



NRW.BANK
Promoting Ideas

Annual Report 2019

MOVING SUSTAINABILITY FORWARD

The following symbols are used for navigation within this Annual Report:

-  Show first page of Annual Report
-  Show table of contents
-  Show previous page
-  Show next page

Contents

3	EDITORIAL
4	WE PROMOTE WHAT MOVES NRW
13	FINANCIAL REPORT

This is an unofficial translation of the Geschäftsbericht 2019 (German Annual Report 2019) and is provided for convenience purposes only. In the event of any ambiguity, the German text will prevail.



DEAR READERS,

What is needed to secure North Rhine-Westphalia's future? A sustainable economy that provides jobs for millions of people as well as clean air in the cities. NRW needs communities with green lungs, emission-free cars, buses and trains and electricity from renewable energy sources. But a sustainable future for NRW also means modern schools, affordable housing and a social infrastructure that does justice to all generations. All this is promoted by NRW.BANK.

In 2019, initiatives such as Fridays for Future and others focused particular attention on climate change. If the good living conditions in our country are to be maintained for present and future generations, we must all live more sustainably. From day one, it has been NRW.BANK's mission to support the people, municipalities and enterprises in the federal state in doing just this.

To mark the 15th anniversary of the promotional bank for North Rhine-Westphalia, we therefore wanted to point the way in 2019

and joined forces with Schutzgemeinschaft Deutscher Wald e.V. to plant 5,478 trees in the Duisburg city forest – one tree for each day of our existence as a promotional bank. The young additional deciduous trees help make the forest in North Rhine-Westphalia more climatically stable as a mixed forest.

Sustainability and the careful use of the environment and our resources are the preconditions for prosperity in the 21st century. As a financing partner, we therefore support every good idea that helps to move NRW in a sustainable way. Our goal is to create a harmonious balance between ecology, economy and social issues.

This report shows that there is a great need to promote sustainable ideas. NRW.BANK looks back on a very successful year. We owe this result to our customers, our partners, our owner, the state of North Rhine-Westphalia, and our employees. They all help North Rhine-Westphalia shape a sustainable future. We look forward to moving NRW together with you in 2020!

The Managing Board of NRW.BANK

Eckhard Forst

Eckhard Forst
Chairman of the
Managing Board

Gabriela Pantring

Gabriela Pantring
Member of the
Managing Board

Michael Stölting

Michael Stölting
Member of the
Managing Board

Dietrich Suhlrie

Dietrich Suhlrie
Member of the
Managing Board

WE PROMOTE WHAT MOVES NRW

The world is changing. To enable progress and innovation, entrepreneurs, municipalities and the people in North Rhine-Westphalia need a reliable partner. NRW.BANK wants every good idea in the federal state to receive the right funding. For this purpose, the promotional bank for what is Germany's most populous state provides a wide range of instruments – from low-interest promotional loans to equity finance to advisory services.

(Figures from 2019)

€ **2.6** billion

to provide
affordable and
modern housing

29,600

advisory sessions

to support NRW's corporate,
municipal and housing
sectors in their ability to act

€ **1** billion

invested in environmental
and climate protection
projects refinanced
via the 7th and 8th
NRW.BANK.Green Bond

€ **2.7** billion

to boost company
start-ups and innova-
tions and support the
SME sector

€ **4.9** billion

to help expand and build
up a modern and secure
infrastructure and finance
NRW's municipalities

WE ARE DRIVING THE DIGITAL CHANGE

Digitalisation is a growth driver of the North Rhine-Westphalian economy. It makes it possible to develop more sustainable and new business models, to adjust production times and to evaluate processes with a view to making them more efficient and resource-saving. NRW.BANK promotes investments in digital change across all sectors. This ranges from promotional loans for the development of broadband networks to low-cost loans for the acquisition of digital technologies and services to equity capital for digital start-ups.

Trades 4.0: Master joiner Jan Hüser used the NRW.BANK.Digitalisierungskredit to invest in modern machinery and digital processes. As a result, the Hüser-Michels family business with its 200-year tradition remains competitive.

WE COMBINE INNOVATION WITH SUSTAINABILITY

North Rhine-Westphalia thrives on the innovative spirit of its start-ups, company founders and SMEs. Innovations help conquer new markets, secure jobs and ensure prosperity and quality of life. NRW.BANK supports promising business ideas with venture and debt capital, its network and advisory services and with the GRÜNDERPREIS NRW, an award for founders. The Bank's aim is to make North Rhine-Westphalia the number one federal state for innovation.



Christine Batsch, second place at GRÜNDERPREIS NRW 2019. The graduate engineer has established Ch.Batsch Verfahrenstechnik GmbH in Meckenheim near Bonn. The company builds plants for the recovery of solvents. This greentech innovation allows manufacturing companies to reuse almost 100 percent of such environmentally harmful substances.

WE STRENGTHEN SMES



Mastering succession

According to the Institut für Mittelstandsforschung, more than 30,000 companies in North Rhine-Westphalia are about to hand over their businesses in the period from 2018 to 2022. Matthes & Henze Siebdruck GmbH from Iserlohn is a good example of a successful generational change. NRW.BANK supports companies like this to ensure a smooth changeover. Our experts help, for instance, analyse companies' key figures and their competitive environment. They assist in the planning and hand-over process; if required, they also advise on all questions relating to financing and potential promotional funds.

North Rhine-Westphalia needs strong SMEs, while its SMEs need a strong partner to promote and finance their investments and, hence, their growth in the long term. The demands made on small and medium-sized enterprises are growing all the time, forcing them to understand and seize the opportunities that arise from global developments such as climate change, the trend towards sustainable products and services and the always-on society. NRW.BANK supports them in this endeavour. No matter whether it is for machinery, operating resources,

real estate, international expansion or plant extension, NRW.BANK offers promotional programmes, equity capital and advisory services for almost all projects that promise to have a sustainable effect on the corporate sector and the federal state. Our promotional advisors additionally help enterprises explore the entire spectrum of public financing and promotional opportunities and take advantage of the potential of EU funding. Whatever it is that SMEs are caring about, they should turn to NRW.BANK for promotional funding and support.

WE MAKE MOBILITY CLIMATE-FRIENDLY

Climate-friendly travelling is one of the most important components of a sustainable lifestyle. NRW.BANK supports enterprises, transport companies and local authorities in getting tomorrow's emission-free mobility off the ground.

Aachen

Elegant, nimble and clean: The electric scooter from unu GmbH makes electric driving in urban areas great fun. It was developed in cooperation with PEM Motion, a spin-off from RWTH Aachen University.

Bocholt

GUD Gesellschaft für Umweltdienste mbH uses electric excavators to handle its customers' bulk material. Lower energy costs, greater benefit for the environment.

Bad Lippspringe

Parking and charging is one and the same process for e-cars. RTB GmbH & Co. KG develops the innovative technology car parks require for this process, including the billing system.

Oberhausen

Electric all down the line: Stadtwerke Oberhausen has bought three new e-buses and the corresponding charging infrastructure for a clean service on line 979.

Cologne/Bonn

30 new buses make Regionalverkehr Köln GmbH's fuel cell hybrid bus fleet the largest of its kind in Europe. Silent and completely emission-free.

Bochum

Voltavision GmbH tests and develops power storage units for secure, long-range electric mobility.

Grevenbroich

Stamos GmbH knows all about renewable energy. The HVAC business has added two electric vans to its vehicle fleet.

Kalletal

Kommunale Verkehrsgesellschaft Lippe (KVG) mbH combines public buses, app-based transport requests, communal cars and e-bikes for efficient public transport in the countryside.

WE SUPPORT THE ENERGY TRANSITION

As the most populous state and the number one industrial location in Germany, North Rhine-Westphalia is rebuilding its energy supply to ensure more effective climate protection. The huge investments required for this purpose are co-financed by NRW.BANK on a long-term basis.



Solar energy

The Am Grottenkamp solar park in Steinfurt supplies electricity for more than 130 households, saving around 380 tons of carbon dioxide compared to conventional energy production.



Wind energy

In the district of Steinfurt, citizens have joined forces to support the construction of the Hörstel community wind farm. Once the third construction phase is completed, the wind farm is expected to produce clean electricity for 22,400 households.



Energy storage

The PSW Rönkhausen hydro-power pump reservoir in the Sauerland region stabilises fluctuations in wind and solar energy caused by the weather and over the course of the day to ensure a reliable power supply.



Cogeneration plant

The “Block Fortuna” gas and steam turbine power plant supplies Düsseldorf with environmentally friendly electricity and district heat. Operating according to the cogeneration principle, the plant is extremely efficient.

WE MAKE HOUSING AFFORDABLE

MODERN HOUSING

108 barrier-free apartments and another three large group flats of different sizes and floor plans offer affordable, modern living space for families, singles, elderly people or people with disabilities.

ALTERNATIVE ENERGY

Thanks to a photovoltaic system on the roof, the residents benefit from solar power.

ASSISTANCE AND CARE

44 apartments are designed for people with increased need for care. There are also residential groups for people with and without disabilities and a nursing ward for 24 residents.

NEIGHBOURHOOD MEETING POINT

A cafeteria with outdoor seating and a neighbourhood square will become an intergenerational meeting place for residents and neighbours.

There is always demand for modern properties. They should be affordable for everyone, have an attractive environment and allow room for a wide variety of different lifestyles. In its capacity as the housing promotion arm of the State of North Rhine-Westphalia, NRW.BANK promotes the modernisation of existing housing stock and the construction of new rented and owner-occupied homes. One such project is the “Parkquartier Königsborn”, which is being built by an investor in Unna for a total of € 21.2 million. After the demolition of an old high-rise which adversely affected the entire neighbourhood, three modern buildings for people of all generations are now being created.



WE IMPROVE THE QUALITY OF LIFE

Climate protection and climate change adaptation are central tasks of the local authorities. But there is even more to it: to remain attractive for businesses and people, cities and communities must have a functioning infrastructure that supports the economy and ensures a high quality of life. NRW.BANK promotes what the local people need.

SUSTAINABLE ENERGY INFRASTRUCTURE

- Renewable energy
- Cogeneration plants
- Storage technologies

AFFORDABLE HOUSING

- Rental and owner-occupied housing
- Student residences
- Neighbourhood development
- Activation of open space

EFFICIENT CLIMATE PROTECTION

- Refurbishment
- Heating modernisation

POWERFUL AUTHORITIES

- Citizen-friendly service
- Efficient administration
- Effective budget

SOCIAL INFRASTRUCTURE

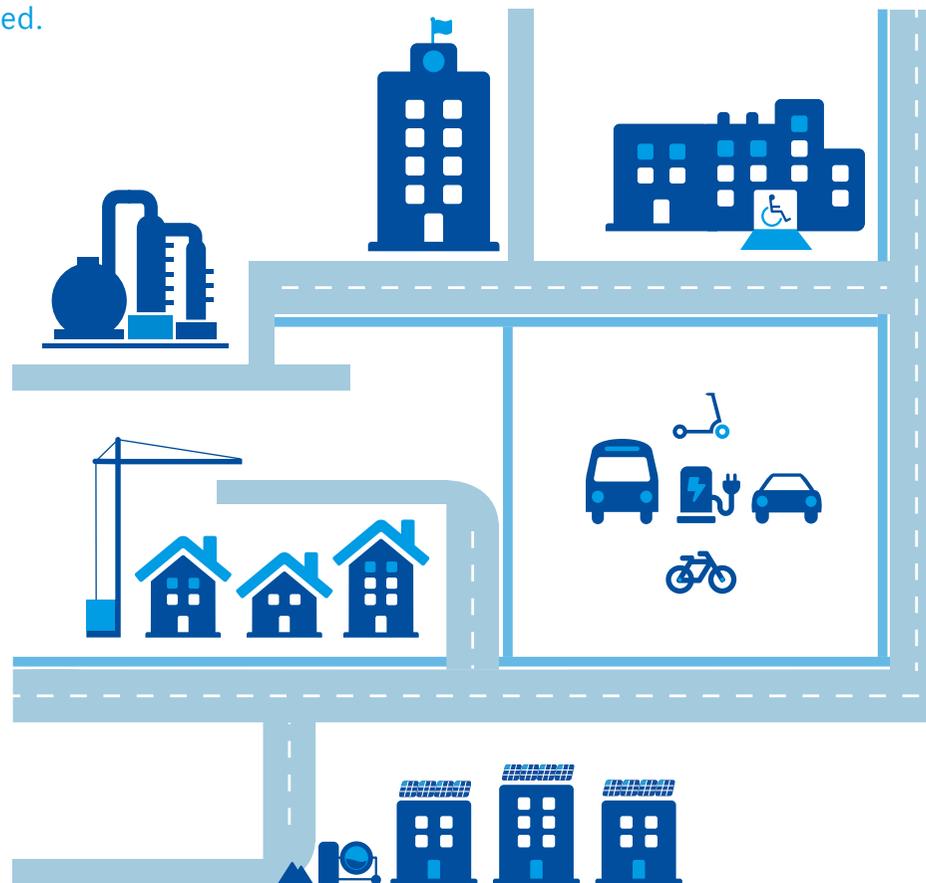
- Schools
- Day nurseries
- Sports facilities
- Health, senior citizens and care facilities

GREEN MOBILITY

- Electromobility
- Emission-free buses and trams
- Energy charging infrastructure
- Cycle paths
- Street lighting

DIGITAL INFRASTRUCTURE

- Broadband expansion
- Connected city



Good schools

Since 2017,

€ **1.2** billion

have been invested in the modernisation and digitalisation of the school infrastructure under the NRW.BANK.Gute Schule 2020 programme – an important contribution to better learning conditions.

WE ARE COMMITTED TO SOCIETY

NRW.BANK takes its social responsibility seriously and is committed to the community in North Rhine-Westphalia above and beyond its business activities as a promotional bank. In 2019, we supported 79 non-profit organisations and initiatives in the federal state with a total of € 841,000. The spectrum of projects supported by the Bank ranged from science and education, art and culture to environmental and climate protection to sports and social projects. Among the projects supported by us in 2019 were ...



...the DIGIYOU school competition. Together with "Die BILDUNGS-GENOSSENSCHAFT – Beste Chancen für alle e.G.", NRW.BANK called on pupils in NRW to develop their own ideas for digital change.



...tree planting campaigns by Schutzgemeinschaft Deutscher Wald e.V. . NRW.BANK donated some 7,500 young deciduous trees to make the forests in Münster and Duisburg more climate-resistant as mixed forests.



...the "Eine Welt Mobil". The van sponsored by NRW.BANK offers innovative learning opportunities that give young people access to development policy issues in a playful manner.



...the training and further education of restorers. NRW.BANK donated € 50,000 to Akademie Schloss Raesfeld in the Münsterland region for a practical training course on "medieval craftsmanship".

Financial Report 2019 of NRW.BANK

14	The Promotional Business of NRW.BANK
20	Report on Public Corporate Governance
33	Declaration of Conformity
34	Report of the Supervisory Board
36	Management Report
79	Balance Sheet
83	Income Statement
85	Notes
130	Cash Flow Statement
131	Statement of Changes in Equity
132	Reproduction of the Auditor's Report
138	Responsibility Statement
139	Members of the Advisory Board for Housing Promotion
142	Members of the Advisory Board
147	Members of the Parliamentary Advisory Board
149	Organisational Chart
151	NRW.BANK at a Glance

The following symbols indicate important information:

-  Further information is available online.
-  Further information is provided in this annual report.

The Promotional Business of NRW.BANK

1 Overview

As the promotional bank and main promotional platform of 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 with a view to minimising the impact of these activities on the state budget. 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.

The chargeless facilitating of monetary and non-monetary resources for the promotional business – referred to as “Förderleistung” – is an integral element of NRW.BANK’s promotion. Interest waivers are a central component of this “Förderleistung”. On the one hand, NRW.BANK reduces a borrower’s interest expenses by subsidising the interest rate for the final borrower, resulting in a below-market interest rate.

On the other hand, it refrains from putting its equity capital in alternative investments yielding higher interest and, hence, income by using this capital to finance promotional loans granted at interest rates that are lower than the market rate. Other components of the “Förderleistung” include risk assumptions and services

such as advisory services for companies and customers. The supply of the “Förderleistung” specifically enables NRW.BANK to make available attractive promotional products to the respective target groups.

NRW.BANK takes into account the existing offers by the Federal Institutes in the arrangement of its promotion and supports the extensive use of Federal and EU 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. In addition to the international capital market, NRW.BANK also uses funds made available to it by KfW Bankengruppe, Landwirtschaftliche Rentenbank, the European Investment Bank (EIB) as well as the Council of Europe Development Bank (CEB) to refinance its promotional activities.

NRW.BANK’s promotion is governed by the principles adopted by the Board of Guarantors as well as by NRW.BANK’s promotional strategy, which is based thereon.

