







Financial Report 2023

Financial Report 2023 of NRW.BANK



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This is an unofficial translation of the Finanzbericht 2023 (German Financial Report 2023) 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,

2023 was a year full of change. A year marked by the energy crisis, inflation and, as a result, a noticeable slowdown in economic growth. And then there were the wars. At the same time, driving forward the transformation remained the most important task for the future, as it will improve the economic, environmental and social living conditions in Germany, Europe and the world.

North Rhine-Westphalia has set itself the goal of becoming climate-neutral by 2045. This calls for changes in the energy sector, in mobility and in the use of resources. It requires new processes and business models, while at the same time representing an opportunity for innovation and growth.

The transformation is a huge effort, but the protection of the environment and the careful use of resources, equal opportunities and access to affordable housing and education are the preconditions for economic success and prosperity in the 21st century. As a promotional bank, we support the federal state and provide effective impetus to accelerate the transformation processes. By offering tailored financing solutions and advisory services, we make it attractive for companies and local authorities to invest in sustainable products and processes. In this way, our promotional products and services contribute to environmental and social progress while enhancing competitiveness.

We see ourselves as a partner to the enterprises, municipalities, investors and citizens in North Rhine-Westphalia – for a sustainable, successful economy that provides people with jobs, clean air in the cities, emission-free transport, but also for affordable housing, modern schools and social infrastructure.

There is no doubt that 2024 will be another year of great challenges. We owe it to you – our employees, our customers, our partners and our owner, the state of North Rhine-Westphalia – that we have been so successful in meeting these challenges to date.

We look forward to moving NRW together with you in 2024!

The Managing Board of NRW.BANK

Eckhard Forst
Chairman of the Managing Board

Gabriela Pantring
Deputy Chairwoman of the Managing Board

Claudia Hillenherms
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.

In the promotional business, NRW.BANK provides monetary and non-monetary services – also referred to as “Förderleistung” –

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 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).

At € 11.8 billion, NRW.BANK’s volume of new commitments again reached a high level in 2023, but was below the prior year result of € 13.6 billion, which had been driven by one-time effects. The on-lending business of KfW Bankengruppe and Landwirtschaftliche Rentenbank accounted for a total share of around 16% of this amount (2022: 17%).

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, 2023 € millions	Dec. 31, 2022 € millions	Change € millions
Economy	3,165	4,664	-1,499
Housing	3,766	2,920	845
Infrastructure/Municipalities	4,849	5,973	-1,124
Total	11,779	13,558	-1,778

In the further development of the contents of its promotional offerings, NRW.BANK takes current challenges for North Rhine-Westphalia into account. In the past fiscal year, the main aim was to increase the interest rate subsidies for the economic and housing promotion programmes in response to companies' reduced willingness to invest and the more difficult market conditions in the real estate sector. This made it possible to counteract the effects of the negative market environment. Besides considerably improving the framework conditions for public housing promotion, the maximum promotion amounts in the housing promotion programmes were also noticeably increased in view of the inflation trend, interest subsidies were improved, the group of beneficiaries was expanded, the maturities were extended and follow-up financing was made possible. The transformation of the economy remains a long-term challenge for North Rhine-Westphalia. NRW.BANK therefore continued to improve its programmes for the promotion of commercial transformation projects, added new promotional content such as green technologies and opened them to additional target groups. In view of the reduced risk appetite of some house banks, the Bank additionally expanded its range of risk sharing via liability releases in the commercial sector. Moreover, special risk quotas were established in favour of start-up and transformation financing.

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, eco-

nomically 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 programme and the NRW.BANK.Gründung und Wachstum programme. They offer small and medium-sized enterprises as well as business founders low-interest loans for working capital requirements and investments that can be used for a wide range of purposes. In addition, NRW.BANK provides special offerings to effectively support transformation processes in the North Rhine-Westphalian economy. These offerings comprise projects in the fields of innovation and digitalisation, electromobility, resource and efficiency savings. Since the end of 2022, small enterprises have additionally received low-interest loans and repayment discounts in the context of a limited special variant of the Universalkredit to separately support them in changing from natural gas to renewable energy. In 2023, NRW.BANK noticeably increased its interest rate subsidies for the promotion of transformation projects. Green technologies were funded for the first time: Since last year, projects for the use of green hydrogen, carbon management, electrification and renewable heat have benefited from particularly high promotional incentives. Digitalisation projects of public and non-profit companies have also received effective support since the last fiscal year.

For NRW.BANK's programme loans, optional liability releases may be applied for as an additional promotional component to relieve the risk for the on-lending house banks. This offering was expanded in the past fiscal year and is now also targeted at young companies that have no credit history. 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 the past fiscal year, special risk quotas were set up for the first time in favour of higher-risk start-up and transformation projects, both for risk sharing via liability releases and via syndicated financing, in order to improve their financing and funding opportunities.

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. As part of its efforts to strengthen the equity capitalisation of young enterprises, NRW.BANK increased the maximum promotion amounts for green start-ups in 2023. 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 high-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 (Wohnraumförderungsprogramm, WoFP) as well as the respective development guidelines. NRW.BANK's public housing promotion programmes effectively support the creation, modernisation and maintenance of housing in rented flats, owner-occupied homes, facilities for people with disabilities as well as for trainees, apprentices and students.

NRW.BANK's Housing Promotion provides complementary offerings for private homeowners whose household income exceeds the limits of the WFNG NRW. As the income limits have been increased, a larger number of families now benefit from the promotion of home ownership. What is more, follow-up financing has been included as a new purpose. 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. With a view to the inflation trend, NRW.BANK has raised the previous maximum promotion amounts, quite

significantly so in some cases. The Bank has also responded to the more difficult financing conditions in the real estate sector by increasing the flexibility with regard to fixed-interest periods and maturities and by providing higher interest rate subsidies. Against the background of the temporary freeze on applications and commitments for KfW's KfN funding (climate-friendly new buildings), NRW.BANK increased its interest rate subsidies to 300 basis points in December 2023 for a limited time until the end of March 2024 and has thus been able to close the short-term funding gap for 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 a broad programme with favourable terms and conditions to encourage corporate investment in social and public infrastructure projects. In addition, the Bank generally supports entrepreneurial infrastructure projects by way of customised corporate and project loans in the context of syndicates with other banks. These two broad 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. Since 2023, NRW.BANK has additionally

acted as the paying and granting agent for the subsidies extended by the State of North Rhine-Westphalia to promote future-proof and sustainable measures in the area of wastewater disposal.

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 climate resilience receiving an additional interest subsidy. In the area of educational infrastructure, 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 2022, the Bank additionally set up a temporary promotional loan programme for municipalities to enable the latter to create housing 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.

Report on Public Corporate Governance in the Year 2023

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. 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 1.4 and 5.2 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. In the first quarter of the year, a position was refilled that had been vacant as of December 31, 2022 as a result of the elections in North Rhine-Westphalia in 2022 and the related formation of the new North Rhine-Westphalian government. As of the reporting date December 31, 2023, the Board of Guarantors was composed of five members. The Board of Guarantors is chaired by the State Minister for Economics. The voting right is exercised unanimously by the "voting agent", i.e. a member of the Board of Guarantors delegated by the guarantor. For the composition of the Board of Guarantors, please refer to [page 138](#).

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 2024 to 2027 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 first quarter of the reporting year, the Board of Guarantors resolved to change the remuneration system of the members of the bodies with retroactive effect from January 1, 2023 (see 8.5). On the basis of the Europe-wide invitation to tender for the audit of NRW.BANK's financial statements issued in the year under review, the Board

of Guarantors decided, on the recommendation of the Audit Committee and the Supervisory Board, on the selection of an auditor for the audit of the annual financial statements in the fiscal years 2024 to 2028. 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 2024. 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 consists of four members, including the Chairman and the Deputy Chairwoman.

As of the reporting date December 31, 2023, the Managing Board was made up of equal numbers of men and women. For the composition of the Managing Board, please refer to [page 141](#).

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, 2023, 34.4% of the management positions at the second to fifth level of the Bank were held by women, while 65.6% were held by men (2022: 33.6% women and 66.4% men).

The evaluation of the Managing Board carried out in the reporting year by the Supervisory Board in accordance with Section 25d Para. 11 Nos. 3 and 4 KWG was reviewed and supported by a consultancy firm specialising in financial institutions. 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. During the reporting year, the five current employee representatives on the Supervisory Board were re-elected and appointed to the Supervisory Board for a further term of office from July 1, 2023.

As of the reporting date December 31, 2023, 53.3% of the members of the Supervisory Board were women and 46.7% were men. This 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 139 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. At its meeting on June 19, 2023, the Supervisory Board appointed Ms Gabriela Pantring as Deputy Chairwoman of the Managing Board. In view of the retirement of Mr Michael Stölting on July 1, 2024, at its meeting on December 4, 2023, the Supervisory Board appointed Mr Dr. Peter Stemper as the new Chief Risk Officer with effect from July 1, 2024 and Ms Johanna Tjaden-Schulte as an additional member of the Managing Board for the new "Innovation and Transformation" unit with effect from October 1, 2024.

The number and the duration of the meetings held by the Supervisory Board and its committees in the fiscal year were in line with the Bank's requirements.

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 carried out a self-evaluation with support from a consultancy firm specialising in financial institutions. 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 2022, which were implemented appropriately overall. 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. Irrespective of the above, onboarding events are organised for all newly appointed Supervisory Board members in accordance with 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, Financial Services Institutions and Securities 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 for the last time as auditors of NRW.BANK's financial statements for the period ended December 31, 2023. The auditor's statement of independence has been submitted and filed.

8 Remuneration Report

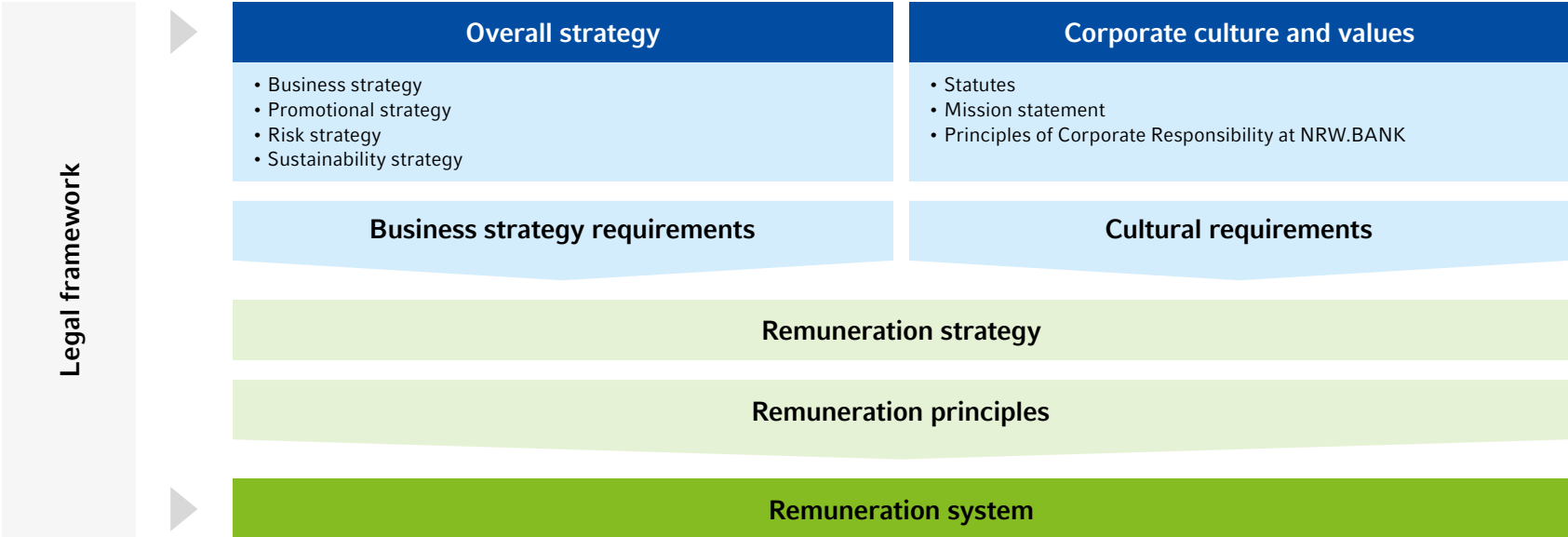
In this report, NRW.BANK comprehensively describes the key elements of the remuneration system for its executive and controlling bodies and its employees. This is based on the requirements of the Bank's internal Public Corporate Governance Code, the North Rhine-Westphalian Transparency Act, the Management 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.

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, risk and sustainability 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**
As the promotional bank for the State of North Rhine-Westphalia, NRW.BANK's main task is to design promotional products efficiently and largely independently of 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 contents and the appropriateness of the remuneration systems for the members of the Managing Board based on a review and recommendation by the Remuneration Committee. 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 2023 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, 2023, 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, 2023, 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

As a result of the conversion of NRW.BANK’s remuneration system to purely fixed remuneration from the fiscal year 2017, no more deferred variable remuneration components were due for payment in 2023.

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.

All members of the Managing Board of NRW.BANK receive fixed remuneration only. For a detailed presentation of the remuneration received by the individual Managing Board members, refer to [page 116](#) in the notes.

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](#).

Mr Stölting will retire on July 1, 2024. At its meeting on December 4, 2023, the Supervisory Board appointed Dr. Peter Stemper with effect from July 1, 2024 and Ms Johanna Tjaden-Schulte with effect from October 1, 2024 as new members of the Managing Board.

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. In accordance with the resolution passed by the Board of Guarantors on March 13, 2023, the remuneration of the Supervisory Board and its committees consists of an annual fixed remuneration with retroactive effect from January 1, 2023. No distinction is made between a member, the vice chairperson or the chairperson. Besides the fixed remuneration, travel expenses incurred by mandate holders are adequately refunded. In addition 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 a fixed remuneration on the basis of the resolution passed by the Board of Guarantors on March 13, 2023. However, the absolute amount of the respective fixed remuneration of the individual bodies varies based on the different tasks and specific responsibilities. In accordance with the Act on NRW.BANK, members of NRW.BANK's bodies who are members of the North Rhine-Westphalian government receive a total annual remuneration that does not exceed the maximum limit stipulated in the Secondary Employment Ordinance (Nebentätigkeitsverordnung). NRW.BANK uses the portion exceeding the maximum limit for promotional purposes. An explanation and disclosure of the remuneration received by the members of 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

All employees of NRW.BANK, including the Managing Board, exclusively receive fixed remuneration components. The total fixed remuneration 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). In the period from January 1, 2023 to August 31, 2024, NRW.BANK pays all active employees a

monthly inflation compensation premium in accordance with Section 3 No. 11c of the German Income Tax Act (EStG) to mitigate the increase in consumer prices. 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 2023

Fixed remuneration ¹⁾	Other benefits ²⁾	Total remuneration	Remuneration for mandates ³⁾	Number of risk takers
€ 2,614,678	€ 536,027	€ 3,150,705	€ 50,970	4

¹⁾ Including benefits in money's worth and benefits in kind.

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

³⁾ Remuneration received in 2023 for mandates. Amounts incl. VAT, where applicable.

Information Regarding Other Remuneration Benefits

	Amount	Number of risk takers
Guaranteed payments pursuant to Section 5 Para 5 InstitutsVergV made in 2023	€ –	0
Severance payments made in 2023	€ –	0
– thereof single highest amount	€ –	0
Persons whose remuneration in 2023 exceeded € 1.0 million	€ 1,010,673	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 2023

Segment	Number ¹⁾	Fixed remuneration ²⁾	Other benefits ³⁾	Total remuneration	Remuneration for mandates ⁴⁾
Programme-based Promotion	698	€ 49,972,893	€ 17,571,075	€ 67,543,968	€ 32,379
– risk takers	25	€ 4,479,643	€ 1,262,882	€ 5,742,525	€ 30,879
– no risk takers	673	€ 45,493,250	€ 16,308,193	€ 61,801,443	€ 1,500
Other Promotion/Liquidity Management	60	€ 7,921,752	€ 2,177,498	€ 10,099,250	€ 11,800
– risk takers	9	€ 2,159,757	€ 417,333	€ 2,577,090	€ 11,800
– no risk takers	51	€ 5,761,995	€ 1,760,165	€ 7,522,160	€ 0
Staff/Services	996	€ 73,648,968	€ 24,042,587	€ 97,691,555	€ 100,300
– risk takers	42	€ 7,759,941	€ 2,067,729	€ 9,827,670	€ 99,500
– no risk takers	954	€ 65,889,027	€ 21,974,858	€ 87,863,885	€ 800
Total result	1,754	€ 131,543,613	€ 43,791,160	€ 175,334,773	€ 144,479

¹⁾ Including employees who departed in the course of the year (pro-rated remuneration for the term of employment); dual students/trainees are included in the Staff/Services segment.

²⁾ Incl. benefits in money's worth and benefits in kind. The total amount includes severance payments of € 131,800. 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.

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

⁴⁾ Amounts incl. VAT.

Information on Further Remuneration Benefits to Risk Takers

	Amount	Number of risk takers
Hiring bonuses paid or guaranteed payments made in 2023	€ –	0
Severance payments made in 2023	€ –	0
– thereof single highest amount	€ –	0
Persons whose remuneration in 2023 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 2023 for Persons Identified as Risk Takers on Account of Their Membership of the Supervisory Board

	Non-performance-linked remuneration ¹⁾	Performance-linked variable remuneration ¹⁾	Total remuneration	Number of risk takers
Members of the Supervisory Board pursuant to Section 12 Para. 1 Letters a to d, Para. 2 of the Statutes	€ 221,758	€ –	€ 221,758	13
Members of the Supervisory Board pursuant to Section 12 Para. 1 Letter e of the Statutes (staff representatives)	€ 105,200	€ –	€ 105,200	5

¹⁾ 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 disclosure of the remuneration received, please refer to the notes on [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 2023 save for the following exception. The latter is made transparent and justified in accordance with Clauses 1.4 and 5.2 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 2024

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 2023. 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. These included in particular issues relating to ongoing challenges such as the economic development of North Rhine-Westphalia and crisis management. Accordingly, the Supervisory Board dealt with the economic and crisis-related effects on the risk situation and the promotional activities of NRW.BANK. As a result, NRW.BANK continued to promote the digital and sustainable transformation as a central topic for the future.

The Supervisory Board also 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. Furthermore, it 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.

At its meeting on June 19, 2023, the Supervisory Board appointed Ms Gabriela Pantring as Deputy Chairwoman of the Managing Board. In view of the retirement of Mr Michael Stölting on July 1, 2024, at its meeting on December 4, 2023, the Supervisory Board appointed Dr. Peter Stemper as the new Chief Risk Officer with effect from July 1, 2024 and Ms Johanna Tjaden-Schulte as an additional member of the Managing Board for the new "Innovation and Transformation" unit with effect from October 1, 2024.

The Risk Committee mainly assisted the Supervisory Board in monitoring the Bank's risk situation and monitored the effectiveness of the risk management system. The Promotional Committee primarily addressed various aspects of the promotional policy and the promotional business. 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, risk and sustainability strategy for the years 2024 to 2027, 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 4, 2023, the Board of Guarantors approved the proposed strategy.

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 2023 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 11, 2024, 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 2023.

The Non-Financial Report 2023 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 2023, as the Bank is not obliged to do so under commercial law.

The Supervisory Board held four meetings in the fiscal year. Another 21 meetings were held by the Committees composed of the members of the Supervisory Board; the Executive and Nomination Committee held six 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.

