

Press Release

Düsseldorf/Münster, March 12, 2024

NRW.BANK extends promotional funds of 11.8 billion euros and holds 49,700 advisory sessions in 2023

- Renaissance of public housing promotion – demand higher than ever – further programme improvements implemented
- Promotion volume in the promotional field “Economy” normalises after years of crisis
- Expansion of the Bank’s role as a partner of the federal state in grant-based promotion continued
- Funding: One Green Bond and two Social Bonds issued

2023 saw NRW.BANK extend promotional funds in the amount of 11.8 billion euros, down 13 percent from the previous year’s 13.6 billion euros. This means that the promotion volume is still high – above pre-COVID levels – but slowly returning to normal, especially in the promotional field “Economy”, following the acute extraordinary situations of recent years such as the COVID pandemic, the energy crisis and the severe weather events.

In contrast, there was a significant increase in demand for loans in the promotional field “Housing”. Here, new commitments totalled 3.8 billion euros, up 29% on the previous year’s 2.9 billion euros. The increase was due to the more favourable conditions, which made the promotional loans even more attractive in the environment of higher market interest rates.

“We are currently experiencing a renaissance of public housing promotion,” said Eckhard Frost, Chairman of the Managing Board of NRW.BANK, on the occasion of the annual press conference. “Thanks to high repayment discounts and very attractive interest rates, investors can realise projects that would otherwise hardly be economically viable under the difficult conditions. In addition to the transformation issues, this is currently one of the most important tasks for us as a promotional bank. We are delighted that, together with NRW’s Ministry for Building, Housing, City Development and Transport, we have successfully provided the right promotional impulses.”

In 2023, the promotional bank for North Rhine-Westphalia continued to expand its role as NRW’s partner in grant-based promotion and supported the approval and disbursement of the state subsidies. The volume

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increased to 574.5 million euros – from 428.5 million euros in the previous year.

Besides providing financial support, NRW.BANK further expanded its advisory services in 2023. 49,700 consultations were held (2022: 42,100). Free financial and promotional advice is an important additional service offered by the promotional bank for North Rhine-Westphalia.

The individual promotional fields

In the **promotional field “Housing”**, NRW.BANK achieved a volume of new commitments of 3.8 billion euros (2022: € 2.9 billion; +29%). Most importantly, public housing promotion of the federal state and of NRW.BANK reached a record level. The volume of new commitments climbed to 2.1 billion euros. This means that almost twice as many funds were approved as in the previous year (€ 1.1 billion). Not only the promotion volume was higher than in previous years, but the number of subsidised homes also increased. A total of 10,880 flats and places in nursing homes were subsidised (2022: 7,336 housing units).

Public housing promotion conditional on low income thresholds is complemented by NRW.BANK's home ownership programmes, which are also accessible to higher income groups (*NRW.BANK.Wohneigentum, taxable household income increased to 140,000 euros for a family of four in March 2023*) or have no income restriction at all and focus on sustainability (*NRW.BANK.Gebäudesanierung and NRW.BANK.Nachhaltig Wohnen*).

All three programmes were adjusted in 2023 with a noticeable effect. After interest rates had been further reduced, maximum promotion amounts increased or cancelled altogether, even longer and further maturities introduced and follow-up financing made possible in September, demand under all three programmes increased significantly. Consequently, the months from September onwards accounted for 80% of the annual volume of 93.0 million euros.

There was also a noticeable effect on the NRW.BANK.Nachhaltig Wohnen programme at the end of December. When no more funds under the national KfW programme promoting the construction of climate-friendly new homes were available in December, NRW.BANK temporarily reduced its interest rate by a total of 300 basis points.

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As a result, the volume reached in 2023 increased more than fivefold in the first one and a half months of 2024 - in the period from December 27, 2023 to February 19, 2024 (*announcement of the resumption of the KfW programme*) it amounted to 154.4 million euros. For comparison: The total volume in 2023 was 27.9 million euros.

As of 2024, further relief is being granted in the promotional field "Housing": In the period from 2024 to 2027, the previously applicable administrative cost contribution will not be charged for two years for public housing promotional loans.