The promotional strategy provides central guidelines for the promotional business. These promotional guidelines contain selected aspects to secure the efficiency and effectiveness of promotion. At this stage, the promotional strategy comprises three guidelines: “European Promotion”, “Digital Promotion” and “Networked Pro-

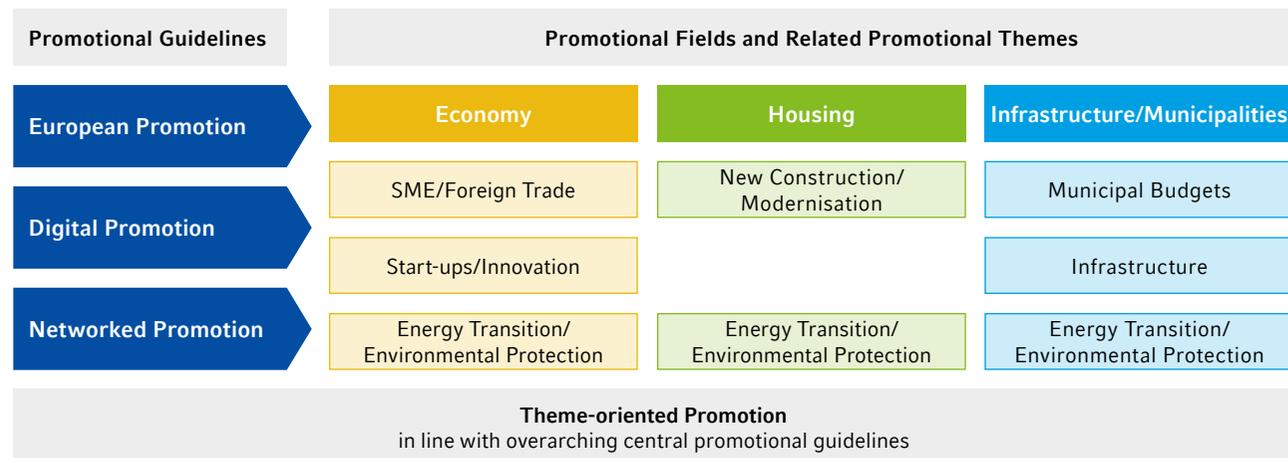
motion”. While the “European Promotion” guideline focuses on the acquisition of (additional) EU funds for promotional projects in North Rhine-Westphalia, the “Digital Promotion” guideline takes into account the increasing requirements to be met by promotional banks for the further digitalisation of their promotional business. The “Networked Promotion” guideline describes the Bank’s positioning as an active partner in promotional networks to increase the visibility of the funding portfolio and to generate ideas for promotion and synergies.

NRW.BANK’s promotional business has a qualitative and theme-oriented focus. The promotional services are provided in the three promotional fields Economy, Housing as well as Infrastructure/Municipalities, which, in turn, are divided into individual promotional themes. Each promotional product is assigned to a specific promotional theme. The implementation of the energy transition and the consideration of environmental protection relate to all three promotional fields of NRW.BANK, albeit with different facets.

In the further development of the contents of its promotional offerings, NRW.BANK takes current challenges into account, e.g. the tight housing markets in many North Rhine-Westphalian regions. The current shortage of housing makes it more difficult to acquire properties also for households whose incomes exceed the threshold of public housing promotion under the Law on the Promotion and Use of Housing for the State of

North Rhine-Westphalia (WFNG NRW). In February 2019, NRW.BANK therefore launched a new promotional programme, under which recipients benefit from loans whose interest rates are fixed for up to 30 years. Securing the historically low interest rates in the long term gives borrowers planning certainty and helps them finance the construction or purchase of their own homes. Another current challenge is the renovation backlog of sports facilities in North Rhine-Westphalia. In view of the importance of sports for human health, NRW.BANK supports investments in an intact and modern sports infrastructure by offering special promotional loans. To provide promotion from a single source, NRW.BANK moreover assumed the approval function for a new subsidy programme of the State of North Rhine-Westphalia for the modernisation of sports facilities in 2019.

Promotional architecture of NRW.BANK



As in the previous year, NRW.BANK recorded a volume of new commitments of € 10.3 billion in 2019. On-lending accounted for around 17% of this total amount.

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, 2019 € millions	Dec. 31, 2018 € millions	Change € millions
Economy	2,737	3,592	-855
Housing	2,624	2,215	409
Infrastructure/Municipalities	4,929	4,487	442
Total	10,290	10,294	-4

2 Promotional Field Economy

NRW.BANK's economic promotion activities comprise a wide range of financing instruments such as low-interest promotional loans, risk assumption as well as equity strengthening solutions. The various promotional solutions in this promotional field allow NRW.BANK to cover the entire lifecycle of a company. The Bank's economic promotion offerings are complemented by advisory services.

With its extensive range of economic promotion products, NRW.BANK helps lay the foundations for a prospering economy by supporting creative action, economically sound investments and technological progress. In doing so, the Bank acts as a reliable partner to both businesses and the federal state.

Besides the general promotion of SMEs, a focus of NRW.BANK's activities in the promotional field Economy lies on the funding of start-up and innovation projects. NRW.BANK thus acknowledges the fact that business start-ups and innovations play a key role for the dynamic development of the North Rhine-Westphalian economy. Moreover, investments in the protection of resources and in increased energy efficiency have gained importance for the corporate sector in recent years. The corresponding offerings have therefore been pooled in a separate promotional theme.

Promotional Theme SME/Foreign Trade

This promotional theme comprises the two anchor products of NRW.BANK in the field of economic promotion, i.e. the NRW.BANK.Universalkredit and the NRW.BANK.Mittelstandskredit. These two programmes offer small and medium-sized enterprises low-interest loans for working capital requirements and investments that can be used for a broad range of purposes. Subject to certain conditions, optional liability releases of 50% for the on-lending house banks may be applied for as an additional promotional component. The two anchor products account for the biggest portion of the volume of new commitments in this promotional theme. In addition, NRW.BANK's low-interest global loans offer banks and savings banks favourable refinancing loans to fund their own SME lending activity. NRW.BANK also joins syndicates extending loans for small and mid-sized enterprises.

Established SMEs are offered mezzanine capital or equity investments to strengthen their equity capital. In addition, NRW.BANK supports the provision of equity for restructuring efforts via a separate fund by acting as a co-investor for capital investment companies

Advisory services are available to SMEs both with regard to the full range of NRW.BANK's promotional products and regarding the support offered by other

institutions. NRW.BANK additionally supports small and medium-sized enterprises in change processes by way of individual advice for the optimisation of their financing structures using public funds.

NRW.BANK's foreign trade promotion products and services include, on the one hand, low-interest loans for foreign investments and, on the other hand, advice on the use of public promotional and development funds in international projects.

Promotional Theme Start-ups/Innovation

The highest-volume programme in this promotional theme offers interest-subsidised loans for start-up and consolidation financing. These loans are partly combinable with liability releases for the on-lending house bank depending on the age of the company. In addition, micro start-ups benefit from a separate NRW.BANK programme, under which not only low interest rates are offered but also no collateral is required. Applications for promotional funds under this programme are channelled through the STARTERCENTERS in North Rhine-Westphalia.

The special needs of start-up projects in innovative sectors are met by NRW.BANK through a fund-of-funds initiative for seed financings. To stimulate seed investments, this initiative acts as a fund investor

providing regional seed funds in North Rhine-Westphalia with capital. NRW.BANK's offerings for the promotion of innovation also include 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. In addition, NRW.BANK's advisory, support and mediation activities effectively support investments by business angels, i.e. high net worth individuals with a proven entrepreneurial background, in innovative start-ups.

A promotional programme with attractive conditions is available to support small and medium-sized companies' digitalisation investments and/or investments in adding new, technologically advanced products to their product ranges or in the adoption of high-tech production processes. A lack of available collateral often makes it difficult for fast-growing and/or innovative SMEs to raise loans. NRW.BANK therefore supports this target group via a separate complementary offering. Apart from favourable terms and conditions, this programme offers a 70% liability release for the on-lending house banks. NRW.BANK additionally acts as co-investor in venture capital financings to support young innovative enterprises.

For several years, start-ups and young companies from the digital economy have been supported by equity investments granted in addition to investments by business angels. Since the beginning of 2020, this promotional offering has also been available to applicants from other industries.

Promotional Theme Energy Transition/ Environmental Protection

The aim of the German energy transition is to improve energy efficiency and reduce the energy consumption of companies. NRW.BANK supports companies' efforts in this respect through a promotional programme with especially favourable conditions. To qualify for funds under this programme, applicants must fulfil certain minimum requirements in terms of energy savings or efficiency. Enterprises may also receive low-interest financing for research and development projects falling under the "Masterplan Elektromobilität Nordrhein-Westfalen" (North Rhine-Westphalia's Electromobility Masterplan).

3 Promotional Field Housing

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 efforts aimed at increasing energy efficiency and implementing environmental and climate protection targets in residential properties.

Public housing promotion remains an indispensable element to realise these objectives and is designed to ensure affordable quality 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.

Promotional Theme New Construction/ Modernisation

NRW.BANK's public housing promotion programmes are designed to support, in particular, the creation of affordable, high-quality housing for households that are unable to obtain adequate housing in the market. In this context, the programme for the promotion of rent-controlled and occupancy-controlled housing construction and the support in the construction, acquisition or modernisation of owner-occupied housing for this target group plays an important role. In the field of public housing promotion, NRW.BANK additionally promotes the removal of barriers in owner-occupied and rented residential buildings and encourages investors to build student dorms. To create additional incentives for investors in social housing promotion also in 2019, the Bank continued to offer the publicly funded debt relief scheme under which a pro-rated part of the principal repayment is waived subject to certain conditions.

Promotional products for home owners of privately used buildings complement NRW.BANK's offerings in the field of public housing promotion. Low-interest loans are granted, for instance, to finance the replacement of heating systems, structural measures for flood protection,

the modernisation of sanitary installations or measures for the elimination of barriers or for burglary protection. Since early 2019, NRW.BANK has been granting loans for the construction and purchase of privately used residential properties with a very long fixed-interest term. A social component in this new offer is ensured by basing the income thresholds for eligible applicants on the federal government's child-related construction grants. With a view to the ageing society, low-interest loans for investments in the construction of new nursing homes complement the portfolio.

Promotional Theme Energy Transition/ Environmental Protection

Energy savings and improved energy efficiency are also relevant for housing promotion. NRW.BANK supports the corresponding efforts in the construction of public housing and effectively promotes the modernisation of private sewer pipes of owner-occupied homes.

4 Promotional Field Infrastructure/Municipalities

A functioning infrastructure is an important precondition for economic growth in individual regions and in North Rhine-Westphalia as a whole. The expansion of the educational infrastructure, which is a key success factor for the future development in North Rhine-Westphalia, and the active implementation of the energy transition with the help of appropriate measures are of special importance for society. NRW.BANK therefore supports projects designed to improve the technical and social infrastructure both publicly and privately.

Promotional Theme Municipal Budgets

NRW.BANK is aware that a functioning community relies on solidly funded municipalities and therefore provides the municipalities in North Rhine-Westphalia with municipal loans and liquidity loans. Promotional funds totalling € 2.6 billion were made available to North Rhine-Westphalian municipalities in 2019.

In addition to its financial offerings, NRW.BANK provides the North Rhine-Westphalian municipalities with advisory services regarding promotional offerings as well as economic and financial issues. The latter comprise both financial management support for municipalities and advice on projects, e.g. for the development and implementation of municipal action plans or public private partnership projects.

Promotional Theme Infrastructure

In the context of its infrastructure promotion activities, NRW.BANK offers the North Rhine-Westphalian municipalities, their enterprises and municipal cooperatives low-interest and long-term investment loans, which are extended directly. Municipalities may use these loans for investment measures without limitation to any specific purpose. Under this promotional offering, essentially all investments in municipal infrastructure, e.g. projects for municipal air pollution control or the improvement of water supply and sewage disposal, are co-financed.

The investments needed to maintain and expand North Rhine-Westphalia's infrastructure require not only

public funds but increasingly also private capital. NRW.BANK therefore offers favourable terms and conditions to encourage corporate investment in social and public infrastructure projects. The Bank additionally supports infrastructure projects by way of customised corporate and project loans in the context of syndicates with other banks.

These broad-based promotional offerings are complemented by a number of special programmes with especially attractive terms for selected objectives and investment projects, respectively, to provide stimulation in certain infrastructure sub-segments. Examples include special offerings for the promotion of broadband expansion in North Rhine-Westphalia, for the maintenance and refurbishment of buildings listed as public monuments or for the promotion of sports facilities. The latter loan offer was complemented in a market-oriented manner by the assumption of the approval function for a new subsidy programme of the State of North Rhine-Westphalia for the modernisation of sports facilities in 2019. NRW.BANK supports the public sector's efforts in this area by promoting and supporting private investment as well as by conducting economic feasibility studies comparing different forms of funding and realisation.

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. To additionally support the urgently needed investments in schools, NRW.BANK makes available an amount of € 500 million per year and subsidises interest payments in a joint campaign with the federal state scheduled to run until the end of 2020. The federal state takes care of any interest and principal payments that may become due for these loans.

Promotional Theme Energy Transition/ Environmental Protection

NRW.BANK supports investments in the energy infrastructure by way of both low-interest promotional programme loans and customised company and project financings within the framework of syndicates with other banks. The Bank thus promotes investments in power generation plants, the construction of energy storage capacities and the construction and maintenance of networks. Special promotional solutions for flood management and other selected water management measures as well as for investments in the resource-efficient disposal of waste water primarily serve to advance environmental protection in the context of infrastructure promotion.

Report on Public Corporate Governance in the Year 2019

1 General Information

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

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

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

2 Guarantor and Board of Guarantors

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

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

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

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

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

3 Managing Board

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

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

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

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

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

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

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

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

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

4 Supervisory Board

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

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

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

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

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

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

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

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

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

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

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

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

5 Cooperation between the Managing Board and the Supervisory Board

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

6 Transparency

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

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

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

7 Accounting

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

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

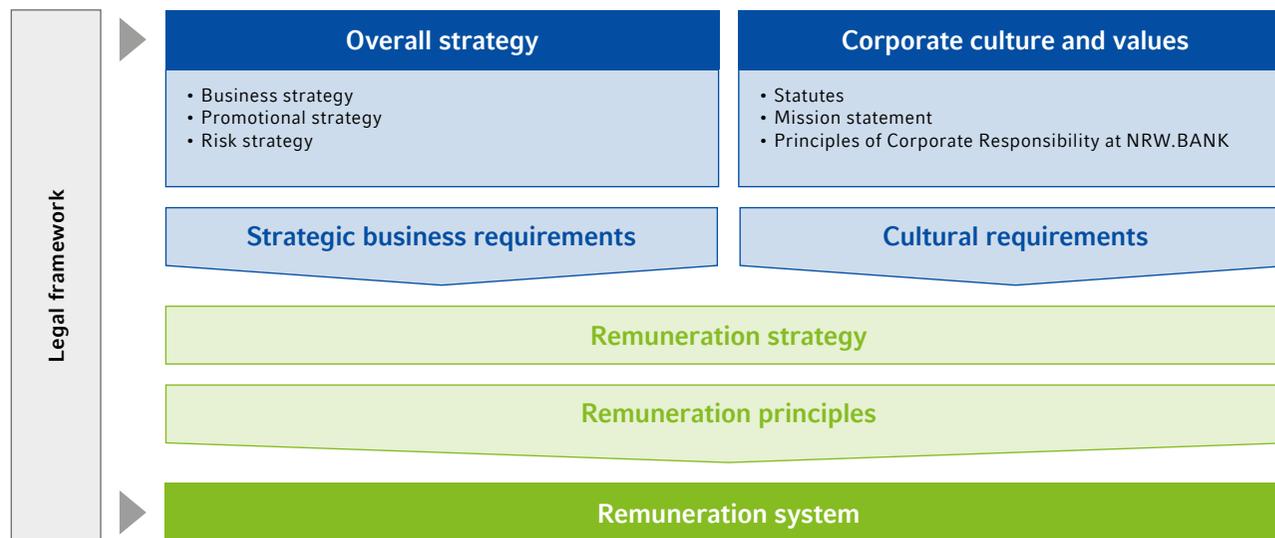
8 Remuneration Report

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

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

8.1 Remuneration Strategy and Control

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



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

- **Target-oriented incentives implementing the strategy**
The remuneration system supports the implementation of the targets and objectives defined in the overall strategy. Incentives that help achieve the targets are supported, while those that are opposed to the targets are prevented.
- **Risk orientation**
The remuneration system supports NRW.BANK's consistent conservative risk policy and does not encourage undesirable risk-taking.
- **Resource efficiency**
Being the central promotional platform, NRW.BANK's main task consists in designing the promotional products efficiently and with a minimum impact on the state budget. In the context of its conservative capital market strategy, NRW.BANK generates surpluses which are mainly used for the promotional business and to secure the Bank's performance. The remuneration system considers these principles of a cautiously operating public-law promotional bank. At the same time, NRW.BANK is subject to all banking-specific requirements and requires employees with the corresponding qualifications.