Düsseldorf/Münster, March 2024



Mona Neubaur
Chairwoman of the Supervisory Board

Management Report

of NRW.BANK for the Fiscal Year 2023

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 tasks, especially in the fields of structural, economic, social and housing policy. 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

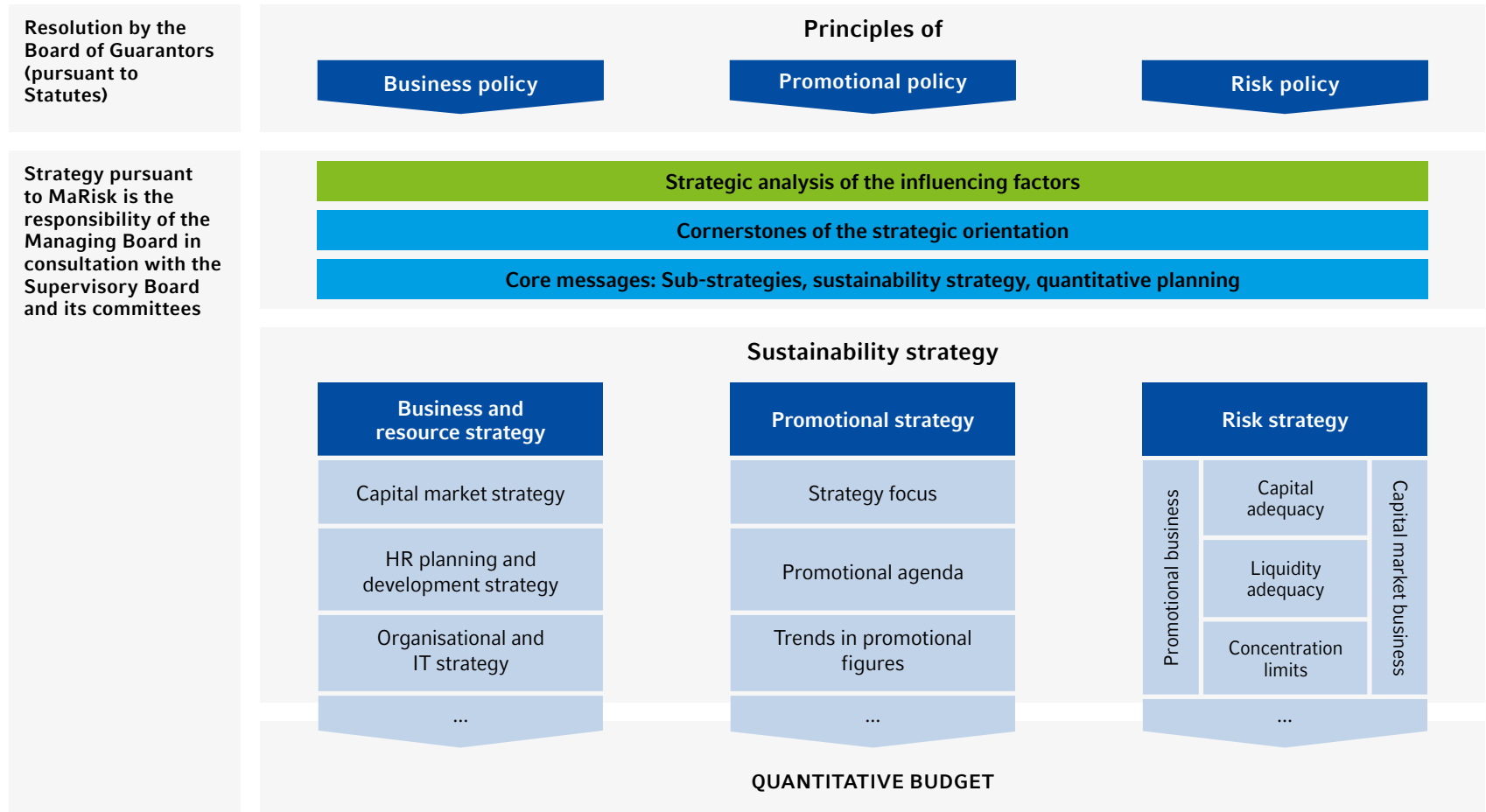
NRW.BANK's business model is that of a largely budget-independent promotional bank and supports the fulfilment of its public promotional mission. According to the Act on NRW.BANK (NRW.BANK G), it is a legally independent promotional bank engaging in competition-neutral promotional business which permanently benefits from institutional and guarantor liability as well as from an explicit statutory funding guarantee from its guarantor. Insolvency proceedings with respect to the Bank's assets are not permissible. 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. Moreover, a promotional fund in the amount of € 150.0 million was established for the first time within the allowance reserves pursuant to Section 340g of the German Commercial Code (HGB). This fund, which does not count towards the regulatory core capital, is intended to add further instruments to the range of promotional activities, especially self-financed debt relief schemes. The required amendment of NRW.BANK's Statutes by the Board of Guarantors is scheduled for March 11, 2024 and is based on Section 3 Para. 4 NRW.BANK G as amended on December 30, 2023. 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, risk and sustainability 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.

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 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 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. There are long-term objectives for all three promotional fields: The main objectives for the promotional field "Economy" include the improvement of the financing situation for small and medium-sized enterprises, the creation of promotional incentives in favour of innovation and digitalisation projects as well as for start-ups. Long-term objectives in the promotional field "Housing" include the creation of affordable housing and the strengthening of residential neighbourhoods; in the promotional field "Infrastructure/Municipalities", such objectives include the creation of promotional incentives in favour 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 a long-term objective in all three promotional fields. In procedural terms, NRW.BANK is committed to ensuring the efficiency of its promotional business.

The medium-term priorities in the promotional business are defined within the promotional strategy via the strategic focus topics, which define the specific content-related and procedural

priorities for the further development of the promotional business. In the context of the 2023-2026 promotional strategy, the medium-term focus in terms of content in the past fiscal year was on supporting transformation processes and modernising the infrastructure in North Rhine-Westphalia. On the one hand, this focus included 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 was to be further increased. In procedural terms, the medium-term focus was placed, in particular, on efforts aimed at increasing NRW.BANK's added value for state promotion and at further developing the impact orientation of NRW.BANK's promotional activities.

Sustainability is a central guiding principle and a key criterion for NRW.BANK's decisions on business policy. Until the end of 2023, the details of this were outlined in the Bank's Sustainability Guidelines. With the 2024-2027 strategy, the strategically relevant aspects of sustainability were integrated into the Bank's overall strategy as an overarching Sustainability Strategy. The publicly accessible Sustainability Strategy describes the strategic focus, the importance for the business activity, sustainability management as well as sustainability communication.

NRW.BANK's Non-financial Report is available at <https://www.nrwbank.de/en/about-us/financial-reports>.

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

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

Throughout the year 2023, the German economy was largely characterised by stagnation, accompanied by high, albeit declining, inflation rates. The hoped for economic recovery failed to materialise due to the numerous burdens caused by high energy prices, increased interest rates and weak foreign demand. Gross domestic product (GDP) declined by a slight 0.3% in the year as a whole.

Unlike the previous year, private consumption hardly supported the economy at all, as private consumer spending declined noticeably. This clearly reflected the after-effects of the massive

loss of purchasing power resulting from the energy price crisis. Consumers adopted a wait-and-see stance and refrained from making major purchases. Moreover, many of them saved for precautionary motives, e.g. to be able to pay their energy bills.

The industrial sector also failed to gain momentum. While shortages on the supply side, which had noticeably hampered production in 2022, lost importance, the slowdown in the world economy increasingly made itself felt on the demand side. As a major global manufacturer of capital goods, German industry was slowed considerably by the global tightening of monetary policy and the sluggish Chinese economy. At the same time, price competitiveness remained a special challenge for energy-intensive industries as a result of the energy crisis.

This trend hit North Rhine-Westphalia particularly hard. The local economic structure is characterised by the energy-intensive primary industry, which plays a much more important role in North Rhine-Westphalia than in Germany as a whole. This is particularly true of the chemical industry, whose share is almost three times as high, but also of the metals production sector, which has a strong presence in NRW.

Investment activity recovered slightly in the course of the year. Companies again invested a bit more, with catch-up effects following the sharp drop during the Covid pandemic being the main driver. The trend was also supported by investments in vehicle fleets, which were brought forward in anticipation of the expiry of the electric car subsidy for commercial customers.

Nevertheless, investment activity as a whole was adversely affected by the sharp rise in interest rates following the tightening of monetary policy as well as by commercial banks' more restrictive lending policy.

The construction sector was hit particularly hard by the increasing deterioration in financing conditions. However, investments were dampened not only by the increased borrowing costs, but also by the sharp rise in construction costs. This trend posed major challenges, especially to the housing construction sector, as many projects were no longer profitable under the changed conditions. As a result of the slump in demand, construction companies were faced with record cancellations, by which one in five companies were affected. According to the ifo Institute, almost one in two companies reported a lack of orders. The sharp decline in building permits also continued until recently.

Government consumption declined. This was essentially attributable to the non-recurrence of expenses in connection with the Covid pandemic, which had caused a massive increase in the two previous years. Increased expenses, e.g. for refugees and defence, somewhat dampened the decline.

The effects of the weak economy were felt also in the labour market. The average annual jobless rate rose from 5.3% in 2022 to 5.7% in 2023. Short-time work played only a minor role, with utilisation at a moderate level compared to the long-term average. Demand for new labour weakened noticeably over the course of the year.

Inflation declined markedly as the year progressed. The monthly rate of inflation dropped from 8.7% at the beginning of the year to 3.7% at latest count. The decline was supported by strong base effects. In autumn 2022, energy prices for consumers reached their temporary peak. Since then, the situation in the energy markets has eased. Consequently, the negative contributions to inflation made by energy clearly reduced the overall rate. The average annual rate of inflation was 5.9%.

2.1.2 Financial Markets

In response to the continued high inflation, many advanced economies tightened their monetary policy once again in 2023. The European Central Bank (ECB) raised its interest rates by a total of two percentage points over the year as a whole. As a result, the ECB's main refinancing rate stood at 4.5% at the end of the year. Together with the year 2022, this was the highest and fastest interest rate rise since the ECB assumed responsibility for monetary policy in the euro area 25 years ago.

The ECB tightened monetary policy not only by way of interest rate hikes, but also began to actively reduce its balance sheet as of March 2023. In the context of the Asset Purchase Programme (APP), the reinvestment of maturing securities was reduced by an average of € 15 billion per month between March and June 2023. As of mid-2023, the ECB entirely stopped reinvesting assets in this programme, which reduced the balance sheet by € 220 billion by the end of 2023. However, the repayment of Targeted Longer-Term Refinancing Operations (TLTRO) had an even greater influence on the ECB's balance sheet. By the end of 2023, banks and credit

institutions repaid almost € 1,800 billion. By contrast, the Pandemic Emergency Purchase Programme (PEPP) played no role in this context, as this programme has only refrained from net purchases since 2022.

The ECB's balance sheet reduction had hardly any influence on liquidity in the markets for government and corporate bonds. However, the higher key interest rates tended to increase interest rates for government bonds. Nevertheless, the rise in interest rates in 2023 was not particularly high compared to the previous year and mainly related to short-term exposures.

The yield on 10-year German government bonds fluctuated strongly over the course of the year within a range of just under 2% to 3%. The ups and downs are mainly due to frequent changes in market assessments with regard to future monetary policies. These were primarily influenced by new data and forecasts on inflation and economic growth. The correlation between the parameters was positive, i.e. higher inflation and higher economic growth suggested monetary tightening and vice versa. By contrast, Bund yields were negatively correlated with geopolitical risks, as Bunds were sought as safe havens. The inverse yield curve remained intact in 2023, which means that short-term Bunds had higher yields than their long-term counterparts.

2.2 Course of Business

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

At € 11.8 billion (2022: € 13.6 billion), the volume of new commitments in the promotional business again reached a high level in 2023 and exceeded expectations. As had been expected, the above-average result of the previous year, which had been driven by one-time effects, could not be fully matched. The high volume of new commitments is essentially attributable to the public housing promotion programmes under the Law on the Promotion and Use of Housing for the State of North Rhine-Westphalia (WFNG NRW), which attracted very high demand of € 2.1 billion (2022: € 1.1 billion) under continued difficult conditions.

Generally speaking, demand differed considerably both between and within the individual promotional fields in the past fiscal year; in the promotional field "Economy", for instance, demand for the promotion of investments was clearly below expectations due to companies' reduced willingness to invest. This effect was partly offset by higher demand from house banks for risk participation by NRW.BANK via syndicated financing. Overall, the volume of new commitments in the promotional field "Housing" far exceeded expectations due to public housing promotion under WFNG NRW. However, the more difficult market conditions in the real estate sector weighed on demand for NRW.BANK's other housing promotion products.

The total amount of "Förderleistung" used in the fiscal year 2023 was € 106.4 million (2022: € 129.6 million). Demand for interest rate subsidies was clearly below expectations. To additionally

stimulate demand and improve the outflow of available promotional funds, NRW.BANK increased the amount of interest rate subsidies in selected economic and housing programmes in the course of the year. The utilisation of interest rate subsidies increased noticeably in the second half of the year.

To further stimulate the transformation in North Rhine-Westphalia, NRW.BANK continued to improve the attractiveness of its programmes for the promotion of commercial transformation projects, added new promotional content such as green technologies and opened them to additional target groups. In view of the reduced risk appetite of some house banks, the Bank additionally expanded its range of risk sharing options via liability releases in the commercial sector. Special risk quotas have been established in favour of start-up and transformation financing.

From the point of view of NRW.BANK, the business trend in 2023 was positive on balance. The Bank's net assets, financial position and results of operations are sound. The Bank generated positive operating income before risk provisions/revaluation adjustments and was able to further increase the allowance reserves for general banking risks and the regulatory capital and to create the conditions for expanding the range of promotional instruments ("promotional fund").

In view of the successful economic performance and the resulting significant increase in the allowance reserves in the past years, a support payment of € 255.8 million recognised in the capital reserve, which was granted by the State of North Rhine-Westphalia during NRW.BANK's seed/early phase ("State NRW special reserve") will be repaid to the federal state.

On the basis of the German Gambling Participation Spin-off Act (GlüBetAbG), which came into force on June 10, 2023, the equity investments held by NRW.BANK in Westdeutsche Lotterie GmbH & Co. OHG and in Nordwestlotto in Nordrhein-Westfalen GmbH as well as all other assets and liabilities attributable to the business of these companies and their shareholdings ("WestLotto") were spun off to Beteiligungsverwaltungsgesellschaft des Landes Nordrhein-Westfalen mbH at book value with effect from January 1, 2023 (under commercial law) and December 31, 2022 (under tax law). As a result, NRW.BANK's reserves from retained earnings were reduced by € 25.6 million.

At € 161.3 billion (2022: € 159.9 billion) and € 183.4 billion (2022: € 183.2 billion), respectively, both total assets and the business volume were slightly above plan.

Contrary to what had been expected, operating income, at € 874.4 million (2022: € 633.4 million), was much higher than in the previous year. This was due to the generally higher interest rates. This primarily resulted in a much better result from the valuation of personnel obligations and higher income from liquidity investments.

As had been expected, administrative expenses increased slightly to € -306.0 million (2022: € -299.4 million).

Contrary to the forecast, the cost-income ratio before "Förderleistung" improved to 32.5% (2022: 36.6%) due to higher operating 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, 2023 € millions	Dec. 31, 2022 € millions	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Net interest income	252.3	147.3	434.3	456.5	130.6	54.8	817.2	658.6
Net commission income	28.8	27.5	50.4	59.0	-4.4	-4.2	74.8	82.3
Net result from trading operations	0.0	0.0	-0.5	0.4	0.0	0.0	-0.5	0.4
Other operating result	5.4	0.4	0.1	0.0	-22.6	-108.3	-17.1	-107.9
Operating income	286.5	175.2	484.3	515.9	103.6	-57.7	874.4	633.4
Personnel expenses	-55.2	-48.0	-8.3	-7.9	-124.5	-129.5	-188.0	-185.4
Operating expenditure	-52.2	-54.2	-35.8	-33.4	-30.0	-26.4	-118.0	-114.0
Administrative expenses	-107.4	-102.2	-44.1	-41.3	-154.5	-155.9	-306.0	-299.4
Operating result before risk provisions/revaluation adjustments	179.1	73.0	440.2	474.6	-50.9	-213.6	568.4	334.0
Risk provisions/revaluation adjustments	-33.8	11.2	-83.2	-79.0	-442.4	-249.1	-559.4	-316.9
Taxes on income and revenues	-0.8	-0.5	-1.4	-2.0	-2.2	-9.1	-4.4	-11.6
Net income/loss for the year	144.5	83.7	355.6	393.6	-495.5	-471.8	4.6	5.5

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, Promotional Business Development 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 € 817.2 million, NRW.BANK's net interest income was much higher than in the previous year (2022: € 658.6 million). The increase is mainly attributable to the trend in market interest rates. Moreover, the "Förderleistung" was lower than expected and lower than in the previous year.

Net Commission Income

A major contribution to net commission income of € 74.8 million (2022: € 82.3 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 2023, this resulted in net income from trading operations of € –0.5 million (2022: € 0.4 million).

Other Operating Result

The other operating result amounted to € –17.1 million (2022: € –107.9 million). Due to the increased average actuarial interest rates, interest-related expenses from the valuation of personnel obligations declined to a total of € –15.5 million (2022: € –85.1 million). At € –11.4 million, 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 also much lower than in the previous year (2022: € –35.9 million). Compared to the previous year, salary and pension trends that were below the assumed long-term salary and pension parameters had an impact on pension provisions in particular.

Administrative Expenses

At € –306.0 million (2022: € –299.4 million), NRW.BANK's administrative expenses were slightly higher than in the previous year.

Personnel expenses increased 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.

The increase in operating expenses is essentially attributable to higher consulting costs.

Risk Provisions/Revaluation Adjustments

Risk provisions/revaluation adjustments amounted to € –559.4 million in the fiscal year 2023 (2022: € –316.9 million).

Risk provisions in the lending business in the amount of € –50.0 million (2022: € –5.7 million) were marked by value adjustments in the promotional business.

The result in the equity investment business amounted to € 30.5 million (2022: € 50.8 million) and mainly included income contributions from the sale of promotional investments.

A net result of € –58.9 million (2022: € –66.3 million) related to the results of sales and revaluations in the securities and derivatives business.

Against the background of the repayment of the “State NRW special reserve” and the foreseeable effects of the implementation of the Basle capital requirements in the context of the Capital Requirements Regulation (CRR III), an amount of € 500.0 million was reclassified from the provision for general banking risks pursuant to Section 340f HGB to the fund for general banking

risks pursuant to Section 340g HGB. Moreover, as in the previous years, NRW.BANK used its operating result to allocate an amount of € 331.0 million (2022: € 295.7 million) to allowance reserves. This included € 171.9 million (2022: € 100.0 million) for the fund for general banking risks. In addition, a promotional fund of € 150.0 million was set up for the first time within the allowance reserves pursuant to Section 340g of the German Commercial Code (HGB), which will be used to expand NRW.BANK’s range of promotional activities to include additional instruments, in particular self-financed debt relief schemes. This promotional fund does not count towards the regulatory core capital.

Net Income

NRW.BANK posted net income of € 4.6 million (2022: € 5.5 million) in the fiscal year 2023. 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 € 252.3 million (2022: € 147.3 million).

