member of the Bündnis 90/Die Grünen Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

**Markus Herbert Weske, MdL** (until May 31, 2022)  
Member of the SPD Parliamentary Group NRW  
State Assembly of North Rhine-Westphalia

# NRW.BANK at a Glance

## NRW.BANK Facts

**NRW.BANK** Competition-neutral promotional bank of North Rhine-Westphalia operating according to the house bank principle; holds a full bank licence

### Guarantor

- State of North Rhine-Westphalia (100%)

### Liabilities/Guarantees

- Institutional liability
- Guarantor liability
- Explicit refinancing guarantee granted by its guarantor

**Legal Status** Public law bank

**Head Offices** Düsseldorf and Münster

## Information Services of NRW.BANK

### Commercial Client Services

Phone +49 211 91741-4800

Fax +49 211 91741-7832

[beratung@nrwbank.de](mailto:beratung@nrwbank.de)

### Housing Sector Client Services

Phone +49 211 91741-4500

Fax +49 211 91741-7760

[beratung@nrwbank.de](mailto:beratung@nrwbank.de)

Service hours: Mondays to Thursdays from 8 a.m. to 6 p.m.  
and Fridays from 8 a.m. to 5.30 p.m.

### Public Sector Client Support

Phone +49 211 91741-4600

Fax +49 211 91741-2054

[oeffentliche-kunden@nrwbank.de](mailto:oeffentliche-kunden@nrwbank.de)

## Financial Calendar 2023

<b>March 14, 2023</b>	Annual press conference
<b>August 29, 2023</b>	Publication of the promotional result for the second quarter
<b>November 7, 2023</b>	Publication of the promotional result for the third quarter

## Credit Ratings

	Fitch Ratings	Moody's	Standard & Poor's
Long-term rating	AAA	Aa1	AA
Short-term rating	F1+	P-1	A-1+
Outlook	stable	stable	stable

## Volume of new commitments

Breakdown by promotional fields	2022 € millions	2021 € millions
Economy	4,664	3,973
Housing	2,920	3,606
Infrastructure/Municipalities	5,973	4,434
<b>Volume of new commitments</b>	<b>13,558</b>	<b>12,014</b>

## Key Figures

	2022	2021
Total assets	€ 159.9 billion	€ 153.1 billion
Equity capital pursuant to the German Commercial Code (HGB)	€ 18.0 billion	€ 18.0 billion
Common Equity Tier 1 capital	€ 18.6 billion	€ 18.6 billion
Own funds	€ 18.7 billion	€ 18.7 billion
Operating income	€ 633.4 million	€ 533.0 million
Administrative expenses	€ -299.4 million	€ -273.0 million
Operating result	€ 334.0 million	€ 260.0 million
CET1 capital ratio	44.0%	44.4%
Total capital ratio	44.2%	44.6%
Number of employees	1,538	1,500

## NRW.BANK

### Düsseldorf

Kavalleriestraße 22  
40213 Düsseldorf  
Phone +49 211 91741-0  
Fax +49 211 91741-1800  
[www.nrwbank.de](http://www.nrwbank.de)  
[info@nrwbank.de](mailto:info@nrwbank.de)

### Münster

Friedrichstraße 1  
48145 Münster  
Phone +49 251 91741-0  
Fax +49 251 91741-2921

 <https://twitter.com/NRWBANK>

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### Responsible (V.i.S.d.P)

Caroline Fischer  
Head of Corporate Communications  
NRW.BANK

### Concept and Design, Production and Typesetting

vE&K Werbeagentur GmbH & Co. KG, Essen  
[www.ve-k.de](http://www.ve-k.de)