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

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

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

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

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

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

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

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

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

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

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

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

8.2 General Conditions for Appropriate Remuneration

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

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

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

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

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

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

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

8.3 Conditions for the Deferral and Payment of Variable Remuneration Components

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

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

8.4 Composition of the Managing Board Remuneration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.5 Remuneration of the Members of the Supervisory Board

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

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

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

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

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

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

Composition of the Remuneration for the Year 2019

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

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

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

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

Complementary Information Regarding Deferred Variable Remuneration Components from Previous Years

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

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

Information Regarding Other Remuneration Benefits

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

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

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

Composition of the Remuneration for the Year 2019

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

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

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

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

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

Complementary Information Regarding Deferred Variable Remuneration Components from Previous Years

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

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

Information Regarding Other Remuneration Benefits

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

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

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

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

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

²⁾ Number of risk takers on the Supervisory Board as of December 31, 2019

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

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 2019 save for the following exceptions. These are made transparent and justified in accordance with sections 1.3.5 and 1.4 of the PCGC of NRW.BANK.

Reappointment to the Managing Board

When reappointing Dietrich Suhlrie as member of the Managing Board, a follow-up contract at unchanged conditions was signed, given that his former employment contract had been limited in time. The new contract does not contain a provision regarding a severance payment cap as defined in Clause 3.4.2, as such a provision was not contained in the previous contract. For more information on the contractual agreements, please refer to Chapter 8.4 "Composition of the Managing Board Remuneration" in the Report on Public Corporate Governance.

Diversity in the composition of the Supervisory Board

The 40% minimum recommendation for both genders on the Supervisory Board stipulated in Clause 4.5.1 was not met as of December 31, 2019. As of the reporting date, the Supervisory Board was composed of 15 members, 33.3% of whom were women and 66.7% were men.

In accordance with the strategy adopted in 2015 to promote the representation of the underrepresented gender on the Supervisory Board, the Supervisory Board aims to comply with this recommendation of the PCGC. Against this background, the Supervisory Board pays special attention to considering the underrepresented gender when proposing candidates for appointment to the Supervisory Board to the guarantor. When identifying women and men with equal qualifications for Supervisory Board membership, it recommends giving preference to women until the target is reached. The Supervisory Board furthermore asks NRW.BANK's staff council to consider the PCGC target when exercising its right to propose members who are to be elected to the Supervisory Board by the workforce. Nevertheless, the accomplishment of this target depends on the intervals at which new members are to be elected and continues to be jeopardised by the fact that certain members of the Supervisory Board automatically accede to their positions by virtue of holding public offices outside NRW.BANK's sphere of influence while the appointment of other members is dependent on the composition of the elected employee representative body.

Submission of Resolution Proposals to the Supervisory Board

Contrary to 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 due to current developments. Thanks to the availability of the Managing Board for answering questions, the preparation of the Supervisory Board meetings by the Executive and Nomination Committee and the possibility for extensive consultations at the meetings, it is nevertheless ensured that all issues are 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 2020

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 2019. 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.

Especially against the background of legal changes and procedural adjustments, it further developed NRW.BANK's rules and regulations and made recommendations to the Board of Guarantors in this regard. It also dealt with the evaluation of the Managing Board and the Supervisory Board of NRW.BANK. In addition, the Supervisory Board repeatedly addressed digitisation issues as well as their effects on the Bank and the measures taken in this regard.

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

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

The Risk Committee mainly assisted the Supervisory Board in monitoring the Bank's risk situation and monitored the effectiveness of the risk management system.

The Promotional Committee primarily addressed various aspects of the promotional policy and the promotional business.

In accordance with regulatory requirements and the provisions in the Statutes, the Supervisory Board addressed the business, promotional and risk strategy for the years 2020 to 2023, 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 2, 2019, the Board of Guarantors acted on the proposed resolution.

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 2019 and the management report and issued an unqualified audit opinion.

The Supervisory Board and the from among its members formed Audit Committee discussed in detail the financial statements of NRW.BANK and the report of the external auditors on the results of their audits.

At its meeting on March 16, 2020, 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 2019. The Non-Financial Report 2019 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 2019, as the Bank is not obliged to do so under commercial law.

The Supervisory Board held four meetings in the fiscal year. Another 15 meetings were held by the Committees composed of the members of the Supervisory Board; the Executive and Nomination Committee held four meetings, the Risk Committee held four meetings, the

Audit Committee held two meetings, the Promotional Committee held four meetings and the Remuneration Committee held one meeting. In addition, the Remuneration Committee passed one resolution by written vote.

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. As a result of the amendment of the Capital Requirements Directive (CRD), which became effective on June 27, 2019, direct supervisory responsibility for NRW.BANK was transferred from the European Central Bank (ECB) to the national supervisory authorities, the German Federal Financial Supervisory Authority (BaFin) and Deutsche Bundesbank.

Düsseldorf/Münster, March 2020



Prof. Dr. Andreas Pinkwart
Chairman of the Supervisory Board

Management Report

of NRW.BANK for the Fiscal Year 2019

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

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

1.1 Business Model

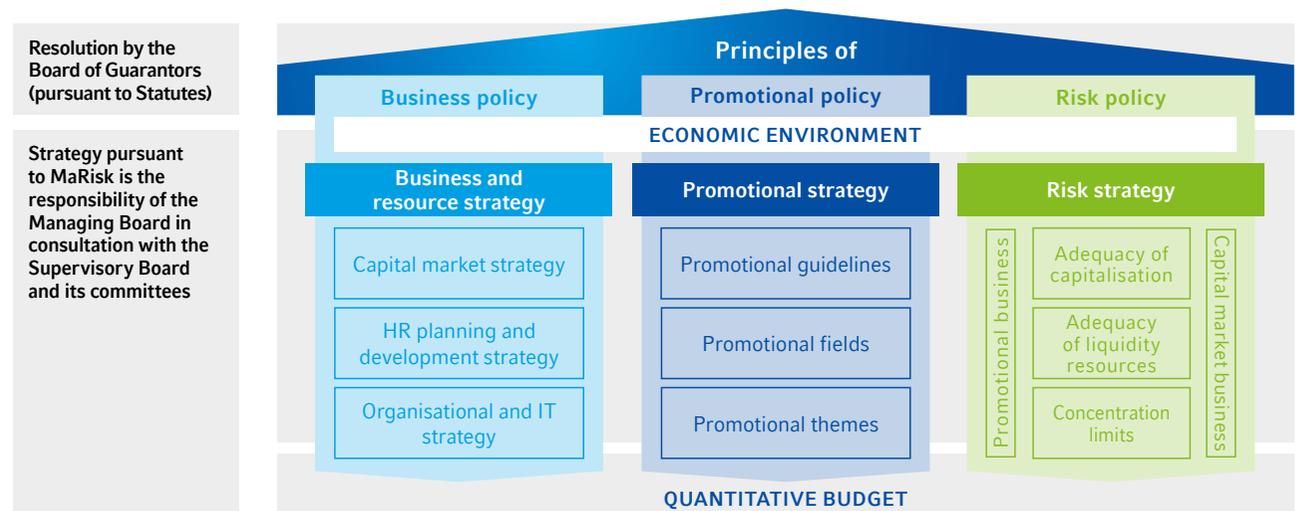
NRW.BANK's business model is that of a largely budget-independent promotional bank and supports the sustained fulfilment of its public promotional mission. According to the "Act on NRW.BANK", it is a legally independent promotional bank engaging in competition-neutral promotional business which permanently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

ment 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. In arranging its promotional activities, NRW.BANK takes into account the existing offers by the Federal Institutes and supports the largest possible utilisation of promotional funds made available by the federal

government and European institutions in the State of North Rhine-Westphalia.

1.2 Objectives and Strategies

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



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

Sustainability is a central guiding principle and a key criterion for NRW.BANK's decisions on business policy. Details can be found in NRW.BANK's Sustainability Guidelines and in the Sustainability Report published annually around the middle of the following year.

The promotional strategy is at the heart of the 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 aspects 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 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 provides central guidelines for the promotional business. These promotional guidelines contain selected aspects to secure the efficiency and effectiveness of promotion. At this stage, the promotional strategy comprises three guidelines, "European Promotion", "Digital Promotion" and "Networked Promotion", for each of which specific objectives and measures have been defined.

The "European Promotion" guideline is designed to ensure that the potential opened up by the new promotional period (2021–2027) of the European Union (EU) is leveraged. It focuses on obtaining (additional) EU funds for promotion projects in North Rhine-Westphalia and at exploring additional promotional potential. In this context, it is particularly important for NRW.BANK to make maximum use of the EU's new InvestEU programme to enhance its promotional portfolio. The "Digital Promotion" guideline explicitly addresses the growing demands made on promotional banks to further digitise their promotional business. The "Networked Promotion" guideline describes the Bank's positioning as an active partner in promotional networks to increase the visibility of the funding portfolio and to generate ideas for promotion and synergies.

NRW.BANK's promotional business has a qualitative and theme-oriented focus. The promotional services are provided in the three promotional fields Economy, Housing as well as Infrastructure/Municipalities, which, in turn, are divided into individual promotional themes. Similar to the promotional guidelines, objectives and measures are defined for the promotional themes and are put into practice using specific promotional offers.

Theme-specific objectives and measures include the promotion of corporate investments, the promotion of corporate innovation and digitalisation projects, public housing promotion under the Law on the Promotion and Use of Housing for the State of North Rhine-Westphalia (Gesetz zur Förderung und Nutzung von Wohnraum für das Land Nordrhein-Westfalen - WFNG NRW) as well as promotional activities to the benefit of the technical and social infrastructure. Besides this, supporting the North Rhine-Westphalian municipalities in maintaining, expanding and modernising the educational infrastructure is a key objective of NRW.BANK. Measures addressing the energy transition and the protection of the environment are anchored in all three promotional fields.

NRW.BANK's Non-financial Report is available at <http://www.nrwbank.de/Finanzpublikationen>.

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 long-term 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 for internal management purposes are the volume of new commitments in the promotional business as well as operating income, administrative expenses, 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. 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 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 Economy

With the gross domestic product (GDP) growing by 0.6%, 2019 saw the German economy in a much weaker state than the previous year. While there was still strong momentum in the first three months of the year, GDP contracted in the second quarter. In the second half of the year, the economy expanded minimally, thus avoiding a recession. The past year was characterised by noticeable weakness in the industrial sector, which was partly offset, however, by high private consumption and brisk construction activity.

The conditions for the world economy deteriorated in 2019. The trade conflict between the USA and China intensified and Brexit was postponed once again. As a result, world trade slowed down noticeably and the export-oriented German economy was hit much harder than many other European economies.

The manufacturing sector was affected particularly strongly, with its weakness extending to many German

key industries such as mechanical engineering and chemicals. At the same time, a technological transition phase began for the automotive industry towards the manufacture of vehicles with non-conventional drives, which led to significant production losses and the relocation of production as existing value chains were realigned. Total industrial output in the full year was much lower than in 2018. Capacity utilisation dropped sharply and stood at 82.6% in October 2019 (2018: 87.0%), which was already below the long-term average.

The overall investment climate deteriorated noticeably in 2019. Besides the gloomy sales outlook in Germany and abroad, this was also attributable to the high degree of global economic uncertainty. As a result, spending on plant and equipment slowed down markedly.

In contrast to the manufacturing sector, the services sector showed a relatively stable performance, with major parts of the sector benefiting from consumers' high spending propensity. However, signs of an economic slowdown became also apparent in corporate services industries such as the logistics industry. While the business climate for the services sector weakened at a high level, the extent of the decline was much lower than in the manufacturing sector.

Private consumption grew strongly in the course of 2019. Consumer spending benefited from a noticeable rise in

real disposable income resulting from wage increases and fiscal relief. The robust labour market situation also supported private consumption. In spite of the weaker economy, unemployment declined on an annual average and employment picked up once again. The unemployment rate averaged 5.0% (2018: 5.2%) and the number of people in employment was up by 402,000 on the previous year to an annual average of approx. 45.3 million. This 14th consecutive year of employment growth pushed employment figures up to an all-time high. Notwithstanding these impressive figures, the labour market lost momentum. At the end of the year, this was also reflected in the fact that the number of unemployed was slightly higher than in the same month of the previous year. Furthermore, the number of vacancies declined and short-time working was on the increase. These trends clearly reflected the slowdown in the manufacturing sector.

Together with low lending rates, the good income situation kept demand for housing at a high level, with property prices rising more sharply than rents. There was considerable excess demand for housing, especially in the conurbations. The business situation in the construction sector was excellent and capacity limits were tested in 2019. This led to high price increases for construction services.

In macroeconomic terms, price increases in Germany were limited in 2019, with the rate of inflation reaching 1.4% on an annual average. The lower energy prices exerted particular downward pressure. Given that oil is globally traded in US dollars, this effect would have been even stronger if the dollar had not appreciated so much against the euro. By contrast, prices for services were on the increase.

2.1.2 The North Rhine-Westphalian Economy

North Rhine-Westphalia is not only by far the most populous German state but also holds a leading economic position in the country, as reflected in a contribution of about one fifth to GDP and to employment.

Having grown by 0.9% in 2018, the North Rhine-Westphalian economy cooled last year. According to preliminary official computations, GDP grew by only 0.1% in the first half of 2019. This put North Rhine-Westphalia in the lower third of the federal states and below the German-wide growth of 0.4%. The economic slowdown was also reflected in the NRW.BANK.ifo Business Climate, which deteriorated to its lowest level in nine years in the course of 2019.

The reasons for the stagnating economy in North Rhine-Westphalia were, similar to the whole of Germany, pri-

marily to be found in the export-oriented industrial sector, whose output had started to decline already in mid-2018. Output was cut back further last year, resulting in a year-on-year decline of 2.4% based on the first eleven months of 2019. The industrial sector in North Rhine-Westphalia thus slid into recession. This was also reflected in industrial capacity utilisation, which fell below the long-term average in the course of 2019. Nearly all industrial sectors showed signs of weakness. The sharpest declines in output were recorded by metal producers (-7.7%), the motor vehicle industry (-6.1%) and the chemical industry (-4.5%), which plays an important role throughout North Rhine-Westphalia. Electrical engineering was the only industrial sector in North Rhine-Westphalia to increase its output significantly in 2019 (+7.8%) compared to the previous year.

The first signs of under-utilisation were also apparent in the area of personnel deployment. The employment of temporary workers was reduced significantly over the past twelve months; at the same time, the share of manufacturing companies putting their staff on short-time work increased fourfold to eight percent.

The recessionary tendencies in the manufacturing industry increasingly spread to corporate service providers last year. According to the NRW.BANK.ifo Business

Climate, sentiment deteriorated considerably, especially in the transport and warehousing sector. The same applied to the wholesale sector, which was additionally affected by the automotive crisis. By contrast, consumer-related service providers such as the retail trade and the hospitality sector showed a solid performance. These sectors benefited from the unexpectedly stable labour market as well as from high pay rises. Because of the demographic change and the growing shortage of skilled workers, the North Rhine-Westphalian labour market's reaction to the latest economic slowdown was far less pronounced than in the past. In the course of the year, the jobless rate climbed only 0.1 percentage point to 6.5%. The positive trend in employment subject to social insurance contributions continued, with the latter reaching a new record high of over seven million people last year. All this supported disposable income and, consequently, private consumption. The entire services sector is likely to have increased its output at the bottom line in 2019.

High employment and income growth and the further improved financing conditions kept demand for real estate at a high level. Although construction output was somewhat more volatile in the course of 2019, it pointed clearly upward at +1.6%. Capacities were also very well utilised throughout the year at around 80%. Civil engineering and road construction were the most important drivers of construction activity. Unlike in previous years, public building construction and housing

construction no longer contributed to the increased momentum, as these sectors even reduced their output by 4.2% and 3.0%, respectively, compared to 2018. This can be explained by the exceptionally strong previous year, the high level of which could not be maintained because of the bottlenecks in the construction sector. The continuing upward trend in prices is also likely to have dampened demand for real estate somewhat compared to the previous year.

All in all, the longstanding upturn in North Rhine-Westphalia came to an end in 2019, with the solid domestic economy preventing a broad and deep recession. According to the economic report of the North Rhine-Westphalian Ministry of Economic Affairs, Innovation, Digitalisation and Energy, regional GDP has likely grown by 0.3% compared to the previous year (German-wide GDP: 0.6%).

2.1.3 Financial Markets

The international financial markets were marked by growing political uncertainty in 2019. Geopolitical tensions and existing trade conflicts intensified and it remained largely unclear, until the end of the year, when and on what conditions the UK would leave the EU.

At the beginning of the reporting year, the downward trend in interest rates that had started in autumn 2018 seemed to have come to a halt for the time being. In

spite of the bleak economic outlook, the European Central Bank (ECB) gave up its net asset purchases and yields on government bonds picked up slightly. In mid-January, however, the yield on 10-year German government bonds already reached its high for the year at just under 0.26%, with US yields also reaching their high for the year at just under 2.79% at that time.

Until the summer, the discussions about a postponement of Brexit, the deteriorating economic outlook and the worsening Sino-US trade conflict caused nervousness among financial market participants. In this market environment, demand for safe investments such as federal securities picked up. As a result, all Bunds had negative yields at the beginning of August, including, for the first time, those with a 30-year term. At the end of August, the yield on 10-year Bunds dropped to an all-time low of -0.72%.