As in the previous year, the Housing Promotion business unit again accounted for the biggest portion of net interest income, at € 145.5 million (2022: € 149.3 million).

The increase in net interest income in this segment is mainly attributable to the Promotion Programmes business. Most importantly, the market interest rate trend (inverse yield curve)

resulted in higher income from liquidity investments. Moreover, a lower propensity to invest and weaker demand for credit led to a decline in the "Förderleistung" from interest rate subsidies.

At € 28.8 million (2022: € 27.5 million), net commission income exceeded the previous year's level.

The segment's risk provisions/revaluation adjustments amounted to € -33.8 million (2022: € 11.2 million).

Risk provisions in the lending business in the amount of € -53.4 million (2022: € -2.7 million) were marked by value adjustments in the promotional business.

At € 29.3 million, (2022: € 46.6 million), the risk result in the equity investment and securities business was again positive and predominantly attributable to income contributions from the disposal of promotional investments.

In 2023, NRW.BANK allocated a total amount of € 9.7 million (2022: € 38.1 million) to allowance reserves for the promotional business units.

As had been expected in view of more difficult framework conditions, net interest income in the Other Promotion/Liquidity Management segment, at € 434.3 million (2022: € 456.5 million), was below the previous year's level. It should also be taken into account that the contributions from participation in the ECB's Targeted Longer-Term Refinancing Operations (TLTRO III) Programme was noticeably lower in the reporting year due to the reduction in funds.

Net commission income amounted to € 50.4 million (2022: € 59.0 million) and essentially included the result from the surrogate loan business, which was noticeably lower due to narrower spreads.

The segment's risk provisions/revaluation adjustments amounted to € -83.2 million (2022: € -79.0 million).

The withdrawal and the termination of own issues resulted in net losses of € -14.4 million (2022: € -79.6 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.

The management of the overall portfolio resulted in net losses from securities and (hedging) derivatives in the amount of € -43.6 million (2022: € 21.8 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 € -0.9 million (2022: € -2.2 million).

In the lending business, a result of € 3.4 million (2022: € 11.6 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 € 27.7 million to the allowance reserves (2022: € 30.6 million).

Net interest income in the Staff/Services segment amounted to € 130.6 million (2022: € 54.8 million) and mainly included earnings contributions from participations held in the public interest and from the investment of personnel provisions. The increase is attributable to higher interest rates.

The burden arising from the other operating result in the amount of € –22.6 million was much lower than in the previous year (2022: € –108.3 million) and was mainly attributable to the valuation of provisions for pensions and additional benefits.

Risk provisions/revaluation adjustments in the Staff/Services segment in the amount of € –442.4 million (2022: € –249.1 million) related to allocations to the allowance reserves for general banking risks, including the newly established promotional fund.

2.3.2 Financial Position

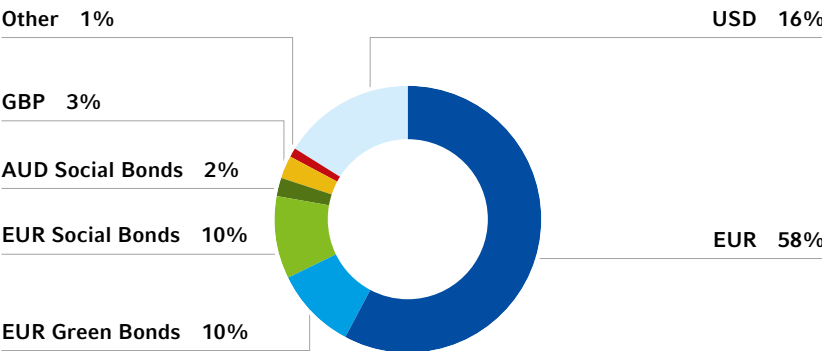
Being the state’s promotional bank and benefiting from institutional liability, guarantor liability and an explicit funding guarantee from its guarantor, NRW.BANK shares the same excellent rating with the State of North Rhine-Westphalia.

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 state-guaranteed promotional bank, NRW.BANK issued bonds in the amount of € 6.8 billion after repurchases (2022: € 9.7 billion); this figure does not include the non-cancelled issues from the previous years in the amount of € 3.4 billion as well as drawings under global loans of € 0.2 billion. Funds in the total amount of € 10.4 billion were raised in 2023. As shown in the chart, the funding instruments were placed with investors in different currencies. Accounting for 78% and 16%, respectively, the euro and the US dollar were the dominating currencies. Green bonds and social bonds accounted for 21% (2022: 23%) 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 programme-linked funds from KfW Bankengruppe and Landwirtschaftliche Rentenbank for the on-lending business.

2.3.3 Net Assets

As of December 31, 2023, NRW.BANK's total assets amounted to € 161.3 billion (Dec. 31, 2022: € 159.9 billion).

Assets

	Dec. 31, 2023 € billions	Dec. 31, 2022 € billions	Change € billions
Cash	0.2	0.2	0.0
Receivables from banks	56.2	56.2	0.0
Receivables from customers	58.9	58.6	0.3
Bonds and other interest-bearing securities	40.0	38.8	1.2
Equity investments in non-affiliated and affiliated companies	2.5	2.5	0.0
Other assets	3.5	3.6	-0.1
Total assets	161.3	159.9	1.4

As in the previous year, receivables from banks amounted to € 56.2 billion. The portfolio of promotional loans granted under the house bank principle stood at € 35.9 billion (2022: € 36.0 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. Of the receivables payable on demand, an amount of € 7.1 billion (2022: € 7.2 billion) related to the deposit facility with Deutsche Bundesbank. The portfolio of registered instruments and note loans amounted to € 8.7 billion (2022: € 8.1 billion).

Totalling € 58.9 billion (2022: € 58.6 billion), receivables from customers remained at the previous year's level. On the one hand, receivables in the Housing Promotion segment and in

the other promotional segments increased to € 14.6 billion (2022: € 14.0 billion) and € 25.2 billion (2022: € 24.5 billion), respectively. On the other hand, the portfolio of registered instruments and note loans as well as the portfolio of time deposits in the securities business declined to € 17.1 billion (2022: € 18.1 billion) and € 5.3 billion (2022: € 5.5 billion), respectively.

At € 40.0 billion (2022: € 38.8 billion), bonds and other interest-bearing securities increased slightly.

The book values of NRW.BANK's equity investments and equity investments in affiliated companies remained unchanged at € 2.5 billion.

Liabilities

	Dec. 31, 2023 € billions	Dec. 31, 2022 € billions	Change € billions
Liabilities to banks	38.4	39.9	-1.5
Liabilities to customers	13.5	10.0	3.5
Certificated liabilities	80.6	81.7	-1.1
Provisions	3.4	3.4	0.0
Subordinated liabilities	1.2	1.4	-0.2
Fund for general banking risks	2.0	1.1	0.9
Equity capital	18.0	18.0	0.0
Other liabilities	4.2	4.4	-0.2
Total liabilities	161.3	159.9	1.4
Contingent liabilities	14.0	14.9	-0.9
Other commitments	8.1	8.4	-0.3
Business volume	183.4	183.2	0.2

Liabilities to banks declined by € 38.4 billion (2022: € 39.9 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 € 21.8 billion (2022: € 22.6 billion). This balance sheet

item also comprises global loans in the amount of € 2.7 billion (2022: € 2.0 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 rose to € 13.5 billion (2022: € 10.0 billion), mainly due an increase in time deposits. This item essentially comprises registered instruments issued, which declined to € 8.9 billion (2022: € 9.2 billion).

At € 80.6 billion, the certificated liabilities item was below the previous year's level (2022: € 81.7 billion).

As in the previous year, equity as defined in the German Commercial Code totalled € 18.0 billion. € 255.8 million of the profit for the year will be repaid to the State of North Rhine-Westphalia.

The regulatory capital requirements were complied with at all times in the fiscal year 2023. At 42.5% (2022: 44.0%), 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

The multiple crises make for a mixed outlook for 2024. The new war in the Middle East has added to the many geopolitical uncertainties. In addition, energy costs in Germany are still higher than they were before the war in Ukraine and thus remain a competitive disadvantage for the German and North Rhine-Westphalian industry.

Nevertheless, a moderate economic recovery seems possible in the coming year, with growth likely to be driven mainly by domestic consumption. Against this background, GDP should grow by a slight 0.3%. However, there is a risk that the anticipated economic recovery in North Rhine-Westphalia will be more subdued due to the high importance of energy-intensive industries.

Industrial value added is likely to remain under pressure. Surveys show that companies are increasingly gloomy about their order books and complain about a lack of demand. While the existing order backlog may stabilise production for the time being, the general weakness in demand is likely to lead to declining production in almost all sectors. Energy-intensive companies, in particular, are likely to be forced to cut back further as they cannot pass on higher costs directly to customers. According to the ifo Institute, export expectations also declined at the turn of the year. The survey shows that most sectors expect exports to fall in the first few months of the year. Exports are not expected to recover until later in the year, as output markets are expected to grow moderately as the global economy picks up somewhat.

Capital spending should benefit from the anticipated decline in interest rates. However, the Federal Constitutional Court's budget ruling has created uncertainty. Reduced government funding, in particular the lack of funds in the Climate and Trans-

formation Fund (KTF), is likely to dampen corporate investment in the sectors affected. At the same time, however, there is an urgent need for investment especially in the areas of energy transition, climate neutrality and digitalisation.

Construction investment is expected to continue to decline. Although new orders in the construction sector stabilised at the end of 2023, they are well below the level of the previous year. The situation in the housing construction sector remains particularly tense. In December 2023, the ifo business expectations of housing construction companies fell to an all-time low. According to the ifo survey, forward order cover also dropped from a high of 6.1 months in February 2022 to 3.5 months. While demand for housing remains high, not least due to the influx of refugees, the combination of persistently difficult financing conditions, high construction costs and economic policy uncertainty is likely to continue having a dampening effect on construction activity.

By contrast, private consumption is expected to pick up somewhat more strongly and to provide material support to the economy. Strongly rising real incomes and higher monetary social benefits should lead to a noticeable increase in purchasing power and strengthen consumers' propensity to spend. In addition, the one-off effects of additional energy-related payments are coming to an end and cautionary motives are fading.

The labour market should remain robust despite the weak economy. Bottlenecks will remain high due to labour shortages and a lack of skilled workers. What is more, the ageing society is having an increasingly negative impact on the labour market. However, the economic uncertainties are reducing companies' willingness to hire new staff.

On the government consumption side, more and more of the crisis-related support measures introduced in recent years are coming to an end. Moreover, the recent federal budget crisis is forcing spending cuts. The federal government has responded to the multi-billion euro budget shortfalls with various cost-cutting measures and tax increases. However, the "debt brake" is to remain in place for the most part and will only be suspended if a further deterioration in the situation in Ukraine makes significantly higher spending necessary. On balance, government consolidation is likely to dampen economic growth somewhat.

Inflation is expected to decline further in 2024. There is much to suggest that the declining price pressure will continue across the board. Energy costs are the only costs that could exert some inflationary pressure, as government measures such as the gas and electricity price brakes are coming to an end. In addition, the annual increase in the CO₂ price on fossil energy sources, which was suspended in 2023, will be resumed. However, the speed at which price stability is achieved will ultimately depend on the

services sector, where stronger wage growth is exerting particular cost pressures. However, as the economic recovery is expected to be moderate, the scope for companies to pass on costs is likely to be limited. All in all, the average annual inflation rate should fall from 5.9% in 2023 to just below 3%, which is still well above the ECB's target of 2%.

The outlook for the German economy, but also for the North Rhine-Westphalian economy, remains subject to unusually high uncertainties. The risks of adverse developments remain high. The development of the global economy is difficult to predict, in particular due to domestic economic activity in China. An unexpected deterioration could have a particularly negative impact on German exports. In addition, there are significant geopolitical risks, particularly with regard to the wars in Ukraine and the Middle East. An escalation of the conflicts is likely to lead to tensions in the international energy and commodity markets, causing renewed disruptions in supply chains and energy price hikes.

4.2.2 Financial Markets

The risks in the financial markets will remain high for the foreseeable future. This is suggested primarily by the continued geopolitical tensions, which are fuelling further global economic and financial fragmentation.

Should, contrary to what is expected, the economy contract more sharply, the risks in the lending business may also increase. According to the Bundesbank's Financial Stability Report, companies' debt-bearing capacity is likely to decline due to increased financing costs and moderate economic growth. Default risks in some parts of the corporate sector have already increased, especially in the commercial property sector.

On the other hand, the expected slowdown in inflation is a positive factor that should tend to reduce financial market risks, as market participants' expectations tend to be less volatile and more likely to materialise in such an environment. Moreover, the ECB may ease its tight monetary policy somewhat, which should have a stabilising effect on economic growth and the financial markets.

It cannot be ruled out, however, that inflation picks up unexpectedly in the course of the year – e.g. driven by the services sector – which would increase the risks. In such a scenario, the ECB is likely to consider not only interest rate hikes, but, in particular, also a reduction in its balance sheet.

It is much more likely, however, that there will be no interest rate hikes or other noticeable tightening of monetary policy in 2024. Instead, the ECB will probably start cutting interest rates in the

second half of the year. Two or three 25 basis point rate cuts seem realistic. This is suggested by the expected subdued economic growth in the euro area and the declining inflation.

The anticipated interest rate cuts by the ECB should weigh on interest rates for short maturities, in particular. While this should reduce the inversion of the yield curve, the latter will probably not be eliminated altogether.

Due to exaggerated rate cut speculations in the market, the yield on 10-year Bunds declined at an accelerated pace and hit an annual low of just under 2% already towards the end of the fourth quarter of 2023. There should be hardly any scope for a further downward movement. Instead, the yield should move within a range of between 2% and 2.5% over the course of 2024, with a yield of about 2.2% expected for the end of the year.

4.3 Development of the Bank

NRW.BANK and its 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 continue to refine its promotional offerings in line with new promotional requirements and current socio-political challenges

such as the reduction of greenhouse gas emissions. The topics on which this refinement will focus in the medium term have been redefined.

As in the past, a focus will be placed on supporting transformation processes. NRW.BANK will continue to support digitalisation projects, especially in the economic sector, with low-interest loans. The Bank intends to address the challenges of environmental transformation even more strongly in 2024. Among other things, the Bank aims to refine its offerings in favour of climate action investments by the corporate sector and to improve the promotional incentive for renewables and the associated infrastructure. Another important aspect is the support of the State of North Rhine-Westphalia in improving the carbon footprint of universities and university hospitals. Moreover, applicant-specific incentive systems for climate-oriented action are to be integrated into the promotion for the first time so as to increase the impact orientation.

Starting 2024, strengthening social participation will be the second medium-term focus for the refinement of the promotional offerings. Besides expanding and optimising the promotion of affordable housing, the aim here is to refine the promotional portfolio in the area of social infrastructure, especially education, care and healthcare. The implementation of the state's housing promotion programme, which has been adapted to current market

conditions, will remain important in 2024. It is also planned to specifically improve the promotion of schools and daycare centres as key providers of educational infrastructure.

In procedural terms, the strategic focus will be placed on laying the foundations for adding further elements to NRW.BANK's range of promotional instruments in the medium term, also for the special promotion of EU taxonomy-compliant projects. Moreover, the prerequisites for a coherent system for measuring and controlling impacts in the promotional business are to be developed.

According to current estimates, the volume of new commitments of the year 2023 will not be reached.

At the bottom line, NRW.BANK expects a positive operating income before risk provisions/revaluation adjustments for the fiscal year 2024. The Bank expects the overall business performance to remain positive.

However, operating income is expected to decline noticeably in 2024.

The Bank intends to make a much higher amount of "Förderleistung" available in an increased interest rate environment. The actual utilisation is primarily dependent on recipients' propensity

to invest, which is difficult to predict given the unusually high level of uncertainty of economic developments.

What is more, capital market conditions are likely to remain less favourable in 2024 due to the ongoing geopolitical tensions.

The effects from the valuation of personnel provisions will remain a key factor, but will be at roughly the same level as in the reporting year.

NRW.BANK's administrative expenses are expected to rise noticeably in 2024. Where personnel expenses are concerned, the Bank expects collective and individually agreed salary rises as well as a further moderate expansion of the workforce, especially in conjunction with new promotional business tasks. Operating expenses are likely to reflect the ongoing inflationary trend as well as project expenses in connection with digitalisation investments and the implementation of considerable regulatory requirements.

The cost-income ratio before "Förderleistung" is likely to increase moderately.

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 government 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 be slightly lower than in the reporting year.

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.

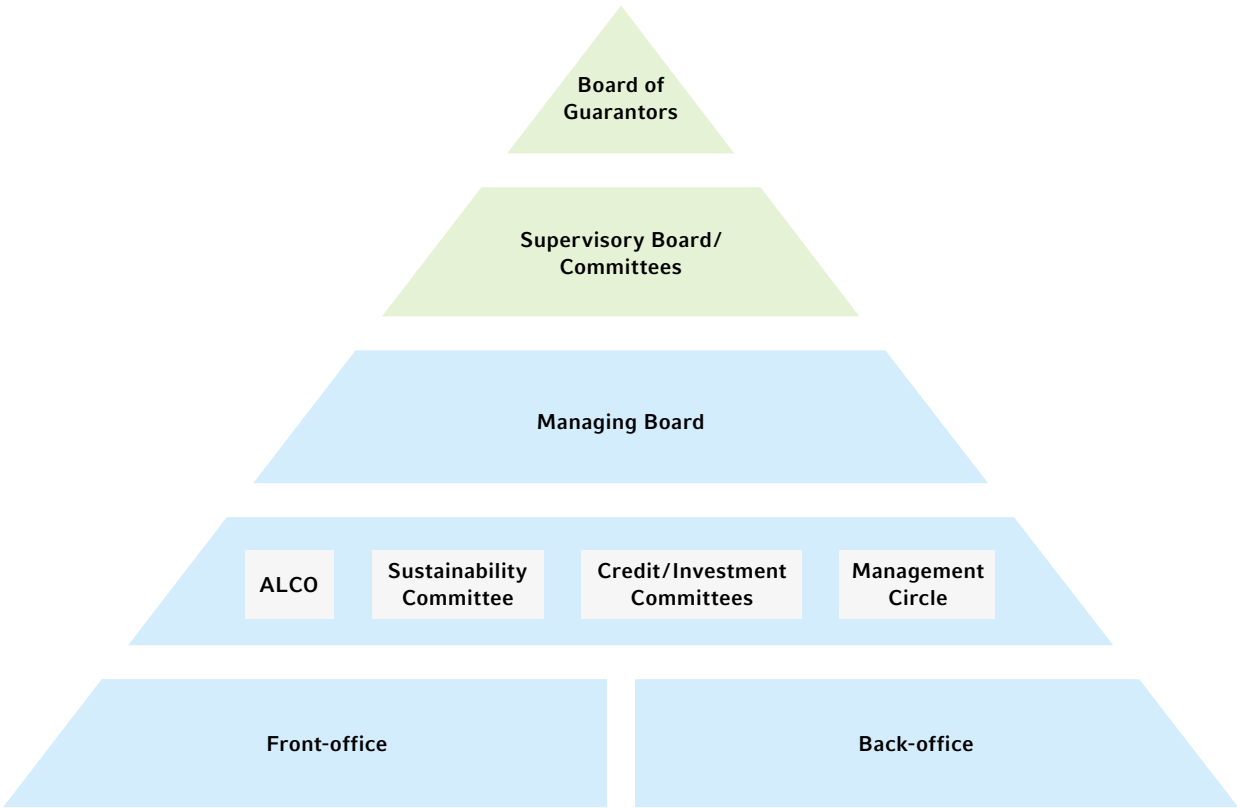
In view of the special importance of the topic of sustainability and the associated growing demands, the Bank also has a Sustainability Committee. It is primarily responsible for NRW.BANK's strategic and overarching business policy decisions with regard to sustainability, taking into account the relevant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

The risk strategy is part of NRW.BANK's overall strategy, which is updated annually for a planning period of four years. The Bank's overall strategy comprises not only the risk strategy, but also the business and promotional strategy as well as the sustain-

ability strategy, which has been integrated into the 2024-2027 strategy. The risk strategy builds on the promotional, business and sustainability 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, 2023	Dec. 31, 2022
CET1 ratio	42.5%	44.0%
CET1 capital (€ billions)	18.4	18.6
Total amount at risk (€ billions)	43.3	42.3
Total capital ratio	42.6%	44.2%
Own funds (€ billions)	18.5	18.7
Leverage ratio	18.8%	19.0%
Utilisation of large exposure limit	17.9%	16.0%
Liquidity coverage ratio	239%	306%
Net stable funding ratio	116%	120%

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 9.50% (2022: 9.78%) for the CET1 capital and 14.75% (2022: 15.25%) 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 the respective large exposures in relation to the large exposure limit, with a maximum limit of 100%. Utilisation at NRW.BANK is clearly below the maximum limit.