In the **promotional field "Economy"**, NRW.BANK supported companies and start-ups in North Rhine-Westphalia with a total of 3.2 billion euros (2022: € 4.7 billion, -32%). Although the volume still exceeds the level of the pre-COVID year 2019 (€ 2.7 billion), demand is slowly returning to normal. While crisis aid totalled 3.5 billion euros in 2020, it amounted to only 149.5 million euros in 2023.

Demand in the promotional theme "Start-ups / Innovation" remained almost constant with a promotion volume of 924.3 million euros (2022: € 1.0 billion; -8%).

Equity financing commitments showed a good trend, rising from 585 million euros to 667.5 million euros (+14.1%), with a focus on seed financing. The new NRW.SeedCon convertible loan launched in 2023 achieved a commitment volume of 6.2 million euros for 41 cases in its first year. The NRW.SeedCap programme recorded a new commitment volume of 2.0 million euros (2022: € 0.8 million) for nine cases and was further expanded as part of NRW.BANK's sustainability strategy: Climate-tech companies can now receive a total investment of up to 750,000 euros, compared to 500,000 euros for companies in other sectors.

In the **promotional field "Infrastructure/Municipalities"**, NRW.BANK extended 4.8 billion euros in 2023, down 19 percent on the previous year (€ 6.0 billion). This decline is also due to the expiry of crisis aid – the financing of some major infrastructure projects had led to a particularly high volume in 2022.

Accommodation for refugees remained important in 2023. NRW.BANK extended 207.9 million euros (2022: € 82.9 million; +>100%) under its NRW.BANK.Flüchtlingsunterkünfte programme. In addition, it awarded funds totalling 242.2 million euros (2022: € 144.3 million; +68%) under its NRW.BANK.Moderne Schule programme.

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Demand for the NRW.BANK.Energieinfrastruktur programme, which can be used to finance wind farms, for example, has increased steadily in recent years. Last year, it rose by another 20% to 1.0 billion euros (2022: € 838.6 million).

Green and Social Bonds

NRW.BANK's funding rests on solid ground and ensures that the Bank is largely budget-independent. Almost 25 percent of the funding is meanwhile provided by Green and Social Bonds. In the promotional year 2023, NRW.BANK issued one Green Bond and two Social Bonds.

The promotional bank started issuing the latter in 2020 and has since issued eight bonds with a total volume of just over 5 billion euros. It uses the Social Bonds to refinance investments that help to create or preserve jobs, to facilitate home ownership for low and medium-income families and to finance hospitals, especially university hospitals, in North Rhine-Westphalia.

Green Bonds have been issued by NRW.BANK since 2013, when the Bank was the first promotional bank in Europe to issue such bonds. To date, the Bank has issued 14 Green Bonds with a total volume of around 8 billion euros. They are primarily used to fund climate protection and climate impact adaptation projects. Each of these bonds allows carbon savings of between 1 and 4 million tons.

Net assets and result of operations of NRW.BANK

As of December 31, 2023, total assets amounted to 161.3 billion euros (2022: € 159.9 billion), while the operating result stood at 568.4 million euros (2022: € 334.0 million). Equity capital as defined in the German Commercial Code (HGB) remained unchanged at 18.0 billion euros and the CET-1 capital ratio amounted to 42.5 percent (2022: 44.0%). This means that NRW.BANK was able to continue the stable trend of the past years.

Contact for inquiries:

Caroline Fischer, Press Officer

Phone: +49 211 91741-1847; e-mail: caroline.fischer@nrwbank.de

For more information, visit www.nrwbank.de/jpg

NRW.BANK – The Promotional Bank for North Rhine-Westphalia

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NRW.BANK is the promotional bank for North Rhine-Westphalia (NRW). In close partnership with its owner, the State of North Rhine-Westphalia, the Bank helps to strengthen SMEs and start-ups, create affordable housing and improve public infrastructure. NRW.BANK offers people, enterprises and local authorities in NRW tailor-made financing solutions and advisory services. It cooperates with its financing partners, in particular all banks and savings banks, on a competition-neutral basis. To accelerate the transformation processes, the Bank provides effective promotional impulses – for a sustainable, climate-neutral and digital North Rhine-Westphalia.

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