In the weeks before, ECB President Mario Draghi had already primed the markets for a renewed easing of European monetary policy in his speech at the Annual Central Bank Conference in Sintra, and the Governing Council adjusted its forward guidance. A comprehensive set of measures was then adopted at the September meeting. The decision was not taken unanimously, however, and for the first time central bank members publicly criticised the decision-making process. Content-wise, the ECB decided to resume net new purchases under the Expanded Asset Purchase Programme (EAPP)

in a monthly amount of € 20 billion starting November. It also lowered the deposit facility rate from -0.40% to -0.50%. In order to relieve the banks in the core countries of the eurozone, which hold by far the largest amounts of excess liquidity, at least in part from the negative interest rates, a two-tier deposit facility rate was introduced at the same time. The two-tier system applies to the remuneration of reserve holdings in excess of the minimum reserves (excess reserves). This allows the banks to deposit more money with the ECB without having to pay penalty interest.

In the USA, the Federal Reserve (Fed) made a fundamental change in its monetary policy in 2019 and returned to the group of central banks with an accommodative monetary policy stance. After raising the federal funds rate by 0.25% for the last time in December 2018 to a range of 2.25% to 2.5%, the Fed ended its three-year tightening course at the turn of 2018/19. At the end of July 2019, i.e. more than ten years after the last rate cut, the Fed eased its monetary policy and lowered key interest rates by 0.25%. In view of robust economic data, the move was justified as an insurance against global risks. In the following months, the Fed cut the federal funds rate two more times by 25 basis points each to a range of 1.5% to 1.75%. At the end of October, the announcement of new elections in the United Kingdom and the postponement of the Brexit date to January 2020, eliminated an important uncertainty fac-

tor that had strongly affected the financial markets in the months before. Almost at the same time, there were positive news in the Sino-American trade conflict, according to which the negotiators of both countries had agreed on a "phase one deal". Both aspects made the markets euphoric, sending yields on 10-year government bonds rising sharply. While 10-year yields in the USA rose by around 40 basis points, the yields on 10-year German government bonds were up by as much as around 45 basis points on their August low. Following the clear election victory of the governing party in the UK and the actual signing of the phase one trade deal between the US and China, Bund yields settled at around -0.25% at the end of the year.

2.2 Course of Business

2019 was a good fiscal year for NRW.BANK.

In NRW.BANK's promotional business, the volume of new commitments remained unchanged from the previous year at € 10.3 billion. The continued low interest rates and adverse factors influencing the economy were particularly noticeable in the promotional field Economy. At € 1.8 billion (2018: € 2.4 billion), demand for the Bank's high-volume standardised credit programmes for economic promotion (NRW.BANK.Universalkredit, NRW.BANK.Mittelstandskredit and NRW.BANK.Gründungskredit) was lower than in the previous year. Demand

was positively influenced by special programmes launched by NRW.BANK to respond to changes in the market environment and new promotion requirements, such as the NRW.BANK.Digitalisierung und Innovation and NRW.BANK.Elektromobilität programmes. An amount of € 938 million (2018: € 923 million) was committed for public housing promotion programmes under the WFNG NRW. Commitments under the NRW.BANK.Gute Schule 2020 programme reached € 461 million (2018: € 507 million). Since the programme was launched in 2017, a total of € 1.2 billion has been invested in the modernisation and digitalisation of the school infrastructure in North Rhine-Westphalia. Funds in the total amount of € 1.6 billion were again committed for the promotional theme Energy Transition/Environmental Protection in the individual promotional fields. The continued low interest rates again prompted many North Rhine-Westphalian municipalities to raise longer-term loans.

As expected, total assets and the business volume remained virtually unchanged at € 149.2 billion (2018: € 149.1 billion) and € 167.6 billion (2018: € 167.9 billion), respectively.

Operating revenues exceeded expectations at € 457.7 million (2018: € 445.4 million). NRW.BANK's volume of new commitments remained more or less unchanged from the previous year, with the use of interest rate

subsidies declining significantly as interest rates stayed at their low level.

As expected, administrative expenses increased to € –263.1 million (2018: € –249.3 million) because of investments in the digital infrastructure.

The result of operations by segments breaks down as follows:

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

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

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

The Staff/Services segment comprises the Service and Staff business units such as IT/Organisation/Internal Services, Risk Control, Finance as well as Strategy/Communications/Board Office including the participations in the public interest.

Result of Operations by Segments	Programme-based Promotion		Other Promotion/ Liquidity Management		Staff/Services		NRW.BANK Total	
	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Net interest income	246.5	203.3	326.8	317.8	84.9	97.9	658.2	619.0
Net commission income	15.7	16.4	66.1	64.6	-3.2	-2.2	78.6	78.8
Net result from trading operations	0.0	0.0	1.0	0.4	0.0	0.0	1.0	0.4
Other operating result	5.0	5.1	-19.4	-15.9	-265.7	-242.0	-280.1	-252.8
Operating income	267.2	224.8	374.5	366.9	-184.0	-146.3	457.7	445.4
Personnel expenses	-42.7	-41.1	-7.4	-7.0	-101.5	-100.4	-151.6	-148.5
Operating expenditure	-45.4	-43.1	-28.1	-26.0	-38.0	-31.7	-111.5	-100.8
Administrative expenses	-88.1	-84.2	-35.5	-33.0	-139.5	-132.1	-263.1	-249.3
Operating result before risk provisions/revaluation adjustments	179.1	140.6	339.0	333.9	-323.5	-278.4	194.6	196.1
Risk provisions/revaluation adjustments	-76.6	-54.3	-48.1	-49.7	-56.3	-76.3	-181.0	-180.3
thereof: allocation to fund for general banking risks	-50.0	-50.0	0.0	0.0	0.0	0.0	-50.0	-50.0
Taxes on income and revenues	-3.0	-1.0	-0.4	-0.2	-2.0	-5.5	-5.4	-6.7
Net income/loss for the year	99.5	85.3	290.5	284.0	-381.8	-360.2	8.2	9.1
Number of employees*	559	547	54	55	815	795	1,428	1,397

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

2.3 Net Assets, Financial Position and Results of Operations

2.3.1 Results of Operations

Net Interest Income

At € 658.2 million, NRW.BANK's net interest income was higher than in the previous year (2018: € 619.0 million). As interest rates stayed at their low levels, the volume of new commitments remained almost unchanged from the previous year, with interest subsidies on the decline.

Net Commission Income

Net commission income in the total amount of € 78.6 million (2018: € 78.8 million) mainly comprised income from surrogate loan transactions, where 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 2019, this resulted in net income from trading operations of € 1.0 million (2018: € 0.4 million).

Other Operating Result

The other operating result amounted to € -280.1 million (2018: € -252.8 million) and was mainly influenced by the further reduced discount rate used for the valuation of provisions for pensions, provisions for additional benefits and other personnel provisions. In-

terest-related expenses totalled € -244.0 million (2018: € -198.7 million). In addition, non-interest expenses for provisions for pensions and additional benefits for pensioners and (former) employees of Portigon AG in the amount of € -26.4 million (2018: € -53.4 million) were caused, mainly by a further increase in average benefit payments as well as by amendments to social legislation. The high result of the previous year was additionally influenced by an extraordinary effect resulting from the adjustment of the Heubeck mortality tables.

NRW.BANK's annual contribution to the European Restructuring Fund was set at € 22.9 million in 2019 (2018: € 18.5 million), of which € 3.4 million (2018: € 2.8 million) was paid in the form of a fully secured payment obligation. An amount of € -19.5 million (2018: € -15.7 million) was consequently recognised in profit/loss. The corresponding cash security is recognised under the balance sheet item "Other assets".

Administrative Expenses

At € -263.1 million (2018: € -249.3 million), NRW.BANK's administrative expenses were higher than in the previous year.

Personnel expenses amounted to € -151.6 million, which slightly exceeded the previous year's € -148.5 million, mainly due to a moderate increase in personnel as well as collective pay rises.

Operating expenses increased by € -10.7 million to € -111.5 million (2018: € -100.8 million), as higher investments were made in the digital infrastructure, in particular.

Risk Provisions/Revaluation Adjustments

Risk provisions/revaluation adjustments amounted to € -181.0 million in the fiscal year 2019 (2018: € -180.3 million).

In the context of risk provisioning for the lending business, the net release of allowances and receipts of receivables that had been written off again led to a positive result of € 14.2 million (2018: € 11.8 million).

As expected, the investment business generated a negative result of € -22.5 million (2018: € 2.6 million), primarily due to an accounting-related valuation effect. As a result of an amendment of the State Budget Law that became effective on January 1, 2019, the conditions for NRW.BANK's equity-supporting promotional measures were relieved considerably. In this context, the Bank dissolved its legally independent investment companies and transferred the equity investments, profit participation rights and convertible loans of the promotional business to its balance sheet at their carrying amounts to ensure that the resulting possibilities for processual and cost-related improvements will be used in the promotional business.

A net result of € -5.6 million (2018: € -10.4 million) related to the results of sales and revaluations in the securities and derivatives business.

As in the previous years, NRW.BANK used its operating result to allocate an amount of € 167.1 million (2018: € 184.3 million) to allowance reserves. This included € 50.0 million for the fund for general banking risks.

Net Income

NRW.BANK posted net income of € 8.2 million (2018: € 9.1 million) in the fiscal year 2019. 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 € 246.5 million (2018: € 203.3 million).

As in the previous year, the Housing Promotion business unit again accounted for the biggest portion of net interest income, at € 196.1 million (2018: € 205.2 million). In view of the long phase of low interest rates, many borrowers took advantage of their contractual right to

repay their loans in full or in part at any time without having to pay a prepayment penalty. These unscheduled repayments led to reduced receivables and, consequently, to reduced interest income.

In the Promotion Programmes, the “Förderleistung” used in the form of reduced interest rates was significantly lower than in the previous year due to the low interest rates, resulting in higher net interest income. No promotional programme loans with negative interest rates were granted.

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

At € 15.7 million (2018: € 16.4 million), net commission income was slightly lower than in the previous year.

The segment’s risk provisions/revaluation adjustments amounted to € -76.6 million (2018: € -54.3 million).

At € 12.8 million (2018: € 11.8 million), risk provisions for the lending business were again positive, mainly because of the net release of allowances and receipts of receivables that had been written off.

Risk provisions in the equity investment business in the amount of € -22.5 million (2018: € -2.4 million) are primarily attributable to the valuation effect resulting from the transfer of the legally independent investment companies to NRW.BANK’s balance sheet. In 2019, NRW.BANK allocated a total amount of € -66,9 million (2018: € -64.2 million) to allowance reserves for the promotional business units.

Net interest income in the Other Promotion/Liquidity Management segment climbed to € 326.8 million (2018: € 317.8 million), mainly due to the fact that funding conditions remained favourable as well as due to higher margins.

At € 66.1 million, net commission income from surrogate loan transactions was more or less on a par with the previous year (2018: € 64.6 million).

The other operating result of € -19.4 million (2018: € -15.9 million) mainly includes the annual contribution to the European Restructuring Fund.

The segment’s risk provisions/revaluation adjustments amounted to € -48.1 million (2018: € -49.7 million).

The withdrawal and the termination of own issues resulted in net losses of € –80.5 million (2018: € –89.4 million). The voluntary repurchases 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 the Bank's funding base and strengthen its profitability, as the Bank may make new issues at current conditions.

By contrast, the management of the overall portfolio resulted in net gains from securities and (hedging) derivatives in the amount of € 74.9 million (2018: € 78.5 million).

For the Other Promotion/Liquidity Management segment, NRW.BANK allocated € –42.5 million to the allowance reserves (2018: € –38.8 million).

At € 84.9 million (2018: € 97.9 million), net interest income in the Staff/Services segment was lower than in the previous year, primarily due to lower profit from participations in the public interest. Income from the investment of personnel provisions remained at the previous year's level.

The high burden resulting from the other operating result in the amount of € –265.7 million (2018: € –242.0 million) is primarily attributable to increased interest expenses and non-interest expenses in conjunction with the valuation of provisions for pensions and additional benefits.

Risk provisions/revaluation adjustments in the Staff/Services segment in the amount of € –56.3 million (2018: € –76.3 million) almost exclusively related to allocations to the allowance reserves for general banking risks.

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.

As every year, rating agencies Fitch Ratings, Moody's and Standard & Poor's reviewed NRW.BANK's creditworthiness. In September 2019, Standard & Poor's upgraded NRW.BANK's long-term rating to "AA with stable outlook" in view of the good budgetary situation of the State of North Rhine-Westphalia, the Bank's guarantor.

The three agencies again affirmed NRW.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. As a state-guaranteed promotional Bank, NRW.BANK continued to experience strong demand for its debt in the fiscal year. NRW.BANK catered to investors' need for state-guaranteed, liquid bonds and again consolidated its market presence with further benchmark issues. In 2019, the Bank issued a € 1.0 billion euro benchmark bond, a USD benchmark bond in the amount of \$ 1.0 billion, an AUD bond in the amount of AUD 550 million and a GBP bond in the amount of GBP 300 million. All bonds met with very high demand from investors. 2019 was the first fiscal year to see NRW.BANK issue two Green Bonds in one year. There was very strong demand for the 10-year issues of € 500 million each. The net funding volume totalled € 13.9 billion (2018: € 13.7 billion), with the euro (69.8%) and the US dollar (23.1%) being the most important currencies.

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. As in the previous years, the GCP Programme was a favourable and stable source of funding for NRW.BANK throughout the fiscal year. Further funding was drawn down from KfW Bankengruppe and the European Investment Bank in 2019.

2.3.3 Net Assets

As of December 31, 2019, NRW.BANK's total assets amounted to € 149.2 billion (2018: € 149.1 billion).

The two tables below show the condensed balance sheet.

Assets

	Dec. 31, 2019 € billions	Dec. 31, 2018 € billions
Receivables from banks	43.1	42.9
Receivables from customers	59.1	58.0
Bonds and other interest-bearing securities	39.6	40.5
Investments in non-affiliated and affiliated companies	2.4	2.5
Other assets	5.0	5.2
Total assets	149.2	149.1

Receivables from banks increased by € 0.2 billion to € 43.1 billion (2018: € 42.9 billion). The portfolio of promotional loans granted under the house bank principle remained unchanged at € 32.6 billion (2018: € 32.6 billion). Under the house bank procedure, customers file an application for promotional funds with the house bank, which passes it on to NRW.BANK. NRW.BANK then makes the funds available to the customer through their house bank. The portfolio of registered instruments and note loans amounted to € 5.5 billion (2018: € 5.4 billion).

Totalling € 59.1 billion, receivables from customers exceeded the previous year's level (2018: € 58.0 billion). The promotional business was characterised by contrary developments. On the one hand, the portfolio of promotional loans in the Housing Promotion unit declined to € 15.3 billion (2018: € 16.2 billion), mainly due to unscheduled repayments. On the other hand, receivables in the other promotional segments increased to € 20.8 billion (2018: € 19.5 billion), primarily due to the NRW.BANK.Gute Schule 2020 programme. In the securities business, the portfolio of registered instruments increased to € 7.7 billion (2018: € 7.5 billion), while the portfolio of note loans declined to € 11.2 billion (2018: € 10.3 billion).

At € 39.6 billion, bonds and other interest-bearing securities were below the previous year's € 40.5 billion.

The transfer of equity investments, profit participation rights and convertible loans in the promotional business

to the Bank's balance sheet reduced the carrying amounts of NRW.BANK's equity investments and shares in affiliated companies to € 2.4 billion (2018: € 2.5 billion), mainly as a result of reporting requirements.

Liabilities

	Dec. 31, 2019 € billions	Dec. 31, 2018 € billions
Liabilities to banks	33.7	37.1
Liabilities to customers	12.7	14.5
Certificated liabilities	75.9	70.8
Provisions	2.9	2.7
Subordinated liabilities	1.7	1.8
Fund for general banking risks	1.0	0.9
Equity capital	18.0	18.0
Other liabilities	3.3	3.3
Total liabilities	149.2	149.1
Contingent liabilities	14.4	14.4
Other commitments	4.0	4.4
Business volume	167.6	167.9

Liabilities to banks declined by a total of € 3.4 billion to € 33.7 billion (2018: € 37.1 billion). € 21.3 billion of this amount (2018: € 21.7 billion) related to promotional loans funded through KfW Bankengruppe or Landwirtschaftliche Rentenbank, which are paid out on the assets side according to the house bank principle. As in the previous year, this balance sheet item also comprises global loans in the amount of € 5.1 billion, mostly of KfW Bankengruppe and, on a small scale, of the European Investment Bank (EIB), Landwirtschaftliche Rentenbank, and the Council of Europe Development Bank (CEB), for general refinancing.

Liabilities to customers decreased by a total of € 1.8 billion to € 12.7 billion (2018: € 14.5 billion). This item primarily comprises registered instruments, which declined to € 11.9 billion (2018: € 12.8 billion).

The “certificated liabilities” item rose to € 75.9 billion (2018: € 70.8 billion), as the portfolio of money-market instruments in the form of medium term notes and commercial papers rose to € 53.2 billion (2018: € 52.9 billion) and the portfolio of bearer bonds increased to € 22.7 billion (2018: € 17.9 billion).