The 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 may become apparent also in the normative perspective only 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, 2023	Dec. 31, 2022
Capital cover	19.0	17.3
Capital reserve	5.3	1.8
Bank-wide limit	13.7	15.6
Economic capital	7.5	7.8

The capital cover is derived from commercial law equity, with additional mark-to-market corrections. As the mark-to-market perspective was further refined, hidden reserves, e.g. from securities and derivatives as well as from pension obligations, were recognised for the first time in the reporting year in addition to hidden charges. 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. The increase on the previous year is attributable to changes in market value (especially in the valuation of pension obligations as well as low-interest promotional loans) as well as to allocations to the allowance reserves made in the fiscal year.

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 mark-to-market credit VaR approach based on a multi-factor model. As part of the model, the portfolio is divided into segments that are characterised by different macroeconomic risk drivers. This allows to determine the credit risk using self-estimated correlations.

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 decline against the previous year is essentially attributable to the introduction of the multi-factor model for the credit risk.

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 reduction in the limit against the previous year is essentially due to the methodology change and the resulting decline in economic capital for the credit risk. The remaining free portion of the capital cover represents a capital reserve outside the Bank-wide limit, which is subject to fluctuations over the course of the year 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: 54%). 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: 39%).

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 here was on the weak real estate sector and, once again, on climate risks. The

stress test for the real estate sector assumed a rise in interest rates and an economic downturn as well as an accelerated decline in property prices. As a result, rating downgrades and higher LGDs for corporates, especially in the real estate sector, as well as for banks, especially those with high exposure in the real estate sector, were assumed. At the same time, the credit spreads of the affected sectors also picked up sharply. In the climate 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 or the exposure at default (EAD), 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 amount of the exposure is used for monitoring at single name level.

To calculate economic capital at a Bank-wide level in the multi-factor model, mark-to-market EADs for loans, securities and derivatives are used. This was done for the first time at the beginning of the reporting year.

- 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 VaR is calculated for the first time on the basis of a simulation-based multi-factor model that takes both defaults and rating migrations into account. For internal estimation of asset correlations, NRW.BANK's portfolio is divided into four different segments (public sector, housing promotion, financial sector, corporates). For these segments, various macroeconomic risk drivers (e.g. gross domestic product) are identified on the basis of historical rating data, resulting in bank-specific and segment-specific asset correlations.

Besides the economic capital, standard risk costs are generally taken into account when defining the terms and conditions, unless intended otherwise under the promotional policy. 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, the probabilities of default and the LGDs as well as other methodological assumptions on which

the calculation of economic capital is based are reviewed at least once a year.

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

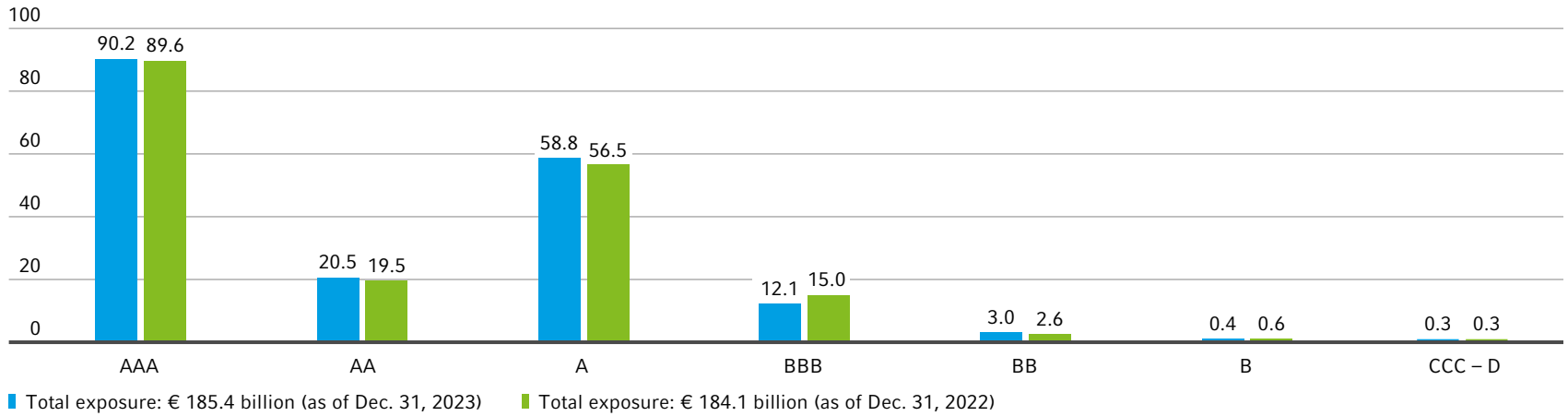
- Daily monitoring of capital market investments in the context of an early warning system (e.g. changes in credit spreads and ratings)
- At least annual monitoring of individual credit exposures
- Ongoing monitoring of the exposures on the watchlist, which contains intensive care and problem exposures

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 € 185.4 billion, which represents an increase by € 1.3 billion from the previous year's € 184.1 billion.

Due to the high proportion of government and domestic municipal loans, most of the ratings remain within the internal rating class AAA. 98.0% of the portfolio (2022: 98.1%) are investment grade exposures.

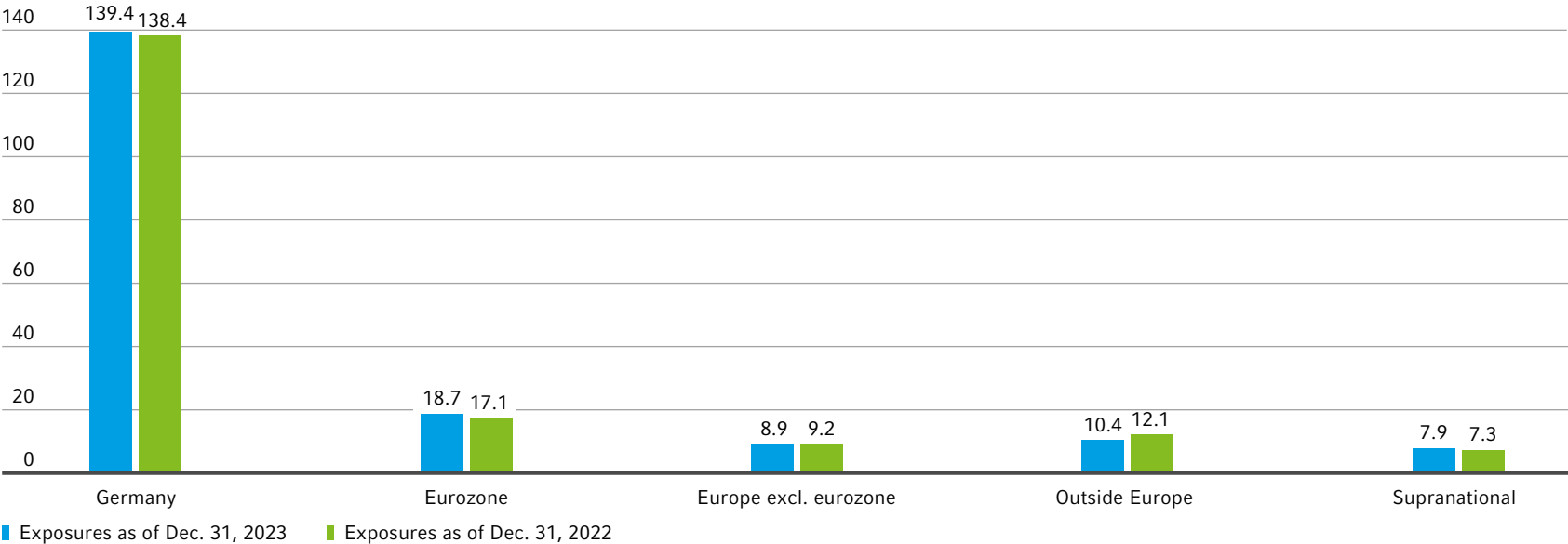
At € 139.4 billion (2022: € 138.4 billion), exposures in Germany account for the biggest portion of the portfolio (75.2% of the total exposure; 2022: 75.2%). Of this amount, € 86.1 billion (2022: € 85.4 billion) relates to North Rhine-Westphalia; this amount includes direct exposures to municipalities of € 18.8 billion (2022: € 18.4 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 € 46.0 billion (24.8% of the total exposure; 2022: € 45.6 billion) and is composed of exposures to European countries in the amount of € 27.7 billion (2022: € 26.3 billion) and of exposures to non-European countries as well as supranational organisations in the amount of € 18.3 billion (2022: € 19.3 billion). The international exposure is focused exclusively on investment-grade countries.

The European exposure comprises investments in the euro area in the amount of € 18.7 billion (2022: € 17.1 billion) and investments outside the euro area of € 8.9 billion (2022: € 9.2 billion). The non-European exposures focus on North America with € 6.4 billion (2022: € 7.3 billion), Australia/New Zealand with € 2.4 billion (2022: € 2.8 billion) and Asia with € 1.6 billion (2022: 1.7 billion). Supranational organisations account for a total of € 7.9 billion (2022: € 7.3 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 (€ 1.3 billion; 2022: € 1.4 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 – nearly all (96.6%) of investment-grade quality – amounted to € 2.9 billion (2022: € 2.7 billion). A major portion of the portfolio (39.8%) 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 € 118.9 million (2022: € 124.9 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 € 1.4 billion (2022: € 2.4 billion). The decline against the previous year is almost exclusively attributable to the introduction of the multi-factor model in the reporting year. This is primarily attributable to the internally estimated correlations, which are lower than those previously used in accordance with the regulatory IRB approach.

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. 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. The 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. The stress VaR is calculated and limited – across all levels from the Bank-wide level to sub-portfolio level – 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.

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.

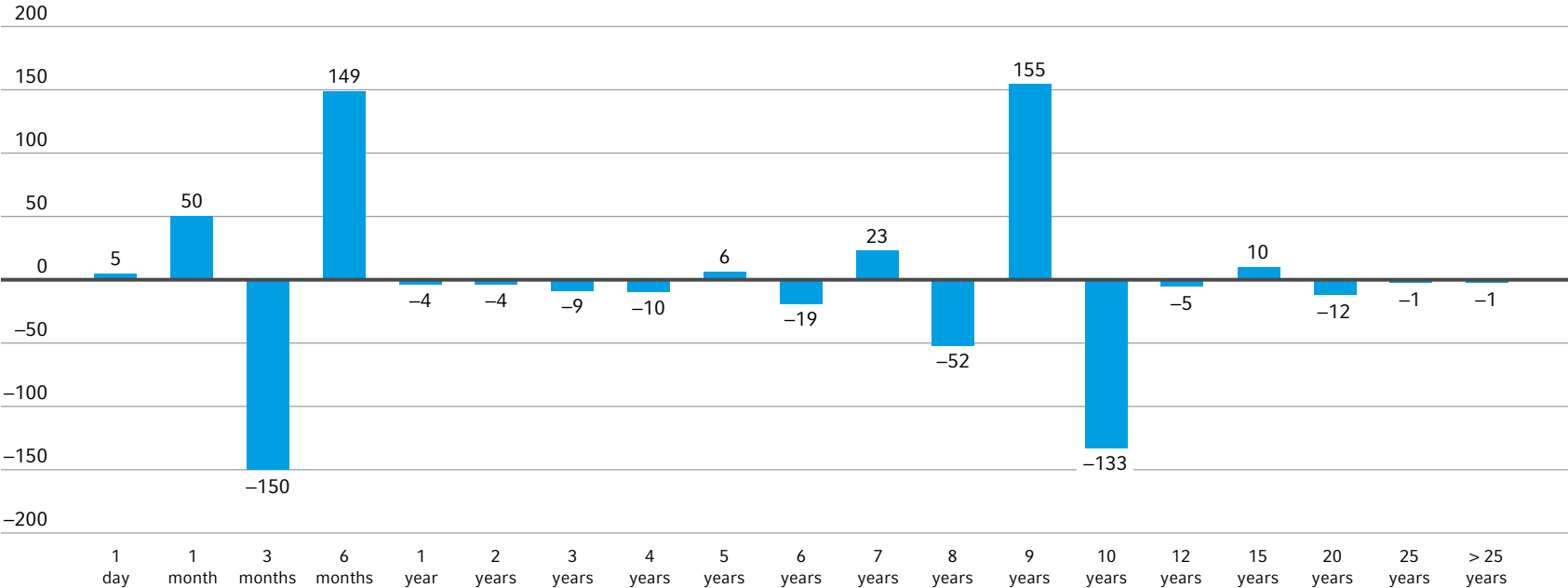
When the backtesting approach for internal market risk models accepted by the regulatory authorities pursuant to the CRR is applied to NRW.BANK's backtesting, the model is generally within the statistically expected range. The regular daily, monthly and annual processes conducted to review the parameters 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. € 155 thousand and min. € -150 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, 2023



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 € -92 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 2023 € millions	June 2023 € millions	September 2023 € millions	December 2023 € millions
Short-term downward shock	-111	-38	1	-15
Short-term upward shock	111	38	-1	15
Steepening	-80	-34	-11	-22
Flattening	94	37	7	20
Parallel downward shift	-72	-11	24	14
Parallel upward shift	71	12	-24	-14
FX +30% (depreciation of the euro)	5	2	-3	-4
FX -30% (appreciation of the euro)	-5	-2	3	4

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%; the risk horizon is 250 days. 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 € 5.5 billion (2022: € 4.8 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 17.6% (2022: 16.6 %) 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

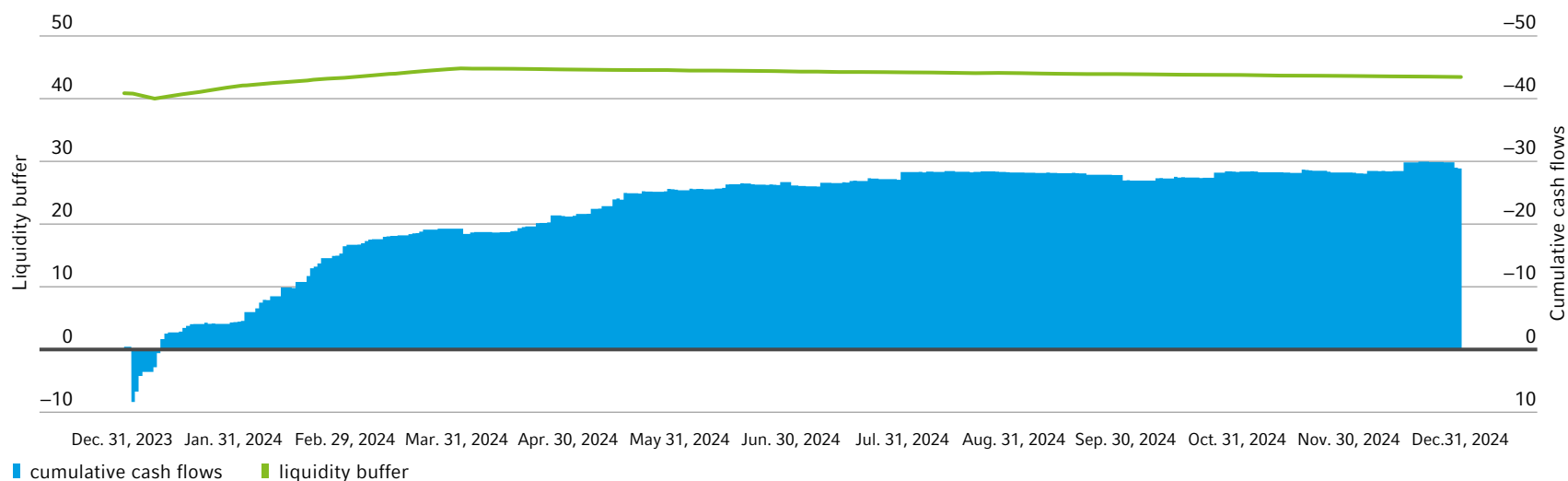
Because of the explicit funding guarantee extended by NRW.BANK's guarantor and its correspondingly good rating, the Bank can generate the required liquidity at short notice. The Bank usually funds itself in the money and capital markets.

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 on 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 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 € 215.9 million (2022: € 228.6 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 state-guaranteed promotional bank, NRW.BANK issued bonds in the amount of € 6.8 billion after repurchases (2022: € 9.7 billion); this figure does not include the non-cancelled issues from the previous years in the amount of € 3.4 billion as well as drawings under global loans of € 0.2 billion. Funds in the total amount of € 10.4 billion were raised in 2023.

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).

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, NRW.BANK has been firmly established in the market as an issuing house since 2004. It therefore expects the funding environment to remain favourable in 2024 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. The latter 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.

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 simulation-based procedure, which uses the valuation of the individual risks from the risk inventory.

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 € 165 million (2022: € 160 million). The increase is attributable to the revaluation of individual sub-types of the operational risk as part of the risk inventory carried out in the reporting year.

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. 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 pension risks amounted to € 90 million (2022: € 160 million). The decline is primarily the result of the increased actuarial interest rate used as the basis for the discounting of cash flows.

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 (ESG) 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. The relevance and influence of potential ESG risk drivers on various risk types were examined in an ESG risk driver analysis, which was carried out for the first time in the reporting year as part of the risk inventory.

In its analysis, the Bank concludes that the ESG risk drivers in the portfolio do not have a material impact on the existing risk types at the bottom line.

The Bank's Sustainability Strategy defines allocation and knock-out criteria for the promotional business in the ESG promotional requirements, while an ESG Investment Framework is in place for the capital market business. Until the end of 2023, the details of this were outlined in the Bank's Sustainability Guidelines. 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 to the Risk Committee. Sustainability criteria (in addition to the internal credit rating) are taken into account in the investment portfolio for the corporate concentration limits anchored in the risk strategy.

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, extraordinary events which are material from a risk perspective immediately trigger an (ad-hoc) report.

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.

In the context of its ongoing audits carried out in the course of the year, 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, 2023

Assets

see Notes No.