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

The regulatory capital requirements were complied with at all times in the fiscal year 2019. At 43.5% (2018: 41.6%), the CET1 capital ratio reflects the 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 of Expected Developments contains forward-looking statements relating to the overall economic environment as well as to NRW.BANK’s business, net assets, financial and earnings position. 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 Economy

Although the German economy is currently in a phase of weakness, its general state is not bad. While the recent moderate recovery in the leading economic indicators suggests that Germany’s gross domestic product is unlikely to decline in 2020, the economy is equally unlikely to accelerate as the global obstacles will probably remain in place. On balance, real GDP is expected to pick up by around 0.9% this year, compared to 0.6% in 2019. The higher growth rate is mainly due to the fact that this year has more working days, though. This ‘calendar effect’ alone will account for 0.4 percentage points of economic growth in 2020.

The current division of economic factors into strong domestic economic expansion on the one hand and weak global demand on the other is likely to recede only slowly as the year progresses because the external economic outlook remains fraught with many imponderables. Although an initial agreement was reached in mid-January, the unpredictable US policy does not allow for a reliable forecast on the progress of the Sino-US trade talks. The role the trade conflict will play in the upcoming presidential election campaign is equally difficult to assess. The generally rather encouraging signals suggest, however, that negotiations will make further

progress this year, which should ease the burden on world trade. However, new tariff restrictions may be imposed on trade with the European automotive industry. A tariff shock for the industry would potentially have far-reaching consequences for other sectors. As far as Brexit is concerned, the House of Commons elections have reduced uncertainty, although the future relationship between the UK and the European Union remains to be defined. As political and economic confidence will be regained only slowly, it will probably take quite some time to overcome the global economic weakness. Against this background, world trade is likely to grow only moderately. German exports should gradually emerge from stagnation and should rise more strongly again in line with foreign demand as the year progresses.

Corporate investment is likely to remain on the decline for the time being. This is suggested not only by lower capacity utilisation but also by the temporarily weak foreign demand for German industrial goods. Based on the assumption that the economic trend in the industrial sector improves as exports pick up, utilisation of the existing capacities should increase first. The propensity to invest is likely to follow suit with a certain delay, with the main focus initially on investments in replacements. While the low interest rates that have been prevailing

for quite some time should support the propensity to invest, they are unlikely to generate any new impulses.

The economy is mainly supported by domestic demand. Consumer sentiment remains good in spite of the economic slowdown. Accordingly, private consumption should remain a key pillar of the economy in the current year, although the relatively low GDP growth is likely to have an adverse effect on the labour market and wage growth. Last year already, the momentum in the creation of new jobs slowed down and the jobless rate hardly decreased at all. Modest wage growth should be achieved despite these circumstances, however.

While the construction industry has so far expected slightly less business than in the previous year, the expected high demand for residential construction as well as the current shortage of skilled workers suggest that capacity utilisation will remain at an above-average level and construction output will grow slightly. Housing construction is unlikely to cool down also in the medium term, as it will be impossible to satisfy the excess demand in the conurbations in the short term and structural requirements should drive spending on energy-efficiency refurbishments and conversions for the elderly.

Because of the modest economic growth, Germany's rate of inflation will also remain clearly below 2%. In view of the equally low global economic growth, it is safe to assume that pressure on energy prices will also remain weak, although a further escalation of the conflict between the USA and Iran could temporarily push oil prices up quite significantly. By contrast, it should be possible to implement higher price increases in the services sector, which is expected to perform well. All in all, average annual inflation in 2020 is likely to remain just below 1.5%, which would be hardly changed from the previous year's 1.4%.

The downside risks to the forecast have increased somewhat compared to 2019. The downturn in the world economy is more serious than assumed a year ago. Against this background, additional burdens may be more difficult to cushion this year. Although there are rays of hope for the main risks, i.e. the trade conflict and Brexit, the risk of setbacks seems to be high as no substantial arrangements have yet been made regarding future relations. Uncertainty about the consequences of the technological transformation in the automotive industry also remains high. Moreover, the political risks regarding an uncertain outcome of the US elections and possible new elections in Germany and Italy have increased. Social unrest in the emerging

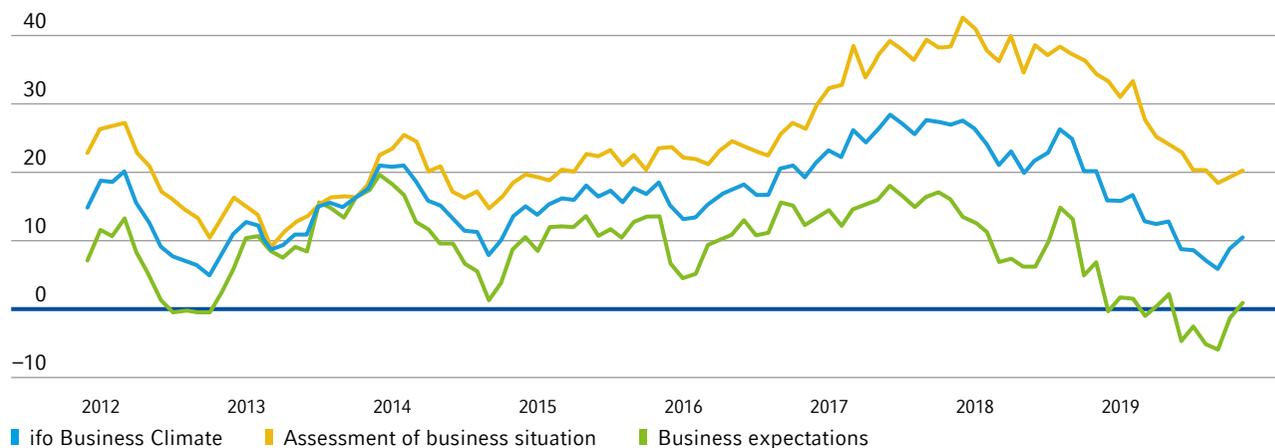
markets also poses a considerable risk of further slowing the global economy. Most recently, the risk of military conflict in the Near and Middle East has also increased noticeably.

4.2.2 The North Rhine-Westphalian Economy

The North Rhine-Westphalian economy is likely to recover in the current year. This is not least suggested by the fact that the NRW.BANK.ifo Business Climate has recently improved across all sectors. Most importantly, the business outlook has improved, as companies are now even slightly optimistic again about their near future. It has also become apparent, however, that the economic weakness in North Rhine-Westphalia will be overcome only slowly. This is due to the global uncertainties. As a result, the weakness in the export-oriented industrial sector is likely to persist for the time being and appears to be reaching its bottom at best. As the order situation remains very weak and inventories high, a short-term turnaround in the manufacturing sector is not in sight. This should also slow down the momentum for manufacturing-related service providers.

NRW.BANK.ifo Business Survey

Balances, seasonally adjusted



Source: ifo Business Survey

The domestic economy will probably again serve as the main driver of economic activity in North Rhine-Westphalia. Both consumer-related service providers and the construction industry are showing signs of increasing value creation. This is not least attributable to the labour market, which is expected to defy the economic slowdown also for the rest of the year. The Federal Employment Agency, for instance, even expects the number of unemployed in North Rhine-Westphalia to decline slightly in 2020. The outlook for regional employment figures is also positive, with growth expected to continue at 0.7%, although this growth rate is lower than the previous year's +1.8%. Nevertheless, consumers' disposable incomes are expected to grow solidly over the forecast period. This not only supports private consumption, but also the demand for residential property. However, there are growing signs of capacity bottlenecks in the construction sector. In spite of additional public-sector construction projects, the momentum in this sector is therefore likely to be somewhat lower than in the very strong previous years. There is also a risk that the weakness of the manufacturing sector will have a growing impact on commercial construction.

On balance, the expansion of the North Rhine-Westphalian economy is likely to remain weak in 2020. In its economic report, the North Rhine-Westphalian Economics Ministry forecasts calendar-adjusted real GDP growth of around 0.4% for the federal state. This means that NRW's GDP is likely to grow at a similar rate as

Germany's GDP as a whole. In addition to the cyclical reasons for the current weak growth, structural factors should increasingly also play a role, which present challenges to large parts of the North Rhine-Westphalian economy. The steel industry, for instance, which is of major importance for the whole federal state, has been struggling with overcapacity for years. But the possible move away from the combustion engine is also putting growing pressure on the automotive industry, which in North Rhine-Westphalia is mainly dominated by suppliers. After the end of hard coal mining, the opencast lignite mines in the Rhineland are also facing a tremendous upheaval. According to the "coal compromise", the first coal-fired power plants in North Rhine-Westphalia will be shut down as early as 2022. At the same time, the public sector intends to invest several billion euros in industries of the future in order to master the structural change.

4.2.3 Financial Markets

Although the situation has calmed temporarily, the markets continue to be dominated by the unresolved (trade) policy crises. Against this background, the central banks in the USA and Europe have adopted a wait-and-see stance for the time being.

The US Federal Reserve is under particular pressure in the year of the presidential election. Should the geopolitical risks re-emerge in early summer and adversely affect economic sentiment in the USA, the Fed will

probably not hesitate for long and ease monetary policy once again. In the further course of the year, however, the Fed may hesitate to take further interest rate steps as the election date draws closer. In this environment, the Fed will want to avoid exposing itself to accusations of exercising influence by further monetary easing.

In Europe, Christine Lagarde took over the helm of the ECB at the beginning of November 2019. Over the coming months, she will endeavour to restore unanimity in the ECB Governing Council. She took an important step in this direction at her first press conference in mid-December, when she described the current degree of expansion of the ECB's monetary policy as appropriate and did not envisage any additional measures. Against the background of a persistently low rate of inflation and low inflation expectations, however, it is unlikely that the recent reduction in the deposit facility rate will be reversed or that bond purchases will be terminated any time soon. The entire set of monetary policy measures decided by the Governing Council at its September 2019 meeting is explicitly linked to inflation and the latter is hardly moving at all. There is therefore a lot to suggest that the central bank will maintain its wait-and-see stance until the end of 2020.

Lagarde did, however, announce a strategic review of the ECB's monetary policy – the first in 16 years. Among other things, this review is about how the medium-term objective of monetary policy can best be defined and

whether the ECB's current inflation target of just under two percent is still appropriate. The ECB also intends to put the measures of inflation and inflation expectations to the test. Lagarde wants the review to be completed before the end of the year. Depending on the final outcome of the strategic review, there may be scope for the central bank to adjust monetary policy more quickly or more slowly. The US Federal Reserve is also currently reviewing its monetary policy stance.

Insecurity in the financial markets is likely to remain high in the medium term as there is still uncertainty about the creation of new tariff barriers between the USA and China and possibly also between the USA and Europe. What is more, the negotiations on lasting relations between the UK and the EU will influence the financial markets. In this respect, renewed turbulence cannot be ruled out, especially since the new British government has so far refused to extend the transitional period for the UK's exit from the EU beyond the end of 2020, which would make a hard Brexit possible after all. Against this background, the yield on ten-year Bunds should remain in negative territory for the foreseeable future.

4.3 Development of the Bank

By developing and providing market-oriented solutions for all promotional themes, NRW.BANK will continue to

play a key role in the economic and structural development of North Rhine-Westphalia and combine financing and advisory services in a target-oriented manner.

The continued low interest rates constitute a major challenge for the Bank's promotional business. The prevailing market conditions make it more difficult for NRW.BANK to set impulses with its promotional policy. To remain able to provide attractive promotional offerings, NRW.BANK will increasingly use the so-called "Fördererstattung" (promotional refund) as an additional method of interest subsidisation to promote innovation and environmental protection projects from 2020 onwards. This method allows NRW.BANK to offer end borrowers interest rates even below the house bank margin, thus reducing the interest rate to 0% if justified by the borrower's credit rating and collateral. Long-term fixed-interest options, the provision of equity and mezzanine capital and risk sharing with house banks are other starting points for securing an attractive promotional portfolio.

The objectives and measures defined for each of the promotional themes are put into practice using individual promotional offers and taking the promotional guidelines into account. This implies ongoing optimisation of the product portfolio in accordance with actual

promotional requirements. In the context of the 2020–2023 funding strategy, the Bank additionally implemented a "funding agenda". It contains key tasks for each promotional guideline and promotional field, which will be addressed by NRW.BANK in the coming year. Besides improving the promotional offerings for social enterprises and micro-businesses, one item on the agenda is, for example, the realisation of an implementing partnership with the EU within the framework of the new InvestEU programme. This should enable NRW.BANK to make direct use of EU budget guarantees to further optimise its promotional portfolio in the future.

The NRW.BANK.Gute Schule 2020 promotional programme will end in 2020 as planned. The Bank expects the entire amount to be utilised.

Under the projected economic conditions, the volume of new commitments is likely to lose some of its momentum compared with 2019 as a result of the economic slowdown and the effects of the low interest rates.

NRW.BANK continues to expect total assets and the business volume to remain constant.

Operating income is expected to decline sharply in 2020. This will probably mainly be due to the further reduction

in the average discount rate for personnel provisions. Moreover, the Bank's plans are based on the expectation of less favourable capital market conditions than in the reporting year.

Moreover, the Programme-based Promotion segment will generate lower interest income due to the continued decline in the receivables portfolio of the Public Housing Promotion business unit, which is attributable to unscheduled repayments by borrowers.

NRW.BANK expects administrative expenses to pick up moderately in 2020. Personnel expenses are expected to increase slightly, mainly due to job changes resulting from the assumption of new tasks in conjunction with collective pay rises. A noticeable increase in operating expenses is projected primarily due to the move into the third building of the Düsseldorf branch and further investments in the IT environment.

As a result of the amended EU Capital Requirements Directive (CRD), the annual contribution to the European Restructuring Fund will no longer be required in future.

At the bottom line, NRW.BANK therefore projects a clearly lower operating income before risk provisions/ revaluation adjustments for 2020 than in the past fiscal year.

In 2020, risk provisions/revaluation adjustments should again be influenced by the allocation of general allowance reserves.

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.

5 Risk and Opportunity Report

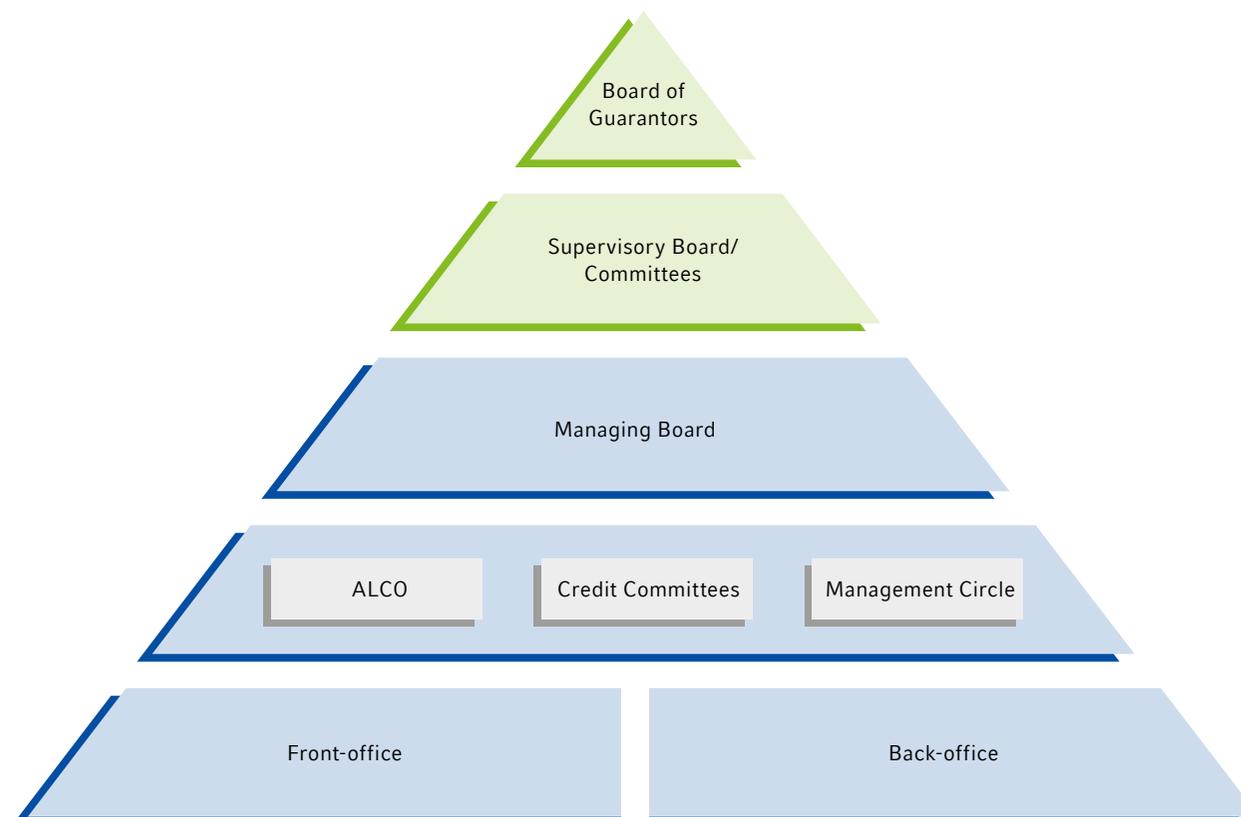
Due to its specialised business model as a promotional bank, NRW.BANK does not engage in all lines of banking business. NRW.BANK uses a comprehensive set of risk monitoring and management tools to manage the risks to which it is exposed. The Bank has implemented a framework of guidelines, organisational structures and processes which ensure that risks are identified, measured, aggregated and managed in accordance with the Bank's risk-bearing capacity.