Dec. 31, 2022

		€	€	€ thousands
1. Cash				
a) cash on hand		3,431.15		3
b) balances with central banks		198,746,146.23		179,022
thereof: with Deutsche Bundesbank € 198,746,146.23				(179,022)
			198,749,577.38	179,025
2. Receivables from banks	1, 9, 10, 22, 25, 26			
a) payable on demand		10,788,632,344.63		11,507,874
b) other receivables		45,430,810,163.82		44,720,950
			56,219,442,508.45	56,228,824
3. Receivables from customers	2, 9, 10, 22, 25, 26		58,912,515,047.21	58,577,533
thereof: secured by mortgages € 223,260.62				(252)
loans to public authorities and entities under public law € 42,923,297,476.59				(42,643,133)
4. Bonds and other interest-bearing securities	3, 6, 10, 22, 25, 26			
a) bonds and notes				
aa) of public institutions		21,909,172,670.05		21,520,192
thereof: eligible as collateral for Deutsche Bundesbank advances € 20,077,338,998.62				(19,297,978)
ab) of other issuers		18,080,812,428.34		17,270,135
thereof: eligible as collateral for Deutsche Bundesbank advances € 15,254,032,975.84				(14,043,080)
			39,989,985,098.39	38,790,327
		To be carried forward:	155,320,692,231.43	153,775,709

see Notes No.

Dec. 31, 2022

		€	€ thousands
		Carried forward:	155,320,692,231.43
			153,775,709
5. Equity investments in non-affiliated companies	4, 6	2,487,920,406.78	2,428,609
thereof: equity investments in banks € 2,242,294,419.58			(2,242,294)
6. Equity investments in affiliated companies	4, 6	25,004.22	25,628
7. Trust assets	5	1,828,713,124.10	2,050,712
thereof: trust loans € 1,819,747,742.41			(2,045,171)
8. Intangible assets	6		
a) concessions acquired against payment, commercial trademark rights and similar rights and assets as well as licenses to such rights and assets		3,092,626.88	2,717
9. Tangible assets	6	253,690,414.82	252,153
10. Other assets	7, 22, 31, 33	916,992,499.16	903,619
11. Deferred items	8, 22, 33	440,513,884.08	458,624
Total assets		161,251,640,191.47	159,897,771

Liabilities

see Notes No.

Dec. 31, 2022

		€	€	€ thousands
1. Liabilities to banks	11, 22, 25, 26			
a) payable on demand		2,589,130,612.20		3,977,627
b) with agreed maturity or period of notice		35,833,275,041.62		35,876,324
			38,422,405,653.82	39,853,951
2. Liabilities to customers	12, 22, 26			
a) other liabilities				
aa) payable on demand		678,542,418.73		525,179
ab) with agreed maturity or period of notice		12,858,866,742.09		9,520,375
			13,537,409,160.82	10,045,554
3. Certificated liabilities	13, 22, 26			
a) bonds and notes issued by the bank			80,639,889,152.07	81,687,587
3a. Trading portfolio	14		0.00	190
4. Trust liabilities	15		1,828,713,124.10	2,050,712
thereof: trust loans € 1,819,747,742.41				(2,045,171)
5. Other liabilities	16, 22, 33		1,763,383,003.82	1,601,387
6. Deferred items	17, 22, 33		600,202,889.56	695,126
7. Provisions	18			
a) provisions for pensions and similar obligations		2,500,042,873.00		2,535,587
b) tax reserves		4,511,256.08		2,945
c) provisions for interest rate reductions		212,589,689.79		203,335
d) other		663,276,320.02		665,943
			3,380,420,138.89	3,407,810
		To be carried forward:	140,172,423,123.08	139,342,317

see Notes No.

Dec. 31, 2022

		€	€	€	€ thousands
			Carried forward:	140,172,423,123.08	139,342,317
8. Subordinated liabilities	19, 22			1,157,855,219.59	1,431,020
9. Fund for general banking risks	20			1,960,118,041.50	1,138,190
thereof: special item pursuant to Section 340e Para. 4 HGB € 3,190,000.00					(3,190)
10. Equity capital	21				
a) subscribed capital		17,000,000,000.00			17,000,000
b) capital reserves		475,252,893.07			730,497
c) reserves from retained earnings					
ca) reserves required by NRW.BANK's Statutes		36,100,000.00			36,100
cb) other reserves		194,056,969.77			219,647
		230,156,969.77			255,747
d) profit for the year		255,833,944.46			0
				17,961,243,807.30	17,986,244
Total liabilities				161,251,640,191.47	159,897,771
1. Contingent liabilities	22, 23, 32				
a) liabilities from guarantees and indemnity agreements				13,953,888,631.30	14,911,767
2. Other commitments	22, 24				
a) irrevocable loan commitments				8,160,943,751.19	8,342,446
3. Administered funds				17,078,362.87	17,695

Income Statement

of NRW.BANK for the Period January 1 – December 31, 2023

see Notes No.

Jan. 1 – Dec. 31, 2022

	€	€	€	€ thousands
1. Interest income from				
a) lending and money market transactions	5,741,255,250.71			2,556,644
b) interest-bearing securities and book-entry securities	533,656,970.97			345,911
		6,274,912,221.68		2,902,555
thereof: from negative interest € 9,514,386.17				(63,579)
2. Interest expenses		5,477,844,075.42		2,262,386
thereof: from positive interest € 2,284,381.26				(144,712)
			797,068,146.26	640,169
3. Income from				
a) equity investments in non-affiliated companies			20,106,961.52	18,470
4. Income from profit pooling, profit transfer and partial profit transfer agreements	27	83,990,514.33		90,550
5. Commission expenses		9,238,677.76		8,250
			74,751,836.57	82,300
6. Net profit from trading portfolio			450,638.77	–388
7. Other operating income	28		65,404,857.22	18,327
		To be carried forward:	956,881,162.80	759,654

see Notes No.

Jan. 1 – Dec. 31, 2022

		€	€	€	€ thousands
			Carried forward:	956,881,162.80	759,654
8. General administrative expenses					
a) personnel expenses	34				
aa) wages and salaries		131,788,536.26			123,727
ab) social security contributions and expenses for pensions and other employee benefits		56,239,549.46			61,662
			188,028,085.72		185,389
thereof: for pensions € 30,674,487.16					(34,866)
b) other administrative expenses	30, 35		110,041,967.65		105,893
				298,070,053.37	291,282
9. Depreciation and value adjustments on intangible and tangible assets				7,922,970.63	8,156
10. Other operating expenses	29			82,246,789.00	125,963
11. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions				545,565,755.20	391,903
thereof: allocation to fund for general banking risks € 821,928,041.50					(100,000)
12. Depreciation and value adjustments on equity investments in non-affiliated companies, equity investments in affiliated companies and securities treated as tangible assets				13,783,633.32	0
13. Income from write-ups of equity investments in non-affiliated companies, equity investments in affiliated companies and securities treated as tangible assets				0.00	74,973
14. Result from normal operations				9,291,961.28	17,323
15. Taxes on income and revenues			4,416,197.42		11,553
16. Other taxes not shown under other operating expenses			284,284.30		285
				4,700,481.72	11,838
17. Net income				4,591,479.56	5,485
18. Designated payout due to legal requirements	36			4,591,479.56	5,485
19. Withdrawals from capital reserves	21			255,833,944.46	0
20. Profit for the year	36			255,833,944.46	0

Notes

of NRW.BANK for the Fiscal Year 2023

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 Banks, Financial Services Institutions and Securities Institutions

(Kreditinstituts-Rechnungslegungsverordnung – 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.

In considering credit risk in the lending business, risk classification procedures are used to distinguish between undisputed receivables, non-performing receivables and uncollectible receivables. Individual value adjustments and flat-rate individual value adjustments in an appropriate amount are recognised for non-performing receivables. The indicators used as criteria for this include a lack of sustainable debt servicing capacity, earnings and liquidity problems, payment default of more than 90 days, forbearance measures or impairment of the collateral furnished. The collateral value method is used to determine the

required amount of individual value adjustments. In individual cases, additional methods are used if they provide a more accurate measure of the potential loss on the receivable. In the Housing Promotion business unit, flat-rate individual value adjustments are recognised for loan exposures in a portfolio of similar and homogeneous default risks on the basis of the historical default rates of the last five years. Where acute default risks exist for contingent liabilities or other commitments, provisions for contingent losses from pending transactions are established. Here, too, the determination is based on the same procedures as those used for individual and flat-rate individual value adjustments. Uncollectible receivables are written off. General value adjustments are recognised for undisputed receivables subject to latent default risks.

General value adjustments for latent default risks of receivables, contingent liabilities and other 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 take account of uncertainties that are not yet or not yet fully reflected in the statistical valuation parameters, NRW.BANK recognises, if necessary, a general value adjustment exceeding the general value adjustment pursuant to IDW RS BFA 7 (post-model adjustment). In addition to the energy price increases of the previous year, there were additional adverse factors in this context, in particular a decline in property prices, which is why the valuation was based on a broader scenario. As in the previous year, the updated calculations resulted in a post-model adjustment totalling € 45.0 million.

In addition, the Bank has established a provision for general banking risks pursuant to Section 340f HGB to cover the specific risks of the banking sector.

The value adjustments and the allowance reserves pursuant to Section 340f HGB were deducted from the respective receivables item on the assets side of the balance sheet in the longest residual maturity band. 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 2023 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 € 26,679,380,996.38 a lower market value of € 24,370,044,045.27 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 less a risk discount. In the previous year, the valuation of financial instruments in the trading portfolio included a risk discount of € 0.2 million for trading liabilities.

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 until December 31, 2021, NRW.BANK met the legal requirement and already exceeded the required minimum amount. Since the fiscal year 2022, the Bank has therefore refrained 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 non-affiliated and 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, 2023.

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 1.82% (2022: 1.78%) 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 € 30.0 million (2022: € 135.8 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-Richttafeln-GmbH in Cologne, a salary and career trend totalling 3.0% was applied for this purpose. In addition, a pension trend of 1.5% to 2.2%, depending on the pension, was taken into account.

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 Section 256a HGB.

Negative revaluation adjustments resulting from the currency translation of foreign exchange forwards as at December 31, 2023 are recognised as "Adjustment item from currency translation pursuant to Section 340h HGB" under "Other liabilities".

11. Deferred Tax Assets

Following the spin-off of the companies of the WestLotto Group and due to NRW.BANK's income tax exemption, there were no balance sheet items which could give rise to deferred taxes as of December 31, 2023.

Balance Sheet

Receivables from Banks (1)

Breakdown by maturity	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Payable on demand	10,788.6	11,507.9
Other receivables		
– up to 3 months	2,404.1	2,014.2
– between 3 months and 1 year	4,002.8	3,707.3
– between 1 and 5 years	17,034.3	16,735.5
– more than 5 years	21,989.6	22,263.9
Total receivables from banks	56,219.4	56,228.8

The receivables from companies in which equity investments are held totalled € 148.2 million (2022: € 149.9 million).

Receivables from Customers (2)

Breakdown by maturity	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
– up to 3 months	2,381.8	2,527.1
– between 3 months and 1 year	3,925.9	4,059.1
– between 1 and 5 years	17,662.0	17,075.4
– more than 5 years	34,942.8	34,915.9
Total receivables from customers	58,912.5	58,577.5

The receivables from companies in which equity investments are held totalled € 7.1 million (2022: € 7.8 million).

Bonds and Other Interest-bearing Securities (3)

Marketability	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Bonds and other interest-bearing securities		
– listed on a stock exchange	36,528.8	35,398.0
– not listed on a stock exchange	3,461.2	3,392.3
Total bonds and other interest-bearing securities	39,990.0	38,790.3

Of the bonds and other interest-bearing securities, an amount of € 2,278.9 million (2022: € 4,692.0 million) is due in the following year.

Of the total bonds and other interest-bearing securities, € 0.0 million (2022: € 0.1 million) are held as part of the liquidity reserve and € 39,990.0 million (2022: € 38,790.2 million) are held in the financial investment portfolio.

Equity Investments in Non-Affiliated and Affiliated Companies (4)

NRW.BANK holds € 2,487.9 million (2022: € 2,428.6 million) in equity investments in non-affiliated companies and € 25.0 thousand (2022: € 25.6 million) in equity investments in affiliated companies. Of the equity investments in non-affiliated companies, € 2,190.9 million (2022: 2,194.5 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 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 (5)

Trust assets comprise the following:

Breakdown by asset type	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Receivables from banks	817.3	1,002.8
Receivables from customers	1,002.4	1,042.4
Equity investments in non-affiliated companies	9.0	5.5
Total trust assets	1,828.7	2,050.7

Changes in Fixed Assets (6)

Schedule of fixed assets	Bonds and other interest-bearing 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
Acquisition cost/ production cost						
As of Jan. 1, 2023	38,604.7	4,053.4	25.6	77.4	262.6	32.0
Additions				1.8	6.9	1.8
Disposals				-3.6	-	-1.4
As of Dec. 31, 2023				75.6	269.5	32.4
Write-downs						
As of Jan. 1, 2023				-74.7	-26.3	-16.2
Write-downs				-0.8	-5.5	-1.6
Change in total write-downs from disposals				3.0	-	1.4
As of Dec. 31, 2023				-72.5	-31.8	-16.4
Remaining carrying amounts						
As of Dec. 31, 2023	39,707.2	2,487.9	0.0	3.1	237.7	16.0
As of Dec. 31, 2022	38,604.7	2,428.6	25.6	2.7	236.4	15.8

Of the land and buildings, € 237.7 million (2022: € 236.4 million) is used for business purposes.

Other Assets (7)

Breakdown by individual items	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Interest receivables from the State of North Rhine-Westphalia under the value guarantee for the equity investment in Portigon AG	575.2	502.4
Option premiums not yet received	147.3	189.5
Option premiums paid	123.4	137.0
Compensation claims to Helaba Landesbank Hessen-Thüringen relating to pension provisions for "dual contract holders"	46.2	47.0
Cash collateral furnished in the context of the EU bank levy	12.3	12.3
Tax prepayments	1.7	1.1
Compensation claims from Portigon AG relating to service cost of "dual contract holders"	0.7	0.4
Other	10.2	13.9
Total other assets	917.0	903.6

Deferred Items (Assets) (8)

Breakdown of deferred items (assets)	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Discounts from underwriting business	169.2	165.7
Prepaid swap fees	150.4	151.1
Prepaid CDS fees	105.8	125.1
Premiums from lending business	11.3	12.8
Other	3.8	3.9
Total deferred items	440.5	458.6

Subordinated Assets (9)

Subordinated assets are included in:

Breakdown by asset type	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Receivables from banks	0.8	0.8
Receivables from customers	71.9	78.0
Total subordinated assets	72.7	78.8

Pledged Assets (10)

Of the assets reported, assets in the amount of € 8,005.8 million (2022: € 38.9 million) were pledged under repurchase agreements.

Liabilities to Banks (11)

Breakdown by maturity	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Payable on demand	2,589.1	3,977.6
Other liabilities		
– up to 3 months	9,747.4	8,286.8
– between 3 months and 1 year	3,074.2	2,260.8
– between 1 and 5 years	9,169.9	10,595.1
– more than 5 years	13,841.8	14,733.7
Total liabilities to banks	38,422.4	39,854.0

The liabilities to companies in which equity investments are held totalled € 0.1 million (2022: € 0.1 million).

Liabilities to Customers (12)

Breakdown by maturity	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Payable on demand	678.5	525.2
Other liabilities		
– up to 3 months	3,995.9	712.6
– between 3 months and 1 year	744.5	779.0
– between 1 and 5 years	2,888.1	2,889.3
– more than 5 years	5,230.4	5,139.5
Total liabilities to customers	13,537.4	10,045.6

The liabilities to companies in which equity investments are held totalled € 2.8 thousand (2022: € 4.0 thousand).

Certificated Liabilities (13)

Breakdown of certificated liabilities	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Notes issued		
– mortgage bonds	0.6	0.6
– municipal bonds	356.0	338.4
– other bonds	80,283.3	81,348.6
Total certificated liabilities	80,639.9	81,687.6

Of the notes issued, € 34,280.6 million (2022: € 32,084.6 million) are due in the following year.

Trading Portfolio (Liabilities) (14)

Breakdown of trading portfolio (liabilities)	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Risk discount pursuant to Section 340e Para. 3 Sentence 1 HGB	–	0.2
Total trading portfolio	–	0.2

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

Trust Liabilities (15)

Trust liabilities comprise the following:

Breakdown by liability type	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Liabilities to banks	809.7	992.2
Liabilities to customers	1,019.0	1,058.5
Total trust liabilities	1,828.7	2,050.7

Other Liabilities (16)

Breakdown by individual items	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Liabilities owed to the State of North Rhine-Westphalia from repayment discounts granted for housing promotional programmes	1,106.0	933.9
Adjustment item from currency translation pursuant to Section 340h HGB	344.6	305.6
Option premiums not yet paid	147.3	189.5
Option premiums received	123.4	137.0
Liabilities owed to employees of NRW.BANK from the fixed bonus	13.2	12.8
Liabilities owed to the State of North Rhine-Westphalia	4.6	5.5
Other	24.3	17.1
Total other liabilities	1,763.4	1,601.4

Deferred Items (Liabilities) (17)

Breakdown of deferred items (liabilities)	Dec. 31, 2023 € millions	Dec. 31, 2022 € millions
Premiums from underwriting business	301.0	346.7
Swap fees received in advance	263.4	299.8
Transfer of salaries for employees of Portigon AG under "dual contracts"	21.2	26.2
CDS fees received in advance	14.6	22.4
Other	0.0	0.0
Total deferred items	600.2	695.1

Provisions (18)

The provisions for pensions reported in the amount of € 2,500.0 million (2022: € 2,535.6 million) include € 1,486.2 million (2022: € 1,543.2 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 € 46.2 million (2022: € 47.0 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 € 967.6 million (2022: € 945.4 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 € 474.5 million (2022: € 483.8 million). This amount includes € 363.4 million (2022: € 371.5 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 € 111.1 million (2022: € 112.3 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 (19)

The subordinated liability as described below exceeds ten percent of the total subordinated liabilities of € 1,157.9 million (2022: € 1,431.0 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 took 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 should have been repaid by the year 2044 in accordance with a defined repayment plan. At the end of the reporting year, the State of North Rhine-Westphalia and NRW.BANK agreed to give up the scheduled repayments and instead pass on the underlying loan repayments in the future. The change resulted in a compensation repayment to the State of North Rhine-Westphalia, which means that the repayments between the Bank, the Federal State and the Federal Government will be permanently matched. Based on the total repayments made to date, the subordinated loan is stated in an amount of € 773.1 million as of December 31, 2023.

The other subordinated liabilities of € 384.8 million have original maturities between 20 and 40 years and carry interest rates of between 3.991% and 6.140%. These subordinated liabilities

carry an average interest rate of 4.5% (2022: 2.1%). 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).

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

Interest expenses of € 9.0 million (2022: € 1.0 million) were incurred for subordinated liabilities.

Fund for General Banking Risks (20)

In the 2023 financial statements, the Bank allocated another € 821.9 million to the fund for general banking risks pursuant to Section 340g HGB. In view of the repayment of the "State NRW special reserve" and foreseeable changes to the regulatory capital requirements, an amount of € 500.0 million was reclassified from the existing contingency reserves pursuant to Section 340f HGB and an amount of € 171.9 million was transferred to the fund from the current result for 2023.

Moreover, NRW.BANK for the first time established a promotional fund in the amount of € 150.0 million within the contingency reserves pursuant to Section 340g HGB. This fund, which does not count towards the regulatory core capital, is intended to add further instruments to the range of promotional instruments, especially self-financed repayment discounts. The required

amendment of NRW.BANK's Statutes is scheduled for the meeting of the Board of Guarantors on March 11, 2024 and is based on Section 3 Para. 4 NRW.BANK G as amended on December 30, 2023.

Equity Capital (21)

As of December 31, 2023, NRW.BANK's subscribed capital remained unchanged at € 17,000.0 million. The reserves totalled € 705.4 million (2022: € 986.2 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, 2023 € millions	Dec. 31, 2022 € millions
Subscribed capital	17,000.0	17,000.0
Capital reserves	475.3	730.5
Reserves from retained earnings		
– reserves required by NRW.BANK's Statutes	36.1	36.1
– other reserves	194.0	219.6
Profit for the year	255.8	–
Total equity capital	17,961.2	17,986.2

In view of the successful economic performance and the resulting significant increase in the contingency reserves in the past years, a support payment of € 255.8 million recognised in the capital reserve, which was granted by the State of North Rhine-Westphalia during NRW.BANK's seed/early phase ("State NRW special reserve") will be repaid to the Federal State.

Due to the spin-off of the equity investments held by NRW.BANK in Westdeutsche Lotterie GmbH & Co. OHG and in Nordwestlotto in Nordrhein-Westfalen GmbH as well as all other assets and liabilities attributable to the business of these companies and their shareholdings ("WestLotto") to Beteiligungsverwaltungsgesellschaft des Landes Nordrhein-Westfalen mbH the reserves from retained earnings declined by € 25.6 million.

Following the adoption of the annual financial statements, the capital of NRW.BANK required for regulatory purposes under Section 10 of the German Banking Act (Kreditwesengesetz – KWG) amounts to € 19,216.4 million (2022: € 18,829.2 million).

Foreign Currency Assets and Foreign Currency Liabilities (22)

At the reporting date, NRW.BANK had foreign currency assets valued at € 4,562.2 million (2022: € 5,858.7 million) and foreign currency liabilities valued at € 32,450.9 million (2022: € 31,852.9 million). Contingent liabilities and other

commitments denominated in foreign currencies totalled € 9,831.8 million (2022: € 10,468.3 million).

Contingent Liabilities (23)

Contingent liabilities totalled € 13,953.9 million (2022: € 14,911.8 million) and incorporate € 12,681.5 million (2022: € 13,531.4 million) for credit derivatives and € 1,272.4 million (2022: € 1,380.4 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 € 8,160.9 million (2022: € 8,342.4 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 € 8,661.5 million (2022: € 8,108.2 million) were assigned as collateral for liabilities to banks.

Bonds and notes with a nominal amount of € 4,237.5 million (2022: € 6,163.5 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 € 28,535.1 million (2022: € 28,347.7 million) were submitted to Deutsche Bundesbank via the "Mobilisation and Administration of Credit Claims" (MACCs) procedure.

Securities in a nominal amount of € 60.8 million (2022: € 46.3 million) were deposited for the Eurex (electronic futures and options exchange) as collateral for forward transactions. In addition, securities in a nominal amount of € 79.4 million (2022: € 11.3 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, 2023, the nominal amounts of the cover calculation are as follows:

	Dec. 31, 2023 Municipal bonds (cover register II) € millions	Dec. 31, 2022 Municipal bonds (cover register II) € millions
Cover calculation		
Municipal bonds issued	1,522.4	1,523.6
Liabilities requiring cover	1,522.4	1,523.6
Municipal loans	2,009.6	2,075.1
Excess cover	49.6	49.6
Capital cover	2,059.2	2,124.7
Excess cover	536.8	601.1

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 € 11.8 million (2022: € 10.3 million) from the trust and administered activities.

Other Operating Income (28)

The principal contributions towards other operating income are composed of € 34.8 million (2022: € – million) in interest effects from the valuation of pension, benefit and other personnel provisions, € 23.6 million (2022: € 11.8 million) in income from the writeback of provisions, € 1.4 million (2022: € 1.4 million) in income from compensation payments and cash payments relating to the improper use of publicly subsidised housing as well as € 0.7 million (2022: € 1.1 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 € 50.3 million (2022: € 85.1 million) in interest effects from the valuation of pension, benefit and other personnel provisions as well as € 30.6 million (2022: € 35.9 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 2023, the auditor charged a total fee of € 1.6 million (2022: € 2.0 million). Of this amount, € 1.4 million (2022: € 1.9 million) accounted for the auditing of the annual financial statements, € 0.1 million (2022: € 0.1 million) for other auditing services and € 0.1 million (2022: € – million) to other services.

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

In the fiscal year 2023, 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 € 269.1 million (2022: € 249.7 million) up to the end of the contractual term. Thereof obligations in the amount of € 67.1 million relate to the fiscal year 2024. The remaining other financial obligations in the amount of € 202.0 million relate to the fiscal years 2025 to 2037. In addition, there are other annual financial obligations with an indefinite remaining term after the balance sheet date in the amount of € 4.9 million (2022: € 4.1 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 € 164.9 million (2022: € 153.3 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 (Neuregelungsgesetz) 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, 2023, the total nominal value of the derivative transactions is € 216,721 million (2022: € 203,249 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.

Banking book	Nominal values Dec. 31, 2023 € millions	Nominal values Dec. 31, 2022 € millions	Market values positive Dec. 31, 2023 € millions	Market values negative Dec. 31, 2023 € millions
Interest rate derivatives				
Interest rate swaps	177,555	163,999	7,783	-7,457
Interest rate options				
– bought (long)	2,307	2,473	275	–
– written (short)	2,349	2,495	–	-156
Stock market contracts				
– bought (long)	–	–	–	–
– written (short)	–	25	–	–
Other interest rate forwards	–	23	–	–
Total interest rate derivatives	182,211	169,015	8,058	-7,613
Currency derivatives				
Foreign exchange forwards, swaps	18,595	17,080	2	-374
Currency swaps/interest rate currency swaps	15,915	17,149	569	-737
Total currency derivatives	34,510	34,229	571	-1,111
Total banking book	216,721	203,244	8,629	-8,724

Trading book	Nominal values Dec. 31, 2023 € millions	Nominal values Dec. 31, 2022 € millions	Market values positive Dec. 31, 2023 € millions	Market values negative Dec. 31, 2023 € millions
Interest rate derivatives				
Stock market contracts				
– bought (long)	–	–	–	–
– written (short)	–	5	–	–
Total interest rate derivatives	–	5	–	–
Total trading book	–	5	–	–

Banking book and trading book	Nominal values Dec. 31, 2023 € millions	Nominal values Dec. 31, 2022 € millions	Market values positive Dec. 31, 2023 € millions	Market values negative Dec. 31, 2023 € millions
Total interest rate derivatives	182,211	169,020	8,058	–7,613
Total currency derivatives	34,510	34,229	571	–1,111
Total banking book and trading book	216,721	203,249	8,629	–8,724

The presentation of derivative transactions also reflects embedded derivative instruments that have to be separated with a nominal volume of € 2,709.3 million (2022: € 2,742.0 million). In addition, there are embedded equity risk based derivatives from convertible loans with a nominal value of € 3.2 million (2022: € 4.1 million) and a positive market value of € 1.0 million (2022: € 1.2 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, 2023 amounted to € 215,243 million (2022: € 203,902 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, 2023 € millions	Nominal values Dec. 31, 2022 € millions	Market values positive Dec. 31, 2023 € millions	Market values negative Dec. 31, 2023 € millions
Banking book				
OECD banks	212,853	198,695	8,416	-8,698
OECD public-sector entities	54	60	2	-1
Other counterparties	3,814	4,489	211	-25
Total banking book	216,721	203,244	8,629	-8,724

	Nominal values Dec. 31, 2023 € millions	Nominal values Dec. 31, 2022 € millions	Market values positive Dec. 31, 2023 € millions	Market values negative Dec. 31, 2023 € millions
Trading book				
OECD banks	-	5	-	-
Total trading book	-	5	-	-

	Nominal values Dec. 31, 2023 € millions	Nominal values Dec. 31, 2022 € millions	Market values positive Dec. 31, 2023 € millions	Market values negative Dec. 31, 2023 € millions
Banking book and trading book				
Total banking book and trading book	216,721	203,249	8,629	-8,724

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. 48% (2022: 50%) of the interest rate contracts having a remaining time to maturity of more than five years.

Banking book	Interest rate derivatives	Interest rate derivatives	Currency derivatives	Currency derivatives
Nominal values	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
	€ millions	€ millions	€ millions	€ millions
Residual maturity				
– up to 3 months	15,889	15,659	13,067	14,911
– between 3 months and 1 year	21,806	15,498	9,686	6,109
– between 1 and 5 years	57,121	52,986	10,178	11,272
– more than 5 years	87,395	84,872	1,579	1,937
Total banking book	182,211	169,015	34,510	34,229

Trading book	Interest rate derivatives	Interest rate derivatives	Currency derivatives	Currency derivatives
Nominal values	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
	€ millions	€ millions	€ millions	€ millions
Residual maturity				
– up to 3 months	–	5	–	–
Total trading book	–	5	–	–

Banking book and trading book	Interest rate derivatives	Interest rate derivatives	Currency derivatives	Currency derivatives
Nominal values	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
	€ millions	€ millions	€ millions	€ millions
Total banking book and trading book	182,211	169,020	34,510	34,229

Number of Employees

Employees on an annual average ¹⁾	2023 Women	2023 Men	2023 Total	2022 Women	2022 Men	2022 Total
Full-time employees	357	612	969	361	593	954
Part-time employees	423	167	590	400	154	554
Total employees on an annual average	780	779	1,559	761	747	1,508

¹⁾ Excl. Managing Board, trainees, dual students, interns and employees on parental leave and similar leave.

Active employees as at Dec. 31	2023 Women	2023 Men	2023 Total	2022 Women	2022 Men	2022 Total
Full-time employees	359	624	983	362	605	967
thereof employees under limited employment contracts	7	16	23	14	15	29
Part-time employees	429	174	603	412	159	571
thereof employees under limited employment contracts	11	18	29	14	14	28
Total active employees as at Dec. 31	788	798	1,586	774	764	1,538
In addition as at Dec. 31						
Managing Board	2	2	4	2	2	4
Apprentices and trainees	20	36	56	12	30	42
Employees employed outside of NRW.BANK (leave, secondments, employee assignments)	9	16	25	11	15	26

Managing Board Remuneration (34)

Components of the Managing Board remuneration as well as the remuneration for mandates received by the Managing Board members in 2023 and 2022:

	Fixed remuneration ¹⁾		Other remuneration ²⁾		Company pension scheme ³⁾		Total remuneration		Remuneration for mandates ⁴⁾	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	€	€	€	€	€	€	€	€	€	€
Eckhard Forst	774,789	776,595	15,449	14,857	178,683	202,554	968,921	994,006	41,752	51,219
Claudia Hillenherms ⁵⁾	549,584	286,643	14,061	7,905	133,400	101,841	697,045	396,389	0	800
Gabriela Pantring	609,607	615,506	15,089	14,311	127,752	149,168	752,448	778,985	0	0
Michael Stölting	680,697	634,761	5,891	34,543	45,702	660,411	732,290	1,329,715	9,218	8,152
Dietrich Suhlrie ⁶⁾	0	272,142	0	3,726	0	0	0	275,868	1,000	1,600
Total⁷⁾	2,614,677	2,585,647	50,490	75,342	485,537	1,113,974	3,150,704	3,774,963	51,970	61,771

¹⁾ Incl. benefits in money's worth and benefits in kind.

²⁾ Employer's statutory social security contributions and benefit payments.

³⁾ Direct commitment, shown is the allocation to provisions including interest expenses.

⁴⁾ Amounts incl. VAT, where applicable.

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

⁶⁾ In 2022, pro-rata consideration up to the resignation with effect from March 31, 2022; in 2023, payment of mandate remuneration for 2022.

⁷⁾ The values shown represent the totals of the rounded individual values.

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 2023, 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 ¹⁾ 2023 €	Expenses ¹⁾ 2022 €	Present value of the obligation 2023 €	Present value of the obligation 2022 €
Eckhard Forst	178,683	202,554	1,215,722	1,037,039
Claudia Hillenherms	133,400	101,841	235,241	101,841
Gabriela Pantring	127,752	149,168	1,029,259	901,507
Michael Stölting	45,293	660,002	6,744,582	6,699,289
Total Managing Board	485,128	1,113,565	9,224,804	8,739,676

¹⁾ 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 ¹⁾ 2023 €	Payments from active employment ¹⁾ 2022 €	Payments from pension claims 2023 €	Payments from pension claims 2022 €	Present value of the obligation 2023 €	Present value of the obligation 2022 €
Former Managing Board members	0	19,725	1,775,752	1,692,212	34,583,513	31,945,746

¹⁾ 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)

In accordance with the resolution passed by the Board of Guarantors on March 13, 2023, the remuneration of the members of the Board of Guarantors, the Supervisory Board and its Committees as well as the Advisory Board consists of an annual fixed remuneration with retroactive effect from January 1, 2023. The total annual remuneration of a Committee or Advisory Board member is thus the sum total of the annual fixed remuneration for membership in the individual Committees or Advisory Board of the Bank.

With the entry into force of an amendment to the Act on NRW.BANK by the State of North Rhine-Westphalia on December 30, 2023, the total annual remuneration for members of the Board of Guarantors, the Supervisory Board and its Committees who are members of the State Government will be limited to the maximum amount of € 11,126.27 pursuant to Section 13 Para. 1 Sentence 1 of the Secondary Employment Ordinance. In accordance with the amended law, the portion of the total remuneration of a committee member that exceeds this maximum limit is used by NRW.BANK for promotional purposes.

The tables below show the remuneration of the members of the Supervisory Board and its Committees as well as the Advisory Boards in itemised form. The remuneration of the members of the Supervisory Board varies depending on their Committee membership. In contrast to the previous years, the Bank has for the first time refrained from voluntarily disclosing the remuneration of the members of the Board of Guarantors due to the amended remuneration structure.

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

	Total remuneration €
Members Pursuant to Section 12 Para. 1 Letters a to c of the Statutes	
Mona Neubaur, MdL Chairwoman Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	11,126 ¹⁾
Dr. Marcus Optendrenk, MdL Deputy Chairman Minister of Finance of the State of North Rhine-Westphalia	11,126 ¹⁾
Ina Scharrenbach, MdL Deputy Chairwoman Minister for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	11,126 ¹⁾

	Total remuneration €
Permanent Representatives Pursuant to Section 12 Para. 2 of the Statutes	
Dr. Johannes Velling Assistant Secretary Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	27,100
Günther Bongartz Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	32,700
Dr. Christian von Kraack Assistant Secretary Ministry for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	20,900

	Total remuneration €
Members Pursuant to Section 12 Para. 1 Letter d of the Statutes	
Ina Brandes Minister for Culture and Science of the State of North Rhine-Westphalia	11,126 ¹⁾
Ute Gerbaulet CFO/General Partner Dr. August Oetker KG	18,000
Silke Gorißen Minister for Agriculture and Consumer Affairs of the State of North Rhine-Westphalia	11,126 ¹⁾
Oliver Krischer Minister for Environment, Conservation and Transport of the State of North Rhine-Westphalia	11,126 ¹⁾
Bernd Krückel, MdL Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	18,000
Thomas Kutschaty, MdL Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	18,000
Dr. Birgit Roos Retired Savings Bank Director	20,300

	Total remuneration €
Members Pursuant to Section 12 Para. 1 Letter e of the Statutes	
Matthias Elzinga Staff representative NRW.BANK	20,300
Tanja Gossens Staff representative NRW.BANK	24,200
Frank Lill Staff representative NRW.BANK	24,100
Yvonne Rohde Authorised officer NRW.BANK	18,000
Torben Wittenberg Staff representative NRW.BANK	18,600

On the basis of the rules adopted by the Board of Guarantors, travel expenses are refunded by the Bank upon request.

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

¹⁾ Remuneration pursuant to Section 13 Para. 1 Sentence 1 of the Secondary Employment Ordinance only up to a maximum of € 11,126.27.

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

	Total remuneration €
Member Pursuant to Section 23 Para. 1 Letter a of the Statutes	
Ina Scharrenbach, MdL Chairwoman Minister for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	0 ²⁾
Members Pursuant to Section 23 Para. 1 Letter b of the Statutes	
Sebastian Kahler Senior Principal Ministry of Finance of the State of North Rhine-Westphalia	3,600
Dr. Michael Henze Assistant Secretary Ministry of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	3,600
Sven-Axel Köster Senior Principal Ministry of Work, Welfare and Social Integration of the State of North Rhine-Westphalia	3,600
Members Pursuant to Section 23 Para. 1 Letter c of the Statutes	
Christian Dahm, MdL Deputy Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600
Angela Freimuth, MdL Deputy Chairwoman of the FDP Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600

	Total remuneration €
Members Pursuant to Section 23 Para. 1 Letter c of the Statutes	
Arndt Klocke, MdL Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600
Jochen Ott, MdL (until October 25, 2023) Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,000 ¹⁾
Sarah Philipp, MdL (since October 25, 2023) Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	900 ¹⁾
Jochen Ritter, MdL Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600
Fabian Schrupf, MdL Deputy Chairman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600
Hedwig Tarner, MdL Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600
Klaus Vossemer, MdL Deputy Chairman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600
Sebastian Watermeier, MdL Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	3,600

	Total remuneration €
Members Pursuant to Section 23 Para. 1 Letter d of the Statutes	
Ass. jur. Erik Amaya Association Director Haus & Grund Rheinland Westfalen	3,600
Elisabeth Gendziorra, lawyer Managing Director BFW Landesverband Nordrhein-Westfalen e.V.	3,600
Alexander Rychter Association Director Verband der Wohnungs- und Immobilienwirtschaft Rheinland Westfalen e.V.	3,600
Members Pursuant to Section 23 Para. 1 Letter e of the Statutes	
Dr. Olaf Gericke President Landkreistag Nordrhein-Westfalen e.V.	3,600
Rudolf Graaff Deputy Mayor Städte- und Gemeindebund Nordrhein-Westfalen e.V.	3,600
Hilmar von Lojewski Deputy Mayor for Urban Development, Construction, Housing and Transport Städtetag Nordrhein-Westfalen	3,600
Burkhard Schwuchow Mayor City of Büren	3,600

	Total remuneration €
Member Pursuant to Section 23 Para. 1 Letter f of the Statutes	
Hans-Jochem Witzke 1st Chairman of the Managing Board Deutscher Mieterbund Nordrhein-Westfalen e.V.	3,600
Member Pursuant to Section 23 Para. 1 Letter g of the Statutes	
Dipl.-Ing. Ernst Uhing President Chamber of Architects in North Rhine-Westphalia	3,600
Permanent Representative of the Chairing Member Pursuant to Section 23 Para. 2 of the Statutes	
Deborah Dautzenberg (until June 30, 2023) Senior Principal Ministry for Regional Identity, Local Government, Building and Digitalization of the State of North Rhine-Westphalia	1,800 ¹⁾

On the basis of the rules adopted by the Board of Guarantors, travel expenses are refunded by the Bank upon request.

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

¹⁾ The 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.

²⁾ Remuneration pursuant to Section 13 Para. 1 Sentence 1 of the Secondary Employment Ordinance only up to a maximum of € 11,126.27.