Like all legally independent promotional banks in Germany, NRW.BANK has been specifically excluded from the scope of the Capital Requirements Directive (CRD) since June 27, 2019. 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). As a result, it is no longer supervised by the European Central Bank (ECB), but 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

Organisational Structure of Bank Steering



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 Supervisory Board monitors the Managing Board's conduct of the Bank's affairs. 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.

There is one Credit Committee each for the promotional business and the capital market business. 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, they 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 overall strategy and on assessing its consistency with the principles of the business, promotional and risk policies and the 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.

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

On balance, NRW.BANK's risk management instruments and processes again proved their worth in the past fiscal year.

5.2 Risk Policy and Strategy

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

Along with the promotional and business strategy, the risk strategy is part of NRW.BANK's overall strategy, which is updated annually for a planning period of four years. It builds on the promotional and business strategies and aims to ensure balanced risk management within NRW.BANK. It puts the risk policy principles adopted by the Board of Guarantors into more concrete terms by way of adequate 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 potentially 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 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. This ensures 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). Since the beginning of 2019, NRW.BANK has distinguished between a normative and an economic perspective in accordance with new regulatory requirements, which replace the previously used perspectives of the going concern and the gone concern.

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, if it becomes mandatory, net stable funding ratio (NSFR). The table below shows the normative perspective at Bank-wide level as at December 31:

Performance Indicators of the Normative Perspective

	Dec. 31, 2019	Dec. 31, 2018
CET1 ratio	43.5%	41.6%
CET1 capital (€ billions)	18.2	18.4
Total amount at risk (€ billions)	41.7	44.3
Total capital ratio	47.1%	45.1%
Own funds (€ billions)	19.6	20.0
Leverage ratio	11.1%	11.2%
Utilisation of large exposure limit	12.4%	11.6%
Liquidity coverage ratio	221%	262%

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 9.31% for the CET1 capital and 12.81% for the total capital. NRW.BANK's capitalisation exceeds the requirements by a wide margin.

As of mid-2021, 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 expected minimum requirement by far.

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

The regulatory requirement for the liquidity coverage ratio – which is an indicator of short-term liquidity – is at least 100%. NRW.BANK's short-term liquidity position was far 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 plan for four years is prepared – annually as part of the risk strategy – which comprises a base scenario (business planning) and two adverse scenarios. This also takes into account those risks that are not included in the reporting-date analysis. These include risks of the economic perspective, which only become apparent in the normative perspective over time. This may be caused by changes in the income state-

ment (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 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 capital cover is derived from commercial law equity, with additional mark-to-market corrections. For instance, hidden charges and reserves, in particular from securities, are deducted if they are negative when balanced. Positive own credit risk effects are not accepted as mitigating factors on the liabilities side. In addition, the expect-

ed 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. As at the reporting date, the capital cover amounted to € 21.0 billion (2018: € 19.5 billion). These amounts include the allocations to allowance reserves made in the fiscal year, which strengthen the capital cover. A further increase resulted from changes in market value.

The capital cover is compared with the economic capital. It is determined for all the risks identified as material according to the risk inventory and, additionally, for the business and cost risk. Economic capital is the relevant risk management parameter of NRW.BANK across all risk types and business units. It forms the basis on which risks are comprised into a Bank-wide figure using a consistent methodology.

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

Besides the market risk, the credit risk is one of the key risks at Bank-wide level. It is determined using a

credit VaR approach based on the unexpected loss. Expected losses are included as standard risk costs in the expected annual result.

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

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 on the basis of a one-year history.

Economic capital for operational risk is determined in accordance with the Basel basic indicator approach, taking into account gross earnings of the last three years. It is calculated once a year and then remains unchanged for the entire 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. To allow comparison with the previous year, the figures as of December 31, 2018 are stated on the basis of the methodology introduced on January 1, 2019.

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. It totalled € 9.0 billion (2018: € 8.5 billion) as at the reporting date.

The limit for the economic capital at Bank-wide level is equivalent to the capital cover. It is allocated to the main risk types and business units as part of the annual strategy process, less a limit reserve. This ensures that sufficient risk capital is available to achieve the planned income and that the risks are limited at the same time. Utilisation of the limits is determined daily (for the individual risk types) and monthly (across all risk types). The limits were met at all times in the fiscal year.

In addition to capital management, liquidity management 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 planning process.

5.4.3 Stress Tests

In the normative and the economic perspective, the management concept is supplemented by consistent Bank-wide stress and scenario analyses, which are carried out quarterly as well as on an ad-hoc basis. They 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). Pension and operational risks are additionally taken into consideration. Usually one historical and three hypothetical scenarios are analysed.

Historical scenarios translate past crises to the current portfolio. For this purpose, NRW.BANK 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.

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.

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

5.4.4 Capital and Liquidity Adequacy

NRW.BANK has sufficient risk-bearing capacity both under 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 have been met. Overall, the Bank's risks are manageable and are well below 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 Bank's business model is sustainable also over extended periods of stress. The capitalisation of NRW.BANK is adequate.

Liquidity is adequate both under the economic and the normative perspective. The liquidity limits have been complied with. There are no signs of restrictions even in stress scenarios. On balance, the liquidity risks are manageable.

5.5 Credit Risk

5.5.1 Definition

The credit risk describes the risk of a counterparty being partly or fully unable to meet their contractual obligations towards NRW.BANK. There is the risk of a loss or reduced profit resulting from the full or partial default of a counterparty. This comprises the credit risk from loans, issuers and counterparties, risks resulting from equity holdings, migration and concentration risks including the country risk.

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

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

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

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

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

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

all aspects of the country risk (creditworthiness, transfer and economic risks).

5.5.2 Methods

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

- The amount of the exposure is the sum total of all relevant amounts that are subject to a risk of default. In the case of loans, this is the remaining capital plus binding payment obligations; in the case of securities, it is the higher of the amortised cost price and the nominal value. Credit equivalents are recognised to calculate counterparty risks from derivatives, taking netting and collateral pursuant to standardised framework agreements into account. In addition, credit derivatives are recognised at their nominal value; thereby the purchase of protection reduces the exposure of the respective reference counterparty, while the sale of protection increases it. The total exposure (the credit risk-related amount of the exposure) thus differs from the business volume.

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

primarily determined on the basis of external data sources, as there is no statistically significant number of defaults in the Bank's portfolio.

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

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

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

In order to further limit concentrations – not only with regard to risks but also regarding income – single name concentration limits at Group level and cross-borrower concentration limits, especially at country level, are defined for the amount of the exposure.

Besides the economic capital (unexpected loss), standard risk costs (expected loss) are generally taken into account when defining the terms and conditions. This way, it is ensured that the expected losses are compensated by corresponding income.

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

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

5.5.3 Validation

The risk classification procedures and probabilities of default as well as the loss given defaults are validated

at least once per year. To validate the loss given defaults, differentiated analyses are performed for individual segments such as investors and owner-occupiers especially for the public housing promotion portfolio, which is the biggest portfolio of NRW.BANK in terms of the number of individual exposures.

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

The reviews serve to ensure that the risk calculation remains adequately conservative.

5.5.4 Risk Assessment and Limitation

NRW.BANK uses suitable 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:

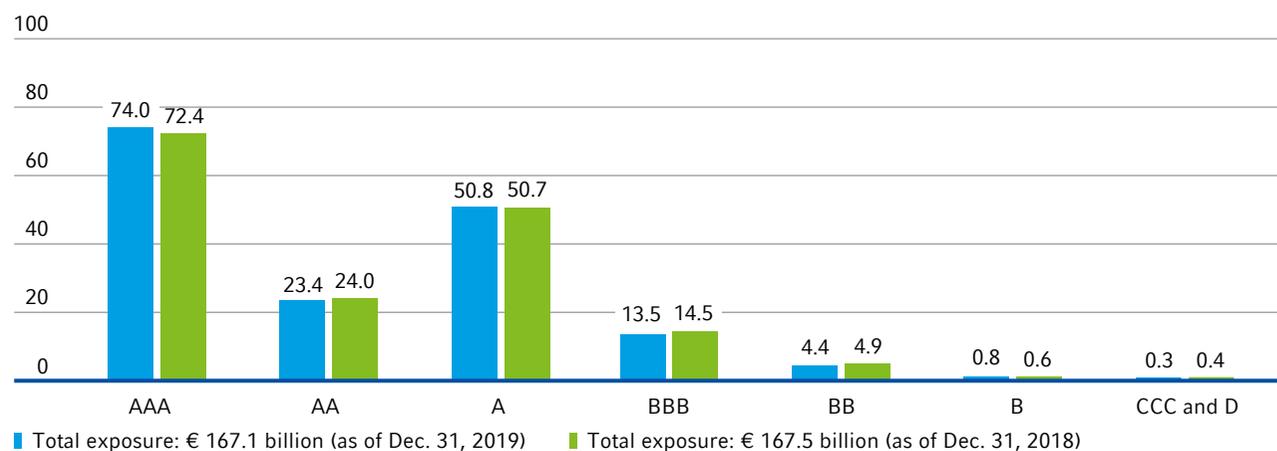
- Event-related bad news process including immediate analysis and decision on individual measures (e.g. rating review, limit adjustments)
- Daily monitoring of single name, group, country and economic capital limits
- Daily monitoring of capital market investments in the context of an early warning system (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 small and medium-sized enterprises and public housing promotion.

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 € 167.1 billion, which represents a reduction by € 0.4 billion from the previous year's € 167.5 billion.

Due to the high proportion of government and domestic municipal loans, most of the ratings remain within the internal rating class AAA. 96.8% of the portfolio (2018: 96.5%) are investment grade exposures.

At € 118.6 billion (2018: € 118.0 billion), exposures in Germany account for the biggest portion of the portfolio (71.0% of the total exposure; 2018: 70.5%). Of this amount, € 77.2 billion (2018: € 77.4 billion) relates to North Rhine-Westphalia; this amount includes direct exposures to municipalities of € 17.7 billion (2018: € 17.8 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.

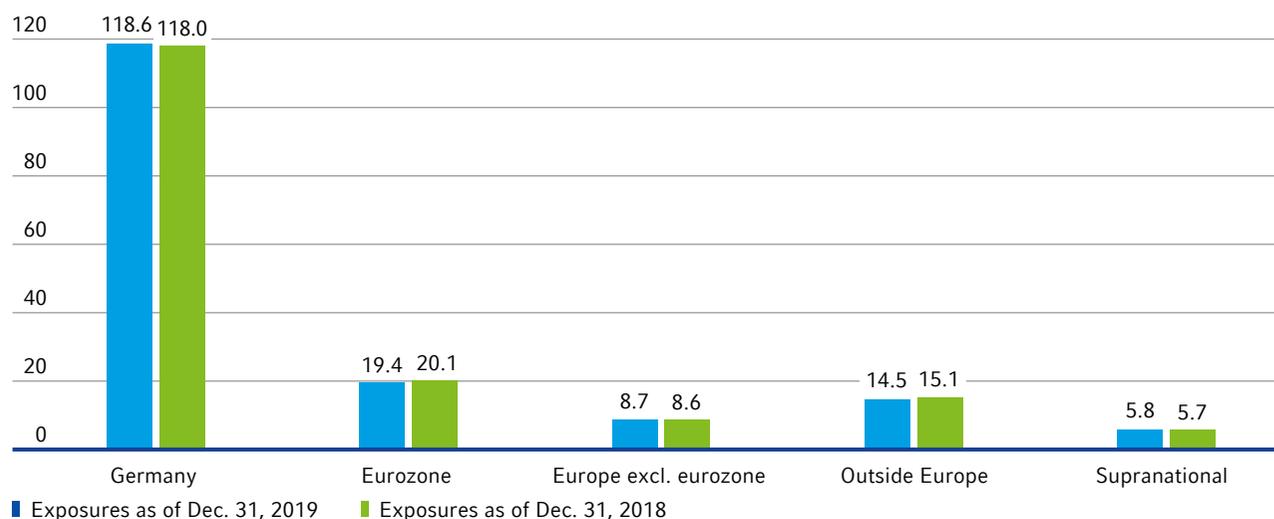
As a largely independent promotional bank, NRW.BANK uses the income from its international exposures to fulfil its promotional mission. The international exposure totals € 48.5 billion (29.0% of the total exposure; 2018: € 49.5 billion) and is composed of exposures to European countries in the amount of € 28.1 billion (2018: € 28.7 billion) and of exposures to non-European countries as well as supranational organisations in the

amount of € 20.4 billion (2018: € 20.7 billion). The international exposure is focused exclusively on investment-grade countries.

The European exposure comprises investments in the eurozone in the amount of € 19.4 billion (2018: € 20.1 billion) and investments outside the eurozone of € 8.7

billion (2018: € 8.6 billion). The non-European exposures focus on North America with € 8.0 billion (2018: € 8.1 billion), Australia/New Zealand with € 3.6 billion (2018: € 3.5 billion) and Asia with € 2.7 billion (2018: 3.0 billion). Supranational organisations account for a total of € 5.8 billion (2018: € 5.7 billion).

Geographic breakdown of exposures incl. derivatives, in € billions



There are no sub-investment-grade country exposures. 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 (€ 1.8 billion; 2018: € 2.1 billion). New burdens faced by the governments or a more pronounced economic slowdown could put the ratings under renewed pressure.

As of the balance sheet date, the securitisation exposures – mostly of investment-grade quality – amounted to € 3.9 billion (2018: € 4.1 billion). A major portion of the portfolio (64.7%) 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. 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 € 108.9 million (2018: € 199.1 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 secured by a guarantee from the federal state.

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

5.5.5 Economic Capital

As at the reporting date, the economic capital set aside for credit risks amounted to € 2.6 billion (2018: € 2.6 billion).

5.5.6 Risk Provisions

Defined criteria are used to determine whether risk provisions need to be established for credit claims and sureties. Where they are needed, the amount of the required individual allowances 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 allowances 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). A general allowance is formed for latent credit risks. The amount of this allowance is based on historical averages for default rates and loss given defaults.

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. The positive business trend anticipated in the context of the business model is incorporated into the annual strategic planning process.

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.

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 – as in the previous years – 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. The Bank does not take equity and commodity 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. 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 historical observation period is 250 days, with a greater weight placed on incidents in the more recent past.

The EU government financial crisis of 2011 is primarily used as a stress period. This way, the Bank ensures that unfavourable market phases are also taken into consideration. In the investment book and the trading book, the stressed VaR is monitored across all levels from the Bank as a whole down to individual sub-portfolios. The stress VaR for the trading book is calculated on the basis of a Monte Carlo simulation. Non-linear products are taken into account via new valuation.

Under this perspective, the general interest rate risks from the largely equity-funded social housing promotion 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 provisions and the interest income generated from the investment need 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. The Bank performs clean backtesting without ageing, which means that only changes resulting from changes in the 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. An increased number of statistical backtesting outliers was observed for a short time in 2019. A more detailed analysis was therefore carried out. This analysis and the regular daily, monthly and annual processes conducted to review the parameters and assumptions confirmed the validity of the model.

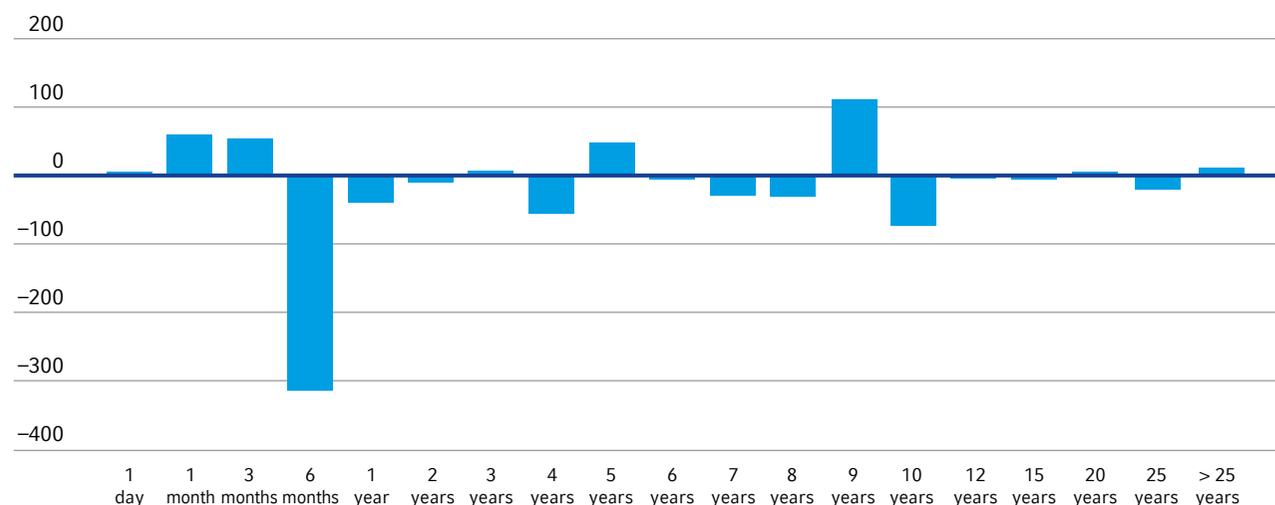
5.6.4 Risk Assessment and Limitation

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. € 111 thousand and min. € -314 thousand).