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

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Mona Neubaur, MdL Chairwoman Minister of Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia	0 ²⁾
Kai Abruszat Mayor Municipality of Stemwede	2,600
Klaus Baumann Chairman Regional Assembly of Westphalia-Lippe	2,600
Uwe Berghaus Member of the Managing Board DZ BANK AG Deutsche Zentral-Genossenschaftsbank	2,600
Heinrich Böckelühr District President Arnsberg Regional Government	2,600
Dr.-Ing. Heinrich Bökamp President and Board member Chamber of Engineers in North Rhine-Westphalia	2,600
Anna Katharina Bölling District President Detmold Regional Government	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Andreas Bothe District President Münster Regional Government	2,600
Michael Breuer President Savings Banks and Giro Association of the Rhineland	2,600
Prof. Dr. Liane Buchholz President and Chairwoman of the Managing Board Savings Banks and Giro Association of Westphalia-Lippe	2,600
Thomas Buschmann Chairman of the Managing Board Bankenverband Nordrhein-Westfalen e. V.	2,600
Isabelle Chevelard Chairwoman of the Managing Board TARGOBANK AG	0 ³⁾
Paolo Dell' Antonio Chairman of the Managing Board Wilh. Werhahn KG	2,600
Andreas Ehlert President Chamber of Handicrafts Düsseldorf	2,600
Thomas Eiskirch Lord Mayor City of Bochum	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Fabiola Fernandez (since January 1, 2023) Chief Financial Officer SMS Group	2,600
Prof. Dr.-Ing. Manfred Fishedick Academic Managing Director Wuppertal Institut für Klima, Umwelt, Energie gGmbH	2,600
Prof. Dr. Ursula Gather Chairwoman of the Board of Trustees Alfried Krupp von Bohlen und Halbach-Stiftung	2,600
Alexandra Gauß Mayor Municipality of Windeck	2,600
Dr. Olaf Gericke President Landkreistag Nordrhein-Westfalen e. V.	2,600
Canon Dr. iur. Antonius Hamers Director Catholic Office North Rhine-Westphalia	2,600
Anne Henk-Hollstein Chairwoman Regional Assembly of the Rhineland	2,600
Dr. Marie Jaroni Head of Decarbonization thyssenkrupp Steel Europe AG	2,600
Sibylle Keupen Lord Mayor City of Aachen	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff Chairman of the Supervisory Board of the KIRCHOFF Group	2,600
Lauren Kjeldsen Member of the Management Board Evonik Operations GmbH	2,600
Monika Kocks 1st Chairwoman of the Managing Board automotiveland.nrw e. V.	2,600
Thomas Kufen Chairman of the Managing Board Städtetag Nordrhein-Westfalen	2,600
Dr. Arne Kupke Legal Vice President Evangelical Church of Westphalia	2,600
Prof. Dr. Astrid Lambrecht (since October 1, 2023) Chairwoman of the Board of Directors Forschungszentrum Jülich GmbH	650 ¹⁾
Katja Lewalter-Düssel (since October 1, 2023) Member of the Managing Board Genoverband e. V.	650 ¹⁾
Markus Lewe Lord Mayor City of Münster	2,600
Ulrike Lubek Director of LVR Regional Association of the Rhineland	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Wolfgang Lubert Managing Director EnjoyVenture Management GmbH	2,600
Dr. Georg Lunemann State Director Regional Association of Westphalia-Lippe	2,600
Prof. Dr.-Ing. Wolfgang Marquardt (until July 31, 2023) Chairman of the Board of Directors Forschungszentrum Jülich GmbH	1,517 ¹⁾
Aleksandra Meissner Managing Director Ecolab Deutschland GmbH	2,600
Astrid Messmer Senior Director Infrastructure Strategy & Analytics Deutsche Lufthansa AG	2,600
Julia Niederdrenk Managing Director Jul. Niederdrenk GmbH & Co. KG	2,600
Roland Oetker Managing Partner ROI Verwaltungsgesellschaft mbH	2,600
Prof. Dr. Uli Paetzel Chairman of the Managing Board EMSCHERGENOSSENSCHAFT und LIPPEVERBAND	2,600
Dr. Paul-Josef Patt Chairman of the Managing Board eCAPITAL entrepreneurial Partners AG	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Guntram Pehlke Chairman of the Managing Board Verband kommunaler Unternehmen e.V. – Regional Group North Rhine-Westphalia –	2,600
Katharina Reiche Chairwoman of the Managing Board Westenergie AG	2,600
Henriette Reker Lord Mayoress City of Cologne	2,600
Helene von Roeder (until August 11, 2023) Member of the Executive Board and CFO Merck KGaA	1,733 ¹⁾
Dr. Eckhard Ruthemeyer 1st Vice President Städte- und Gemeindebund Nordrhein-Westfalen e.V.	2,600
Prof. Dr. Christoph M. Schmidt President RWI – Leibniz-Institut für Wirtschaftsforschung	2,600
Prof. Dr. Uwe Schneidewind Lord Mayor City of Wuppertal	0 ⁴⁾
Thomas Schürmann District President Düsseldorf Regional Government	2,600
Ralf Stoffels President IHK NRW – Die Industrie- und Handelskammern in Nordrhein-Westfalen e.V.	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Anja Weber District Chairwoman Deutscher Gewerkschaftsbund NRW	2,600
Prof. Dr. Johannes Wessels (since April 1, 2023) Chairman of the Rectors' Conference of the Universities in North Rhine-Westphalia and Rector of the University of Münster	1,950 ¹⁾
Dr. Thomas Wilk District President Cologne Regional Government	2,600
Bernd Zimmer Chairman of the Managing Board Verband Freier Berufe im Lande Nordrhein-Westfalen e. V.	2,600

On the basis of the rules adopted by the Board of Guarantors, travel expenses are refunded by the Bank upon request.

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

¹⁾ The 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.

²⁾ Remuneration pursuant to Section 13 Para. 1 Sentence 1 of the Secondary Employment Ordinance only up to a maximum of € 11,126.27.

³⁾ Waiver of remuneration in accordance with the Group guidelines applicable to TARGOBANK AG.

⁴⁾ Waiver of remuneration.

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

	Total remuneration €
Members Pursuant to Section 26 of the Statutes	
Olaf Lehne, MdL Chairman Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Simon Rock, MdL Deputy Chairman Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Alexander Baer, MdL Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Christian Dahm, MdL Deputy Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Christian Loose, MdL Member of the AfD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Dr. Patricia Peill, MdL Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
André Stinka, MdL Member of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400

	Total remuneration €
Members Pursuant to Section 26 of the Statutes	
Raphael Tigges, MdL Member of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Klaus Vossemer, MdL Deputy Chairman of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Jule Wenzel, MdL Member of the Bündnis 90/Die Grünen Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400
Ralf Witzel, MdL Deputy Chairman of the FDP Parliamentary Group NRW State Assembly of North Rhine-Westphalia	400

On the basis of the rules adopted by the Board of Guarantors, travel expenses are refunded by the Bank upon request.

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

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

Name and head office of the company	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in affiliated companies					
NRW.BANK.Fonds Beteiligungs-GmbH i. L., Düsseldorf ¹⁾	100.00				
Westdeutsche Spielcasino Service GmbH i. L., Duisburg	100.00	174	–44	EUR	Dec. 31, 2022
Equity investments in non-affiliated companies					
4TEEN4 Pharmaceuticals GmbH, Hennigsdorf	11.06	–6,834	–8,011	EUR	Dec. 31, 2022
ABALOS THERAPEUTICS GmbH, Düsseldorf	19.56	8,993	–5,691	EUR	Dec. 31, 2022
Algiax Pharmaceuticals GmbH, Erkrath	8.89	–1,619	–1,973	EUR	Dec. 31, 2022
AMEPA Angewandte Messtechnik und Prozessautomatisierung GmbH, Würselen	16.67	9,413	2,990	EUR	Dec. 31, 2022
Ananda Impact Fund IV GmbH & Co. KG, Munich	4.56	16,538	–4,303	EUR	Dec. 31, 2022
BE Beteiligungen Fonds GmbH & Co. geschlossene Investmentkommanditgesellschaft, Cologne	4.08	34,192	3,890	EUR	Dec. 31, 2022
Below One Fund I GmbH & Co. KG, Berlin	0.46	27,472	–4,090	EUR	Dec. 31, 2022
BGB Ges. Bankenkonsortium ZENIT GmbH, Mülheim an der Ruhr	33.40	2,694	2	EUR	Dec. 31, 2022
BLSW Seedfonds GmbH & Co. KG, Wuppertal	48.20	5,162	2,593	EUR	Dec. 31, 2022
Bomedus GmbH i. L., Bonn ¹⁾	22.80				
Bright Capital Credit Fund III SCSp, Luxembourg	3.94	21,677	5,601	EUR	Dec. 31, 2022
Bright Capital SME Debt Fund I GmbH & Co. KG, Frankfurt am Main	3.86	49,461	36,581	EUR	Dec. 31, 2022
btov Industrial Technologies SCS, SICAR, Munsbach	5.19	72,901	13,915	EUR	Dec. 31, 2022
Bürgschaftsbank Brandenburg GmbH, Potsdam	19.85	36,769	2,563	EUR	Dec. 31, 2022
Bürgschaftsbank NRW GmbH – Kreditgarantiegemeinschaft, Neuss	15.75	41,490	1,205	EUR	Dec. 31, 2022
Capnamic United Venture Fund I GmbH & Co. KG, Cologne	7.69	9,806	13,295	EUR	Dec. 31, 2022
Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.35	77,976	1,187	EUR	Dec. 31, 2022
Capnamic Ventures Fund III GmbH & Co. KG, Cologne	5.26	52,455	–76	EUR	Dec. 31, 2022

Name and head office of the company	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies					
Capza 5 Private Debt SCSp-RAIF, Luxembourg	0.27	775,709	41,774	EUR	Dec. 31, 2022
CATCH GmbH, Cologne	5.72	-141	-150	EUR	Dec. 31, 2021
Cavalry Ventures III GmbH & Co. KG, Berlin ²⁾	5.00				
CellAct Pharma GmbH, Dortmund	38.71	70	-698	EUR	Dec. 31, 2022
Cellbox Solutions GmbH, Norderstedt	11.17	1,082	-2,874	EUR	Dec. 31, 2021
Cherry Ventures Fund III GmbH & Co. KG, Berlin	4.98	153,026	-7,704	EUR	Dec. 31, 2022
citadelle systems AG, Essen	8.36	1,730	-1,139	EUR	Dec. 31, 2022
Claret European Growth Capital Fund III, Luxembourg	1.41	113,532	-6,367	EUR	Dec. 31, 2022
clockin GmbH, Münster ²⁾	4.02				
CMP German Opportunity Fund II (SCA) SICAR, Luxembourg	1.71	22,192	9,348	EUR	Dec. 31, 2022
CMP German Opportunity Investors Fund II (SCS) SICAR, Luxembourg	1.68	49,630	23,270	EUR	Dec. 31, 2022
CMP German Opportunity Investors Fund III, Luxembourg	2.00	145,043	7,219	EUR	Dec. 31, 2022
CMR CureDiab Metabolic Research GmbH, Düsseldorf ²⁾	3.60				
Companyon Analyticx GmbH, Düsseldorf	4.93	142	-299	EUR	Dec. 31, 2021
consalio GmbH, Düsseldorf	3.76	41	-370	EUR	Dec. 31, 2022
Creathor Venture Fund IV (SCSp) SICAR, Luxembourg	13.85	17,816	-4,302	EUR	Dec. 31, 2022
CryoTherapeutics SA, Ans	12.86	21,362	-1,694	EUR	Dec. 31, 2022
Cusp Capital Fund 2021 GmbH & Co. KG, Essen	2.76	55,875	-1,892	EUR	Dec. 31, 2022
DBAG Expansion Capital Fund GmbH & Co. KG, Frankfurt am Main	9.79	14,059	7,115	EUR	Dec. 31, 2022
DEINZER Holding GmbH, Munich	35.56	4,785	-14	EUR	Dec. 31, 2022
Deutsche Arzt AG, Essen	11.32	6,417	5,960	EUR	Dec. 31, 2022
Digital Growth Fund II GmbH & Co. KG, Munich ²⁾	1.99				

Name and head office of the company	Capital share in %	Equity in thousands	Net income/loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies					
DIMATE GmbH, Bochum	8.30	714	-312	EUR	Dec. 31, 2022
DIREVO Industrial Biotechnology GmbH, Cologne	25.45	-213	-50	EUR	Dec. 31, 2022
Earlybird GmbH & Co. Beteiligungs KG 2012, Munich	3.33	32,348	-6,882	EUR	Dec. 31, 2022
Earlybird Health GmbH & Co. Beteiligungs KG, Cologne	8.54	49,507	-16,860	EUR	Dec. 31, 2022
eCAPITAL Cybersecurity Fonds GmbH & Co. KG, Münster	10.00	18,381	-1,389	EUR	Dec. 31, 2022
eCAPITAL V Technologies Fonds GmbH & Co. KG, Münster	7.62	23,421	-593	EUR	Dec. 31, 2022
ECBF I SCSp, Munsbach	2.50	32,714	-18,340	EUR	Dec. 31, 2022
EINHUNDERT Energie GmbH, Cologne	8.00	1,036	-4,070	EUR	Dec. 31, 2022
EmmySoft GmbH, Düsseldorf	1.29	914	-331	EUR	Dec. 31, 2022
Enerthing GmbH, Cologne	22.36	-1,518	-1,093	EUR	Dec. 31, 2022
ENLYZE GmbH, Cologne	9.09	2,700	-970	EUR	Dec. 31, 2022
EOS Beteiligungs GmbH & Co. KG, Munich	2.50	112,358	1,729	EUR	Dec. 31, 2022
EOS Beteiligungs II GmbH & Co. KG, Munich ²⁾	1.82				
European Investment Fund (EIF), Luxembourg	0.44	4,368,892	70,414	EUR	Dec. 31, 2022
everwave GmbH, Aachen	4.04	18	-500	EUR	Dec. 31, 2022
Evoco TSE III SCSp, SICAV-RAIF, Luxembourg	3.09	53,566	-1,365	EUR	Dec. 31, 2022
FIMO Health GmbH, Bonn	11.19	626	-513	EUR	Dec. 31, 2022
FLEX Capital Fund II GmbH & Co. KG, Berlin	2.38	122,772	-2,253	EUR	Dec. 31, 2022
FLEX Capital Fund III Co-Investments I GmbH & Co. KG, Berlin ²⁾	28.97				
FLEX Capital Fund III GmbH & Co. KG, Berlin	1.09	144	-1,967	EUR	Dec. 31, 2022
Gardeur Beteiligungs GmbH, Mönchengladbach ¹⁾	49.00				
GENUI I GmbH & Co. geschl. InvKG, Hamburg	3.13	189,750	37,130	EUR	Dec. 31, 2022

Name and head office of the company	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies					
GENUI II GmbH & Co. geschl. InvKG, Hamburg	1.69	596,327	196,183	EUR	Dec. 31, 2022
GreenPocket GmbH, Cologne	7.13	-1,776	-567	EUR	Dec. 31, 2022
Gründerfonds Ruhr GmbH & Co. KG, Essen	43.48	15,890	-611	EUR	Dec. 31, 2022
Harbert European Growth Capital Fund I L.P., London	1.67	11,766	650	EUR	Dec. 31, 2022
Harbert European Growth Capital Fund II SCSp, Luxembourg	1.55	165,718	2,919	EUR	Dec. 31, 2022
HF Private Debt Fonds II SCSp, Senningerberg	2.86	44,541	1,693	EUR	Dec. 31, 2022
HF Private Debt Fonds SCSp, Senningerberg	3.05	67,490	11,969	EUR	Dec. 31, 2022
Homelike Internet GmbH, Cologne	1.25	-300	-4,835	EUR	Dec. 31, 2022
icho systems gmbh, Duisburg	2.74	798	-242	EUR	Dec. 31, 2022
Investitionsbank des Landes Brandenburg (ILB), Potsdam	50.00	238,481	6,252	EUR	Dec. 31, 2022
IPF Fund I SCA, SICAV-FIS, Luxembourg	1.19	4,122	-1,314	EUR	Dec. 31, 2022
JADO Technologies GmbH, Dresden ¹⁾	18.02				
Kapitalbeteiligungsgesellschaft für die mittelständische Wirtschaft in NRW mbH, Neuss	49.63	5,952	286	EUR	Dec. 31, 2022
KKA Value Fund II GmbH & Co. KG, Berlin	3.33	53,785	-1,993	EUR	Dec. 31, 2022
Kleffmann Holding GmbH i. L., Lüdinghausen ¹⁾	50.00				
Kreos Capital VI (Expert Fund) LP, St. Helier	0.59	686,290	59,564	EUR	Dec. 31, 2022
Kurma Biofund III FPCI, Paris	3.92	70,063	-2,645	EUR	Dec. 31, 2022
LSI Pre-Seed-Fonds GmbH, Bonn	35.13	3,741	-65	EUR	Dec. 31, 2022
Lumoview Building Analytics GmbH, Cologne	4.18	295	-226	EUR	Dec. 31, 2022
Marondo Small-Cap Growth Fund I GmbH & Co. KG, Munich	5.88	27,456	1,435	EUR	Dec. 31, 2022
Masterplan com GmbH, Bochum	3.44	-102	-5,413	EUR	Dec. 31, 2022
Matterwave Industrial Technologies II GmbH & Co. KG, Munich	2.86	0	-14	EUR	Dec. 31, 2022

Name and head office of the company	Capital share in %	Equity in thousands	Net income/loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies					
neoteq ventures Rheinland One GmbH & Co. KG, Cologne	48.67	7,107	-110	EUR	Dec. 31, 2022
nerou GmbH, Cologne	6.67	6	1	EUR	Dec. 31, 2021
Novihum Technologies GmbH, Dortmund ¹⁾	16.70				
Occlutech Holding AG, Schaffhausen	0.09	18,203	-24,563	CHF	Dec. 31, 2022
Odewald KMU GmbH & Co. Beteiligungsgesellschaft für Vermögensanlagen KG, Berlin	7.32	4,978	-207	EUR	Dec. 31, 2022
Odewald KMU II GmbH & Co. Beteiligungsgesellschaft für Vermögensanlagen KG, Berlin	5.87	101,437	105,052	EUR	Dec. 31, 2022
OneFID GmbH, Cologne	12.18	-522	863	EUR	Dec. 31, 2022
operaize GmbH, Cologne ¹⁾	5.26				
Peppermint CBF 1 GmbH & Co. KG, Berlin	14.66	13,592	17,963	EUR	Dec. 31, 2022
Personal MedSystems GmbH, Frankfurt am Main	5.68	797	-180	EUR	Dec. 31, 2022
PINOVA Fund 3 GmbH & Co. KG, Munich	6.53	54,233	-5,190	EUR	Dec. 31, 2022
Pinova GmbH & Co. Beteiligungs 2 KG, Munich	5.56	95,486	114,251	EUR	Dec. 31, 2022
Pinova GmbH & Co. Erste Beteiligungs KG, Munich	10.26	2,036	17,212	EUR	Jun. 30, 2022
Portigon AG, Düsseldorf	23.10	278,442	-67,049	EUR	Dec. 31, 2022
Pride Capital II Feeder C.V., Amsterdam	1.57	32,201	-742	EUR	Dec. 31, 2022
Pride Mezzanine Capital I FGR, Amsterdam	1.67	55,956	8,435	EUR	Dec. 31, 2022
Project A Ventures III GmbH & Co. KG, Berlin	2.42	144,920	-16,419	EUR	Dec. 31, 2022
Refined Laser Systems GmbH, Münster	2.99	-4	-42	EUR	Dec. 31, 2021
Rehappy GmbH, Aachen ¹⁾	4.41				
RESADO GmbH, Cologne	8.52	-10	-68	EUR	Jul. 26, 2022
Resolve BioSciences B. V., LE Roermond ²⁾	5.42				
Revent Ventures I GmbH & Co. KG, Berlin	5.00	16,986	-1,647	EUR	Dec. 31, 2022