HGB interest rate sensitivities (excl. strategic interest rate risks) under the going concern perspective (all periods) to a 1 bp interest rate hike in € thousands as of Dec. 31, 2019



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 € -131 thousand were considered in the risk measurement as of December 31, 2019.

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 2019 € millions	June 2019 € millions	September 2019 € millions	December 2019 € millions
Short-term downward shock	-6	15	2	39
Short-term upward shock	8	-34	18	-54
Steepening	10	19	3	20
Flattening	-6	-33	5	-31
Parallel downward shift	-9	14	-2	35
Parallel upward shift	50	-5	47	-80
FX +30% (depreciation of the euro)	26	25	20	18
FX -30% (appreciation of the euro)	-26	-25	-20	-18

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%. Moreover, a risk horizon with

a holding period of 125 days is considered, which results from the differentiated analysis of different holding periods per asset class and the corresponding liquidity. The latter reflects the possibility to take risk management measures, e.g. by reducing risk positions in the event of an unfavourable market trend. 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 includes, in particular, general interest rate risks from the housing promotion loans. These are generally funded with own equity funds. To comply with MaRisk, the 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, the MaRisk thus imply that housing promotion loans are funded fully mismatched with overnight deposits. This results in a high assumption based interest position. In addition, economic capital includes all mark-to-market strategic interest rate risks and all credit spread risks of the investment portfolio, although any resulting fluctuations in the market value are usually not recognised in profit/loss in NRW.BANK's HGB income statement. As at the reporting date, the economic capital set aside for market risks amounted to € 6.1 billion (2018: € 5.5 billion).

5.6.6 KWG Interest Rate Shock

The potential effect of a sudden and unexpected interest rate change in the investment book defined by BaFin circular 9/2018 – currently +/-200 basis points – is dominated by the above-mentioned assumption based interest position of the housing promotion loans. As of December 31, 2019, the negative change in the present value of the Bank's investment book resulting from an assumed +200 bp interest rate shock amounted to 20.9% of the regulatory equity capital (2018: 18.2%). The interest rate sensitivity of the housing promotion loans

results from the fact that they are funded with equity. When assessing the Bank's potential sensitivity to the postulated KWG 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 KWG interest rate shock 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 0.4% of the Bank's own funds.

Within the framework of the new Circular 6/2019, BaFin has introduced another six interest rate shock scenarios as early warning indicators in addition to the existing two regulatory standard tests. The bank has implemented the requirements and will for the first time report the new ratios to the supervisory authorities in the first quarter of 2020.

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. 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.

In the ICAAP, the funding risk, as the income risk for the HGB result, is determined on the basis of the planned issuance volume of the next twelve months and the volatility of the own fund spread and limited in the context of the risk-bearing capacity. 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.

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

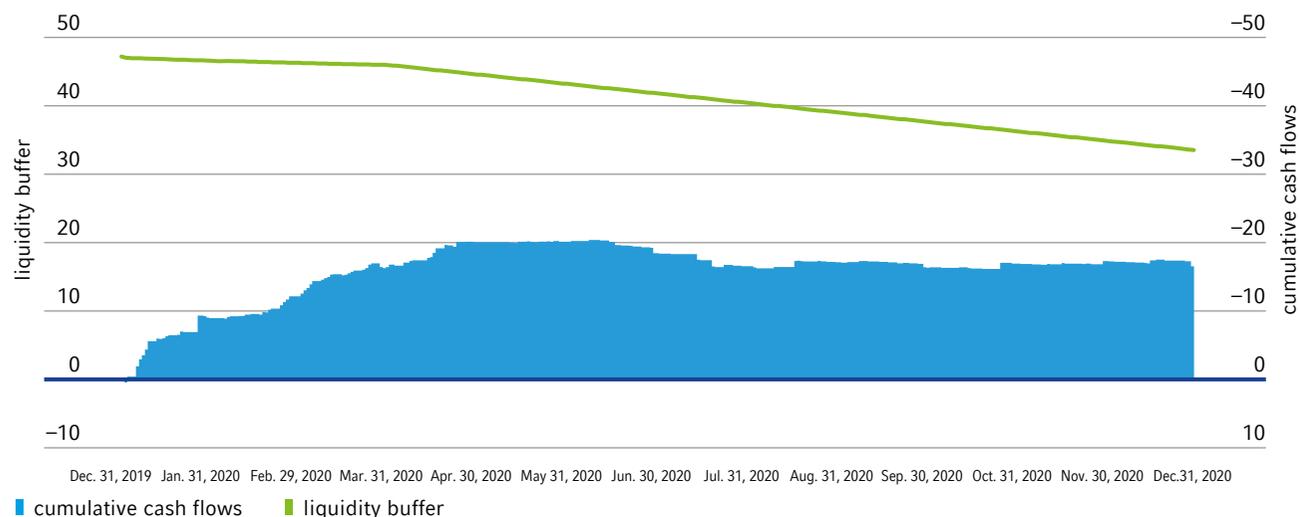
Because of the explicit funding guarantee extended by NRW.BANK's guarantor and its correspondingly good rating, the Bank can generate the required liquidity at short notice at any time. The Bank usually funds itself in the money and capital markets. NRW.BANK continues to benefit from a very favourable funding environment.

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 with a view to generating liquidity. Sales of securities in the investment portfolio are therefore not required for this purpose.

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

Due to the above-mentioned limit system, NRW.BANK's ability to meet its payment obligations is secured by the freely available portfolio of ECB-eligible receivables and the unused ECB line even without external capital market funding. Netted with cash inflows and outflows, there is a significant liquidity surplus 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 HGB result is subjected to stress tests in the form of rising costs from USD exchange rate hedges.

Liquidity risk management also incorporates compliance both with the German Liquidity Regulation and with the regulatory requirements regarding the minimum reserve. These conditions were met at all times in the fiscal year.

5.7.4 Economic Capital

As at the reporting date, the economic capital for liquidity risks (income risks of the HGB result for the issuance volume planned for the next twelve months) was € 15.7 million (2018: € 17.0 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

As a state-guaranteed promotional Bank, NRW.BANK continued to experience strong demand for its debt in the fiscal year. NRW.BANK catered to investors' need for state-guaranteed, liquid bonds and again consolidated its market presence with further benchmark issues. The issues were subscribed by a broad investor base.

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. The GCP Programme constituted a particularly favourable source of funding for NRW.BANK throughout the fiscal year.

5.7.6 Opportunities

NRW.BANK continues to attract strong demand from investors thanks to its status as a promotional bank and the funding guarantee granted by the Federal State of North Rhine-Westphalia. It therefore expects the funding environment to remain favourable in 2020 for the planned long-term funding volume of € 10 to 12 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. Quantitative management of the economic capital is based on the basic indicator approach, while qualitative management is based on the MaRisk requirements.

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.

Since 2004, NRW.BANK has collected information on losses and loss-free risk events in a central risk event database and categorised them in accordance with the Basle event categories. 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. The Bank is currently not involved in any significant pending proceedings.

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 as well as in the IT systems, the business units involved in the downstream work-flows 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.

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).

Risks that may result from the outsourcing of material business activities are mitigated by an established audit and monitoring process, which primarily consists of a detailed risk 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.

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 current amount of the risk or the risk potential, this is done to ensure that counter-

measures 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 for operational risks is determined annually in accordance with the basic indicator approach. As the economic capital allocated to cover potential losses thus 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 € 110 million (2018: € 105 million).

5.9 Pension Risk

5.9.1 Definition

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

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

5.9.2 Methods

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

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

For the mortality tables, no historical changes covering sufficiently long periods are available from which the volatilities required for a VaR model can be derived. This is why the risk of changes in the statistical assumptions regarding invalidity and death is quantified using a scenario analysis in which the cash flows increase based on the assumption of a growing life expectancy. In addition, the probabilities of invalidity are modified as well. To quantify the risk, the scenario showing the strongest impact on the Bank is applied.

5.9.3 Risk Assessment and Limitation

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

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

5.9.4 Economic Capital

As at the reporting date, economic capital set aside for pensions risks amounted to € 110 million (2018: € 110 million).

5.10 Business and Cost Risk

5.10.1 Definition

Business risk describes the risk of changes in the economic environment (market and/or demand) or the legal (incl. tax) 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. A cost risk could arise, for instance, as a result of projects that are not foreseeable today, e.g. in the context of the national and European banking supervision or accounting.

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. If required, adjustments are implemented in the context of the strategy process, for which the Managing Board is directly responsible.

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 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 positions and trading results 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.

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 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 book-keeping 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 financial statements are prepared by the Finance business unit and drawn up by the Managing Board. In accordance with the Statutes, the financial statements are endorsed by the Board of Guarantors. The financial statements 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 "Verordnung über die

Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute" (Ordinance on accounting by banks and financial institutions – 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.

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 and the auditor's fee.

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 financial statements and reports on the key results of the audit.

The functionality of the accounting-related internal control system is additionally monitored by Internal Audit through regular process-independent tests in accordance with the MaRisk requirements published by the Federal Financial Supervisory Authority (BaFin). The Managing Board and the Supervisory Board are informed of the results of the tests in a timely manner.

Balance Sheet

of NRW.BANK at December 31, 2019

Assets

	see Notes No.	€	€	Dec. 31, 2018
				€ thousands
1. Cash				
a) cash on hand		19,007.75		9
b) balances with central banks		1,917,915,625.44		1,503,360
thereof: with Deutsche Bundesbank € 1,917,915,625.44				(1,503,360)
			1,917,934,633.19	1,503,369
2. Debt instruments issued by public institutions and bills of exchange eligible for refinancing with central banks				
a) treasury bills and discounted treasury notes as well as similar debt instruments issued by public institutions			0.00	60,080
thereof: eligible for refinancing with Deutsche Bundesbank € 0.00				(60,080)
3. Receivables from banks	1, 10, 21, 24, 25			
a) payable on demand		3,584,179,806.56		2,651,337
b) other receivables		39,546,139,165.66		40,285,708
			43,130,318,972.22	42,937,045
4. Receivables from customers	2, 10, 21, 24, 25			
thereof: secured by mortgages € 2,082,255.76				(2,838)
loans to public authorities and entities under public law € 39,832,597,821.06				(37,908,824)
			To be carried forward: 104,181,350,466.93	102,542,471

	see Notes No.	€	€	€	Dec. 31, 2018
					€ thousands
			Carried forward:	104,181,350,466.93	102,542,471
5. Bonds and other interest-bearing securities	3, 7, 11, 21, 24, 25				
a) money market instruments					
aa) of public institutions		0.00			10,010
thereof: eligible as collateral for Deutsche Bundesbank advances € 0.00					(0)
ab) of other issuers		0.00			99,812
thereof: eligible as collateral for Deutsche Bundesbank advances € 0.00					(99,812)
			0.00		109,822
b) bonds and notes					
ba) of public institutions		18,471,459,788.81			19,002,930
thereof: eligible as collateral for Deutsche Bundesbank advances € 14,968,861,689.77					(15,388,650)
bb) of other issuers		21,162,738,507.08			21,420,508
thereof: eligible as collateral for Deutsche Bundesbank advances € 17,782,210,435.66					(18,798,552)
			39,634,198,295.89		40,423,438
c) bonds issued by the bank			0.00		103
principal amount € 0.00					(100)
				39,634,198,295.89	40,533,364
6a. Trading portfolio	4			25,008,159.04	40,572
7. Equity investments in non-affiliated companies	5, 7			2,387,929,262.21	2,307,849
thereof: equity investments in banks € 2,243,772,546.20					(2,243,773)
8. Equity investments in affiliated companies	5, 7			28,286,751.46	222,684
9. Trust assets	6			1,286,503,640.05	1,392,553
thereof: trust loans € 1,228,979,436.29					(1,327,238)
10. Intangible assets	7			3,745,288.67	4,936
11. Tangible assets	7			74,244,072.32	67,915
12. Other assets	8, 21			1,090,437,976.97	1,403,521
13. Deferred items	9, 21			523,226,153.55	567,090
Total assets				149,234,930,067.09	149,082,955

Liabilities

	see Notes No.	€	€	Dec. 31, 2018 € thousands
1. Liabilities to banks	12, 21, 24, 25			
a) payable on demand		1,518,531,666.25		1,455,311
b) with agreed maturity or period of notice		32,159,794,255.93		35,662,349
			33,678,325,922.18	37,117,660
2. Liabilities to customers	13, 21, 25			
a) other liabilities				
aa) payable on demand		268,060,033.78		304,829
ab) with agreed maturity or period of notice		12,458,105,611.80		14,168,052
			12,726,165,645.58	14,472,881
3. Certificated liabilities	14, 21, 25			
a) bonds and notes issued by the bank		75,912,935,073.86		70,816,457
			75,912,935,073.86	70,816,457
4. Trust liabilities	15		1,286,503,640.05	1,392,553
thereof: trust loans € 1,228,979,436.29				(1,327,238)
5. Other liabilities	16, 21		1,310,615,024.11	1,169,465
6. Deferred items	17, 21		801,075,896.65	767,687
7. Provisions	18			
a) provisions for pensions and similar obligations		2,225,494,095.00		2,060,302
b) tax reserves		1,866,317.60		1,656
c) provisions for interest rate subsidies		154,157,264.59		153,892
d) other		540,700,453.01		474,538
			2,922,218,130.20	2,690,388
8. Subordinated liabilities	19		1,654,620,207.00	1,764,120
thereof: due in less than two years € 119,200,000.00				(169,100)
			To be carried forward:	130,191,211
			130,292,459,539.63	

see Notes No.

Dec. 31, 2018

	€	€	€ thousands
	Carried forward:	130,292,459,539.63	130,191,211
9. Fund for general banking risks		958,054,000.00	907,944
thereof: special item pursuant to Section 340e Para. 4 HGB € 3,054,000.00			(2,944)
10. Equity capital	20		
a) subscribed capital	17,000,000,000.00		17,000,000
b) capital reserves	728,669,399.04		728,053
c) reserves from retained earnings			
ca) reserves required by NRW.BANK's Statutes	36,100,000.00		36,100
cb) other reserves	219,647,128.42		219,647
d) profit for the year	0.00		0
		17,984,416,527.46	17,983,800
Total liabilities		149,234,930,067.09	149,082,955
1. Contingent liabilities	21, 22, 30		
Liabilities from guarantees and indemnity agreements		14,361,551,476.37	14,424,512
2. Other commitments	21, 23		
Irrevocable loan commitments		4,024,893,205.07	4,372,038
3. Administered funds		22,252,218.24	26,373

Income Statement

of NRW.BANK for the Period January 1 – December 31, 2019

	see Notes No.	€	€	€	Jan. 1 – Dec. 31, 2018
					€ thousands
1. Interest income from					
a) lending and money market transactions		3,394,935,144.68			3,566,998
b) interest-bearing securities and book-entry securities		526,629,254.87			610,037
thereof:			3,921,564,399.55		4,177,035
from negative interest € 50,549,120.14					(51,050)
2. Interest expenses			3,271,217,973.81		3,578,066
thereof: from positive interest € 107,722,591.89					(112,813)
				650,346,425.74	598,969
3. Income from					
a) equity investments in non-affiliated companies			4,164,973.02		5,293
b) equity investments in affiliated companies			3,505,318.68		12,000
				7,670,291.70	17,293
4. Income from profit pooling, profit transfer and partial profit transfer agreements				156,000.83	2,773
5. Commission income	26		86,855,161.87		86,936
6. Commission expenses			8,246,800.07		8,167
				78,608,361.80	78,769
7. Net profit from trading portfolio				980,006.26	395
8. Other operating income	27			11,871,406.91	15,301
9. General administrative expenses					
a) personnel expenses	31				
aa) wages and salaries		110,008,526.21			105,740
ab) social security contributions and expenses for pensions and other employee benefits		41,566,096.55			42,748
thereof:			151,574,622.76		148,488
for pensions € 17,213,652.89					(19,159)
b) other administrative expenses	29, 32		107,495,757.74		96,398
				259,070,380.50	244,886
10. Depreciation and value adjustments on intangible and tangible assets				3,994,541.03	4,419
11. Other operating expenses	28			291,798,585.69	267,988
				To be carried forward:	196,207
				194,768,986.02	

see Notes No.

Jan. 1 – Dec. 31, 2018

	€	€	€ thousands
	Carried forward:	194,768,986.02	196,207
12. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions		228,728,317.16	264,748
thereof: allocation to fund for general banking risks € 50,000,000.00			(50,000)
13. Income from write-ups of equity investments in non-affiliated companies, equity investments in affiliated companies and securities treated as tangible assets		47,648,809.73	84,440
14. Expenses from the assumption of losses		6,250.90	0
15. Result from normal operations		13,683,227.69	15,899
16. Taxes on income and revenues	5,382,155.08		6,680
17. Other taxes not shown under other operating expenses	137,268.70		146
		5,519,423.78	6,826
18. Net income		8,163,803.91	9,073
19. Designated payout due to legal requirements	33	8,163,803.91	9,073
20. Profit for the year		0.00	0

Notes

of NRW.BANK for the Fiscal Year 2019

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

Registered office

Düsseldorf

Kavalleriestraße 22

40213 Düsseldorf

Münster

Friedrichstraße 1

48145 Münster

Commercial Register

Commercial Register A 15277 District Court Düsseldorf

Commercial Register A 5300 District Court Münster

Preparation of NRW.BANK's Annual Accounts

The annual accounts of NRW.BANK are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB), the Ordinance Regarding Accounting for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV), the Act on NRW.BANK (Gesetz über die NRW.BANK – NRW.BANK G) and NRW.BANK's Statutes. Information that may appear either on the balance sheet

or in the notes is included in the notes. Amounts in the notes are generally given in € millions.