Name and head office of the company	Capital share in %	Equity in thousands	Net income/loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies					
Rheinland Venture Capital GmbH & Co. KG, Cologne	39.92	211	-5	EUR	Jun. 30, 2022
Riepe Holding GmbH, Bünde ²⁾	18.48				
RiverRock European Opportunities Feeder Fund II, Dublin	1.07	5,163	-4,736	EUR	Dec. 31, 2022
RiverRock European Opportunities Fund, London	1.49	20,071	-10,356	EUR	Dec. 31, 2022
roatel GmbH, Düsseldorf	1.86	-622	-1,285	EUR	Dec. 31, 2022
Round2 Capital Partners II SCSp RAIF, Howald	3.25	20,098	882	EUR	Dec. 31, 2022
saperatec GmbH, Dessau-Roßlau	6.83	18,736	-1,671	EUR	Dec. 31, 2022
Scobees GmbH, Cologne	7.37	-84	-81	EUR	Dec. 31, 2021
SeedCapital Dortmund GmbH & Co. KG i. L., Dortmund	46.51	5,768	612	EUR	Dec. 31, 2022
SeedCapital Dortmund II GmbH & Co. KG, Dortmund	47.62	4,331	42	EUR	Dec. 31, 2022
SeedCapital Dortmund III GmbH & Co. KG, Dortmund	47.62	1,700	-236	EUR	Dec. 31, 2022
Semalytix GmbH, Bielefeld	14.45	5,912	-1,807	EUR	Dec. 31, 2022
SET Fund III C.V., Amsterdam	5.00	69,238	-7,167	EUR	Dec. 31, 2022
Sirius Seedfonds Düsseldorf GmbH & Co. KG, Düsseldorf	44.61	216	-124	EUR	Dec. 31, 2022
SphingoTec GmbH, Henningsdorf	10.82	13	-15,818	EUR	Dec. 31, 2022
talpasolutions GmbH, Essen	7.56	-4,699	-3,866	EUR	Dec. 31, 2022
Technologiefonds OWL GmbH & Co. KG, Paderborn	42.87	4,544	-245	EUR	Dec. 31, 2022
TechVision Fonds I für die Regionen Aachen, Krefeld und Mönchengladbach GmbH & Co. KG, Aachen	31.36	23,814	5	EUR	Dec. 31, 2022
TechVision Fonds II GmbH & Co. KG, Aachen ²⁾	34.24				
ubirch GmbH, Cologne	7.97	-1,690	-246	EUR	Dec. 31, 2022
Unternehmertum VC Fonds III GmbH & Co. KG, Garching	2.35	40,678	-7,903	EUR	Dec. 31, 2022
VMRay GmbH, Bochum	3.50	9,231	-8,848	EUR	Dec. 31, 2022

Name and head office of the company	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies					
Volateq GmbH, Hilden	4.68	66	-141	EUR	Sep. 30, 2022
VTI Holding GmbH, Menden	34.80	23,999	0	EUR	Dec. 31, 2022
WF World Fund I GmbH & Co. KG, Berlin	3.08	22,858	-2,667	EUR	Dec. 31, 2022
windtest grevenbroich gmbh, Grevenbroich	25.00	1,228	117	EUR	Dec. 31, 2022
World of sonoro Holding GmbH, Neuss	23.66	3,880	68	EUR	Jul. 31, 2022

¹⁾ The company did not prepare financial statements due to insolvency or liquidation.

²⁾ 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

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

Michael Stölting

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

Seats Held by Employees

Simone Merk

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

Klaus Rupprath (until December 31, 2023)

Erste Abwicklungsanstalt, Düsseldorf (until December 31, 2023)
Member of the Supervisory Board

Dr. Peter Stemper

Portigon AG, Düsseldorf
Member of the Supervisory Board

Carolin Woltermann

Investitionsbank des Landes Brandenburg (ILB), Potsdam
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 resolutions 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 € 4,591,479.56 will be paid to the Federal Government for interest amounts that become due after December 31, 2023 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).

The profit for the year resulting from the withdrawal from the capital reserve in the amount of € 255.8 will be used for payment to the State of North Rhine-Westphalia.

Executive Bodies of the Bank

Board of Guarantors

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

Mona Neubaur, MdL

Chairwoman

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

Dr. Marcus Optendrenk, MdL

Deputy Chairman

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 and European Affairs, International Affairs and Media and

Head of the State Chancellery of the State of North Rhine-Westphalia

Dr. Daniela Brückner (since February 2, 2023)

State Secretary

Ministry of Justice

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**

Mona Neubaur, MdL

Chairwoman

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

Dr. Marcus Optendrenk, MdL

Deputy Chairman

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**

Ina Brandes

Minister for Culture and Science
of the State of North Rhine-Westphalia

Ute Gerbaulet

CFO/General Partner

Dr. August Oetker KG

Silke Gorißen

Minister for Agriculture and Consumer Affairs
of the State of North Rhine-Westphalia

Oliver Krischer

Minister for Environment, Conservation and Transport
of the State of North Rhine-Westphalia

Bernd Krücker, MdL

Member of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Thomas Kutschaty, MdL

Member of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Dr. Birgit Roos

Retired Savings Bank Director

**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

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

Günther Bongartz

Assistant Secretary
Ministry of Finance
of the State of North Rhine-Westphalia

Dr. Christian von Kraack

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

Gabriela Pantring

Deputy Chairwoman of the Managing Board (since July 1, 2023)

Claudia Hillenherms

Member of the Managing Board

Michael Stölting

Member of the Managing Board

Düsseldorf/Münster, February 14, 2024

NRW.BANK

The Managing Board

Eckhard Forst

Gabriela Pantring

Claudia Hillenherms

Michael Stölting

Cash Flow Statement

of NRW.BANK as of December 31, 2023

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	4.6
2. Depreciation, write-downs/write-ups of receivables and tangible assets	62.4
3. Increase/decrease in provisions	887.4
4. Other non-cash items	-327.8
5. Gain/loss on the sale of tangible assets	4.8
6. Other adjustments (balance)	0.0
7. Increase/decrease in receivables from banks	187.8
8. Increase/decrease in receivables from customers	-196.3
9. Increase/decrease in securities (with the exception of financial assets)	-0.9
10. Increase/decrease in other assets from operating activities	8.4
11. Increase/decrease in liabilities to banks	-1,807.9
12. Increase/decrease in liabilities to customers	3,420.5
13. Increase/decrease in certificated liabilities	-2,182.7
14. Increase/decrease in other liabilities from operating activities	-219.7
15. Interest expenses/income	-817.2
16. Expenses for/income from extraordinary items	-
17. Income tax expenses/income	4.4
18. Interest and dividends received	6,086.3
19. Interest paid	-3,873.2

	€ millions
20. Extraordinary cash received	-
21. Extraordinary cash disbursed	-
22. Income tax payments	-2.4
23. Cash flow from operating activities	1,238.5
24. Cash from the disposal of financial assets	-1,121.6
25. Disbursements for investments in financial assets	-82.5
26. Cash from the disposal of tangible assets	0.0
27. Disbursements for investments in tangible assets	-8.7
28. Cash from the disposal of intangible assets	-
29. Disbursements for investments in intangible assets	-1.1
30. Changes in cash from other investing activities (balance)	-
31. Cash flow from investing activities	-1,213.9
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)	-
36. Cash flow from financing activities	-4.9
37. Net change in cash and cash equivalents	19.7
38. Other changes in cash and cash equivalents	-
39. Cash and cash equivalents at the beginning of the period	179.0
40. Cash and cash equivalents at the end of the period	198.7

Statement of Changes in Equity

of NRW.BANK as of December 31, 2023

	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
As of Dec. 31, 2021	17,000.0	729.9	36.1	219.6	–	17,985.6
Allocations	–	0.6	–	–	–	0.6
Net income	–	–	–	–	5.5	5.5
Designated payout due to legal requirements	–	–	–	–	–5.5	–5.5
As of Dec. 31, 2022	17,000.0	730.5	36.1	219.6	–	17,986.2
Allocations	–	0.6	–	–	–	0.6
Net income	–	–	–	–	4.6	4.6
Designated payout due to legal requirements	–	–	–	–	–4.6	–4.6
Withdrawals from capital reserves	–	–255.8	–	–	255.8	–
Spin-off and transfer of the WestLotto Group to Beteiligungsverwaltungsgesellschaft des Landes Nordrhein-Westfalen mbH	–	–	–	–25.6	–	–25.6
As of Dec. 31, 2023	17,000.0	475.3	36.1	194.0	255.8	17,961.2

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 assets, liabilities, financial position and profit or loss 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, 2024

NRW.BANK

The Managing Board



Eckhard Forst
Chairman of the Managing Board



Gabriela Pantring
Deputy Chairwoman
of the Managing Board



Claudia Hillenherms
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, 2023 and the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from January 1, 2023 to December 31, 2023 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, 2023 to December 31, 2023. 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, 2023 as well as of its result of operations for the fiscal year from January 1, 2023 to December 31, 2023 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, 2023 to December 31, 2023. 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 Receivables from Customers from the Manufacturing, Construction and Retail Sectors

Reasons for the Classification as a Key Audit Matter

The valuation of receivables from customers from the manufacturing, construction and retail sectors is an important area where 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 in connection with the rise in energy prices, inflation and the sustained higher interest rates 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 receivables from customers from the manufacturing, construction and retail 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 impairments 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 receivables to customers from the manufacturing, construction and retail 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 in the manufacturing, construction and retail 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. Where there were acute default risks, we additionally verified the mathematical accuracy of the individual value adjustments determined in each case.

Our audit procedures did not lead to any reservations with regard to the valuation of receivables from customers from the manufacturing, construction and retail sectors.

Reference to Related Disclosures

The Bank's disclosures on the valuation of receivables from customers that also comprise the manufacturing, construction and retail 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" and "NRW.BANK at a Glance"; 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-2023-12-31.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 aforementioned attached file and prepared for the purpose of

disclosure 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 financial statements and on the accompanying management report for the fiscal year from January 1, 2023 to December 31, 2023 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 (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 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 13, 2023. We were commissioned by the Chairman of the Supervisory Board and the Board of Guarantors of NRW.BANK institution under public law on May 26, 2023. 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 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, 2024

EY GmbH & Co. KG
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

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

Sebastian Kahler

Senior Principal
Ministry of Finance
of the State of North Rhine-Westphalia

Dr. Michael Henze

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

Sven-Axel Köster

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

Christian Dahm, MdL

Deputy Chairman of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Angela Freimuth, MdL

Deputy Chairwoman of the FDP Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Arndt Klocke, MdL

Member of the Bündnis 90/Die Grünen Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Jochen Ott, MdL (until October 25, 2023)

Chairman of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Sarah Philipp, MdL (since October 25, 2023)

Member of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Jochen Ritter, MdL

Member of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Fabian Schrumpf, MdL

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State Assembly of North Rhine-Westphalia

Hedwig Tärner, MdL

Member of the Bündnis 90/Die Grünen Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Klaus Vossemer, MdL

Deputy Chairman of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Sebastian Watermeier, MdL

Member of the SPD 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

Association Director
Haus & Grund Rheinland Westfalen

Elisabeth Gendziorra, lawyer

Managing Director
BFW Landesverband Nordrhein-Westfalen e. V.

Alexander Rychter

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

President
Landkreistag Nordrhein-Westfalen e. V.

Rudolf Graaff

Deputy Mayor
Städte- und Gemeindebund Nordrhein-Westfalen e. V.

Hilmar von Lojewski

Deputy Mayor
for Urban Development, Construction, Housing and Transport
Städtetag Nordrhein-Westfalen

Burkhard Schwuchow

Mayor
City of Büren

Member Pursuant to Section 23 Para. 1 Letter f of the Statutes

Hans-Jochem Witzke

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

President
Chamber of Architects in North Rhine-Westphalia

**Permanent Representative of the Chairing Member
Pursuant to Section 23 Para. 2 of the Statutes**

Bianca Cristal (since January 1, 2024)

Senior civil servant
Ministry for Regional Identity, Local Government, Building and
Digitalization
of the State of North Rhine-Westphalia

Deborah Dautzenberg (until June 30, 2023)

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

Mona Neubaur, MdL

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

Kai Abruszat

Mayor

Municipality of Stemwede

Klaus Baumann

Chairman

Regional Assembly of Westphalia-Lippe

Uwe Berghaus

Member of the Managing Board

DZ BANK AG

Deutsche Zentral-Genossenschaftsbank

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District President

Arnsberg Regional Government

Dr.-Ing. Heinrich Bökamp

President and Board member

Chamber of Engineers in North Rhine-Westphalia

Anna Katharina Bölling

District President

Detmold Regional Government

Andreas Bothe

District President

Münster Regional Government

Michael Breuer

President

Savings Banks and Giro Association of the Rhineland

Prof. Dr. Liane Buchholz

President and Chairwoman of the Managing Board

Savings Banks and Giro Association of Westphalia-Lippe

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Chairman of the Managing Board

Bankenverband Nordrhein-Westfalen e. V.

Isabelle Chevelard

Chairwoman of the Managing Board

TARGOBANK AG

Paolo Dell' Antonio

Chairman of the Managing Board

Wilh. Werhahn KG

Andreas Ehlert

President
Chamber of Handicrafts Düsseldorf

Thomas Eiskirch

Lord Mayor
City of Bochum

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SMS Group

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Academic Managing Director
Wuppertal Institut für Klima, Umwelt, Energie gGmbH

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Municipality of Windeck

Dr. Olaf Gericke

President
Landkreistag Nordrhein-Westfalen e. V.

Canon Dr. iur. Antonius Hamers

Director
Catholic Office North Rhine-Westphalia

Anne Henk-Hollstein

Chairwoman
Regional Assembly of the Rhineland

Dr. Marie Jaroni

Head of Decarbonization
thyssenkrupp Steel Europe AG

Sibylle Keupen

Lord Mayoress
City of Aachen

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of the KIRCHHOFF Group

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Member of the Management Board
Evonik Operations GmbH

Monika Kocks

1st Chairwoman of the Managing Board
automotiveland.nrw e. V.

Thomas Kufen

Chairman of the Managing Board
Städtetag Nordrhein-Westfalen

Dr. Arne Kupke

Legal Vice President
Evangelical Church of Westphalia

Prof. Dr. Astrid Lambrecht (since October 1, 2023)

Chairwoman of the Board of Directors
Forschungszentrum Jülich GmbH

Katja Lewalter-Düssel (since October 1, 2023)

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Genoverband e. V.

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City of Münster

Ulrike Lubek

Director of LVR
Regional Association of the Rhineland

Wolfgang Lubert

Managing Director
EnjoyVenture Management GmbH

Dr. Georg Lunemann

State Director
Regional Association of Westphalia-Lippe

Prof. Dr.-Ing. Wolfgang Marquardt (until July 31, 2023)

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Managing Director
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Astrid Messmer

Senior Director Infrastructure Strategy & Analytics
Deutsche Lufthansa AG

Julia Niederdrenk

Managing Director
Jul. Niederdrenk GmbH & Co. KG

Roland Oetker

Managing Partner
ROI Verwaltungsgesellschaft mbH

Prof. Dr. Uli Paetzel

Chairman of the Managing Board
EMSCHERGENOSSENSCHAFT und LIPPEVERBAND

Dr. Paul-Josef Patt

Chairman of the Managing Board
eCAPITAL entrepreneurial Partners AG

Guntram Pehlke

Chairman of the Managing Board
Verband kommunaler Unternehmen e. V.
– Regional Group North Rhine-Westphalia –

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Chairwoman of the Managing Board
Westenergie AG

Henriette Reker

Lord Mayoress
City of Cologne

Helene von Roeder (until August 11, 2023)
Member of the Executive Board and CFO
Merck KGaA

Dr. Eckhard Ruthemeyer
1st Vice President
Städte- und Gemeindebund Nordrhein-Westfalen e. V.

Prof. Dr. Christoph M. Schmidt
President
RWI – Leibniz-Institut für Wirtschaftsforschung

Prof. Dr. Uwe Schneidewind
Lord Mayor
City of Wuppertal

Thomas Schürmann
District President
Düsseldorf Regional Government

Ralf Stoffels
President
IHK NRW – Die Industrie- und Handelskammern
in Nordrhein-Westfalen e. V.

Anja Weber
District Chairwoman
Deutscher Gewerkschaftsbund NRW

Prof. Dr. Johannes Wessels (since April 1, 2023)
Chairman of the Rectors' Conference of the Universities
in North Rhine-Westphalia and Rector of the University
of Münster

Dr. Thomas Wilk
District President
Cologne Regional Government

Bernd Zimmer
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

Olaf Lehne, MdL

Chairman

Member of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Simon Rock, MdL

Deputy Chairman

Member of the Bündnis 90/Die Grünen Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Alexander Baer, MdL

Member of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Christian Dahm, MdL

Deputy Chairman of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Christian Loose, MdL

Member of the AfD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Dr. Patricia Peill, MdL

Member of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

André Stinka, MdL

Member of the SPD Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Raphael Tigges, MdL

Member of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Klaus Vossemer, MdL

Deputy Chairman of the CDU Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Jule Wenzel, MdL

Member of the Bündnis 90/Die Grünen Parliamentary Group NRW
State Assembly of North Rhine-Westphalia

Ralf Witzel, MdL

Deputy Chairman of the FDP 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

Housing Sector Client Services

Phone +49 211 91741-4500

Fax +49 211 91741-7760

beratung@nrwbank.de

Service hours: Mondays to Thursdays from 8 a.m. to 6 p.m.
and Fridays from 8 a.m. to 4.30 p.m.

Public Sector Client Support

Phone +49 211 91741-4600

Fax +49 211 91741-2054

oeffentliche-kunden@nrwbank.de

Financial Calendar 2024

March 12, 2024	Annual press conference
August 27, 2024	Publication of the promotional result for the second quarter
November 5, 2024	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	2023 € millions	2022 € millions
Economy	3,165	4,664
Housing	3,766	2,920
Infrastructure/Municipalities	4,849	5,973
Volume of new commitments	11,779	13,558

Key Figures

	2023	2022
Total assets	€ 161.3 billion	€ 159.9 billion
Equity capital pursuant to the German Commercial Code (HGB)	€ 18.0 billion	€ 18.0 billion
Common Equity Tier 1 capital	€ 18.4 billion	€ 18.6 billion
Own funds	€ 18.5 billion	€ 18.7 billion
Operating income	€ 874.4 million	€ 633.4 million
Administrative expenses	€ -306.0 million	€ -299.4 million
Operating result	€ 568.4 million	€ 334.0 million
CET1 capital ratio	42.5%	44.0%
Total capital ratio	42.6%	44.2%
Number of employees	1,586	1,538

NRW.BANK

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Responsible (V.i.S.d.P)

Caroline Fischer
Head of Corporate Communications
NRW.BANK

Concept and Design, Production and Typesetting

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