As in the previous year, assets and liabilities in the present annual accounts 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

With effect from January 1, 2019, NRW.BANK's independent investment companies were dissolved and the equity financing activities previously represented by the investment companies were transferred to NRW.BANK's balance sheet by way of universal succession by accrual. As the acquiring legal entity, NRW.BANK recognised the individual exposures in the balance sheet at their respective carrying amounts. The corporate equity financing measures previously pooled in the investment companies were thus directly transferred to NRW.BANK with effect from January 1, 2019. The transfer resulted in a methodologically induced net valuation result of € –19.8 million in the income statement (P&L). The existing guarantees

of the State of North Rhine-Westphalia for the original investment structures for a maximum of 49% of the respective fund volume were also transferred to NRW.BANK. As guarantee fee, the State of North Rhine-Westphalia receives a share of 49% of positive results determined in final accounts at the end of the respective programme period.

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 P&L. The Specialist Committee on Banking justifies this by saying that negative interest is an

unusual phenomenon in money and capital markets. In the fiscal year 2019, NRW.BANK therefore discloses negative interest by open deduction as a sub-item of "Interest income" (reduction in interest income on the assets side) and "Interest expenses" (reduction in interest expenses on the liabilities side) in the income statement. Negative interest from swap transactions is netted and therefore not included in this item.

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

In securities lending transactions, the lender transfers securities held in its portfolio to the borrower for a certain

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

Discernible risks in the lending business were adequately covered by individual value adjustments (Einzelwertberichtigungen – EWB) and provisions. General value adjustments (Pauschalwertberichtigungen – PWB) were formed in accordance with tax valuation methods for latent risks from receivables and recourse receivables. Value adjustments were deducted from assets in the longest remaining maturity range. Non-performing loans were written off. The off-balance sheet contingent liabilities and other commitments were reduced by the provisions for potential losses established for these items.

The principles of the IDW statement on accounting "On Uniform or Separate Accounting under Commercial Law for Structured Financial Instruments" ("Zur ein-

heitlichen 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 Reuters 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 (Black 76, Normal-Black 76, Normal-Black 76 with extension for CMS spread instruments, One Factor Models of Interest Rates, Hazard Rate Model). Here, too, valuation parameters based on standard market data sources are used (such as Reuters 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.

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 "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 2019 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 € 4,040,406,574.85 a lower market value of € 3,967,233,845.83 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 for trading assets of € 0.3 million (2018: € 0.1 million).

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

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

According to Section 340e Para. 4 HGB, an amount of at least 10% of the net profits from the trading portfolio must be allocated to the "Fund for general banking risks" pursuant to Section 340g HGB and be stated separately under this special item in each fiscal year. The amount of the allocation to the special item is limited and the allocation must be made until the special item amounts to 50% of the average of the last five annual net profits from the trading portfolio generated before the calculation date. In the 2019 financial statements, NRW.BANK therefore allocated an amount of € 110.0 thousand (2018: € 45.0 thousand) from the net result of the trading portfolio to the "Fund for general banking risks" pursuant to Section 340g HGB and stated the accumulated allocations in a separate sub-item.

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, 2019.

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 judgement.

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 fifteen years. The interest rate of 2.71% (2018: 3.21%) 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 € 258.3 million (2018: € 286.2 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, average salary and pension increases of 2.5% were applied for this purpose.

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

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

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

The option pursuant to Article 67 Para. 1 Sentence 2 of the Introductory Act to the Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) was exercised in the fiscal year 2010 in such a way that the existing provisions are maintained due to excess cover, as the amount to be released in the context of a required release would have to be reallocated by December 31, 2024 at the latest. As of December 31, 2019, excess cover of € 5.1 thousand (2018: € 7.1 thousand) exists for these provisions.

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 "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".

Positive revaluation adjustments resulting from the currency translation of foreign exchange forwards as at December 31, 2019 are recognised as "Adjustment item from currency translation pursuant to Section 340h HGB" under "Other assets".

11. Deferred Tax Assets

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

Balance Sheet

Receivables from Banks (1)

Breakdown by maturity	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Payable on demand	3,584.2	2,651.3
Other receivables		
– up to 3 months	2,256.6	2,007.7
– between 3 months and 1 year	3,907.2	4,944.0
– between 1 and 5 years	14,316.9	14,620.3
– more than 5 years	19,065.4	18,713.7
Total receivables from banks	43,130.3	42,937.0

The receivables from companies in which equity investments are held totalled € 88.9 million (2018: € 90.5 million).

Receivables from Customers (2)

Breakdown by maturity	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
– up to 3 months	2,974.9	3,968.1
– between 3 months and 1 year	3,395.1	4,265.5
– between 1 and 5 years	17,848.6	15,559.4
– more than 5 years	34,914.5	34,249.0
Total receivables from customers	59,133.1	58,042.0

The receivables from companies in which equity investments are held totalled € 7.2 million (2018: € 1.6 million).

Bonds and Other Interest-Bearing Securities (3)

Marketability	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Bonds and other interest-bearing securities		
– listed on a stock exchange	36,309.6	36,846.5
– not listed on a stock exchange	3,324.6	3,686.9
Total bonds and other interest-bearing securities	39,634.2	40,533.4

Of the bonds and other interest-bearing securities, an amount of € 5,895.4 million (2018: € 5,341.4 million) is due in the following year.

The bonds and other interest-bearing securities from companies in which equity investments are held totalled € 75.0 million (2018: € 75.0 million).

Of the total bonds and other interest-bearing securities, no securities (2018: € 99.9 million) are held as part of the liquidity reserve and € 39,634.2 million (2018: € 40,433.5 million) are held in the financial investment portfolio.

Trading Portfolio (Assets) (4)

Breakdown of trading portfolio (assets)	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Derivative financial instruments	0.1	–
Receivables	5.0	40.7
Bonds and other interest-bearing securities	20.2	–
Risk discount pursuant to Section 340e Para. 3 Sentence 1 HGB	–0.3	–0.1
Total trading portfolio	25.0	40.6

Derivative financial instruments include futures with a positive market value of € 83.5 thousand (2018: € 95.5 thousand). This market value is offset against the opposite variation margin received from futures.

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

NRW.BANK holds € 2,387.9 million (2018: € 2,307.8 million) in equity investments in non-affiliated companies and € 28.3 million (2018: € 222.7 million) in equity investments in affiliated companies. Of the equity investments in non-affiliated companies, € 2,204.2 million (2018: 2,193.7 million) are securitised by marketable securities. However, none are listed on a stock exchange.

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

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

- Investitionsbank des Landes Brandenburg (ILB)
- Portigon AG

Trust Assets (6)

Trust assets comprise the following:

Breakdown by asset type	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Receivables from banks	33.5	42.2
Receivables from customers	1,195.5	1,285.1
Equity investments in non-affiliated and affiliated companies	57.5	65.3
Total trust assets	1,286.5	1,392.6

Changes in Fixed Assets (7)

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, 2019	40,122.4	3,881.5	274.5	75.7	73.1	26.6
Additions				0.1	–	9.0
Retirements				–	–	–2.3
As of Dec. 31, 2019				75.8	73.1	33.3
Write-downs						
As of Jan. 1, 2019				–70.8	–12.4	–19.4
Write-downs				–1.3	–1.3	–1.3
Change in total write-downs from retirements				–	–	2.3
As of Dec. 31, 2019				–72.1	–13.7	–18.4
Remaining carrying amounts						
As of Dec. 31, 2019	39,343.2	2,387.9	28.3	3.7	59.4	14.9
As of Dec. 31, 2018	40,122.4	2,307.8	222.7	4.9	60.7	7.2

Of the land and buildings, € 59.4 million (2018: € 60.7 million) is used for business purposes.

Other Assets (8)

Breakdown by individual items	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Interest receivables from the State of North Rhine-Westphalia under the value guarantee for the equity investment in Portigon AG	559.6	559.6
Option premiums not yet received	226.2	225.1
Option premiums paid	223.7	231.5
Compensation claims to Helaba Landesbank Hessen-Thüringen relating to pension provisions for "dual contract holders"	39.8	36.6
Adjustment item from currency translation pursuant to Section 340h HGB	14.1	323.1
Cash collateral furnished in the context of the EU bank levy	12.3	8.9
Tax prepayments for subsidiaries	6.4	3.4
Compensation claims to Portigon AG relating to service cost of "dual contract holders"	1.3	3.8
Other	7.0	11.5
Total other assets	1,090.4	1,403.5

Deferred Items (Assets) (9)

Breakdown of deferred items (assets)	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Prepaid swap fees	257.3	298.3
Prepaid CDS fees	157.9	149.7
Discounts from underwriting business	85.4	93.7
Premiums from lending business	18.1	20.1
Other	4.5	5.3
Total deferred items	523.2	567.1

Subordinated Assets (10)

Subordinated assets are included in:

Breakdown by asset type	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Receivables from banks	0.8	0.8
Receivables from customers	76.5	16.4
Total subordinated assets	77.3	17.2

Pledged Assets (11)

Of the assets reported, NRW.BANK pledged € 193.1 million (2018: € 1,636.2 million) under repurchase agreements.

Liabilities to Banks (12)

Breakdown by maturity	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Payable on demand	1,518.5	1,455.3
Other liabilities		
– up to 3 months	2,640.6	5,538.5
– between 3 months and 1 year	2,013.2	1,932.6
– between 1 and 5 years	11,935.0	11,245.6
– more than 5 years	15,571.0	16,945.7
Total liabilities to banks	33,678.3	37,117.7

The liabilities to companies in which equity investments are held totalled € 0.6 million (2018: € 1.0 million).

Liabilities to Customers (13)

Breakdown by maturity	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Payable on demand	268.1	304.8
Other liabilities		
– up to 3 months	757.9	1,338.4
– between 3 months and 1 year	812.0	661.9
– between 1 and 5 years	3,445.2	3,831.8
– more than 5 years	7,443.0	8,336.0
Total liabilities to customers	12,726.2	14,472.9

Liabilities to customers include no liabilities to affiliated companies (2018: € 73.4 million). The liabilities to companies in which equity investments are held totalled € 0.4 thousand (2018: € 20.8 thousand).

Certificated Liabilities (14)

Breakdown of certificated liabilities	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Notes issued		
– mortgage bonds	0.6	0.6
– municipal bonds	290.7	276.3
– other bonds	75,621.6	70,539.6
Total certificated liabilities	75,912.9	70,816.5

Of the notes issued, € 30,316.2 million (2018: € 32,119.7 million) are due in the following year.

Trust Liabilities (15)

Trust liabilities comprise the following:

Breakdown by liability type	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Liabilities to banks	4.2	4.5
Liabilities to customers	1,282.3	1,388.1
Total trust liabilities	1,286.5	1,392.6

Other Liabilities (16)

Breakdown by individual items	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Liabilities owed to the State of North Rhine-Westphalia from repayment discounts granted for housing promotional programmes	825.8	673.9
Option premiums not yet paid	226.2	225.1
Option premiums received	223.7	231.5
Liabilities owed to employees of NRW.BANK from the fixed bonus	12.9	12.8
Liabilities owed to the State of North Rhine-Westphalia	8.2	9.1
Other	13.8	17.1
Total other liabilities	1,310.6	1,169.5

Deferred Items (Liabilities) (17)

Breakdown of deferred items (liabilities)	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Premiums from underwriting business	389.9	290.9
Swap fees received in advance	338.2	415.0
Transfer of salaries for employees of Portigon AG under "dual contracts"	40.6	40.7
CDS fees received in advance	30.4	21.0
Discounts from lending business	0.1	0.1
Other	1.9	0.0
Total deferred items	801.1	767.7

Provisions (18)

The provisions for pensions reported in the amount of € 2,225.5 million (2018: € 2,060.3 million) include € 1,458.7 million (2018: € 1,392.3 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 € 39.8 million (2018: € 36.6 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 € 727.0 million (2018: € 631.4 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 € 414.8 million (2018: € 368.5 million). This amount includes € 326.7 million (2018: € 294.4 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 € 88.1 million (2018: € 74.1 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 10% of the total subordinated liabilities of € 1,654.6 million (2018: € 1,764.1 million).

The State of North Rhine-Westphalia has to make repayments towards the Federal Government in conjunction with the use of housing promotional loans granted by the Federal Government. Under applicable federal state law, NRW.BANK has to transfer the required funds from the repayment of housing promotional loans to the state budget. This transfer duty takes the form of a non-interest-bearing subordinated loan in an amount of € 2,413.9 million granted by the State of North Rhine-Westphalia to NRW.BANK, which has to be repaid by the year 2044 in accordance with a defined repayment plan. Based on the repayments made to date, the subordinated loan was stated in an amount of € 1,449.6 million as of December 31, 2019.

The remaining subordinated liabilities of € 205.0 million have original maturities between 20 and 30 years and carry interest rates between 0.0% and 6.0%. These subordinated liabilities carry an average interest rate of 3.4% (2018: 3.5%). There is no early redemption obligation.

Subordinated liabilities include liabilities with a remaining term of less than two years in an amount of € 119.2 million (2018: € 169.1 million).

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

Interest expenses of € 4.0 million (2018: € 5.5 million) were incurred for subordinated liabilities.

The subordinated liabilities carried by NRW.BANK comply with the requirements of Art. 63 of the Capital Requirements Regulation (CRR).

Equity Capital (20)

As of December 31, 2019, NRW.BANK's subscribed capital remained unchanged at € 17,000.0 million. The reserves totalled € 984.4 million (2018: € 983.8 million).

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

Commercial law equity	Dec. 31, 2019 € millions	Dec. 31, 2018 € millions
Subscribed capital	17,000.0	17,000.0
Capital reserves	728.7	728.1
Reserves from retained earnings		
– reserves required by NRW.BANK's Statutes	36.1	36.1
– other reserves	219.6	219.6
Profit for the year	–	–
Total equity capital	17,984.4	17,983.8

Once the annual accounts are approved, the capital of NRW.BANK required for regulatory purposes under Section 10 of the German Banking Act (Kreditwesengesetz – KWG) will total € 19,722.7 million (2018: € 20,054.0 million).

Foreign Currency Assets and Foreign Currency Liabilities (21)

At the reporting date, NRW.BANK had foreign currency assets valued at € 8,126.5 million (2018: € 8,297.0 million) and foreign currency liabilities valued at € 35,628.4 million (2018: € 38,344.0 million). Contingent liabilities and other commitments denominated in foreign currencies totalled € 10,220.9 million (2018: € 10,236.3 million).

Contingent Liabilities (22)

Contingent liabilities totalled € 14,361.6 million (2018: € 14,424.5 million) and incorporate € 13,385.3 million (2018: € 13,473.2 million) for credit derivatives and € 976.3 million (2018: € 951.3 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 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 (23)

Other commitments comprise irrevocable loan commitments in an amount of € 4,024.9 million (2018: € 4,372.0 million). Of this total, € 1,424.8 million (2018: € 1,358.5 million) relate to commitments of the Housing Promotion business unit.

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 (24)

Receivables in the nominal amount of € 668.9 million (2018: € 670.0 million) were assigned as collateral for liabilities to banks.

Bonds and notes in a nominal amount of € 5,294.1 million (2018: € 6,620.5 million) were pledged to Deutsche Bundesbank as collateral for funding facilities. In addition, municipal loans, registered securities and note loans in a nominal amount of € 25,038.4 million (2018: € 24,650.3 million) were submitted to Deutsche Bundesbank in the context of the process "Credit Claims – Submission and Administration" ("Kreditforderungen – Einreichung und Verwaltung" (KEV)).

Securities in a nominal amount of € 27.9 million (2018: € 27.8 million) were deposited for the Eurex (electronic futures and options exchange) as collateral for forward transactions. In addition, securities in a nominal amount of € 154.3 million (2018: € 156.1 million) were submitted as collateral to compensate for exchange rate fluctuations in Eurex repurchase agreements. Furthermore, securities in a nominal amount of € 146.6 million (2018: € 246.7 million) were transferred to secure off-exchange derivatives and were deposited as collateral with the counterparty.

In addition, as in the previous year, securities in a nominal amount of € 2.0 million were assigned as rent deposit for an existing rental agreement.

In the previous year, NRW.BANK also deposited securities with a nominal amount of € 10.0 million with SIX SIS AG as collateral for possible refinancing via repo and tender transactions with the Swiss National Bank (SNB).

Cover (25)

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, 2019, the nominal amounts of the cover are as follows:

Cover	Dec. 31, 2019 Municipal bonds (cover register II) € millions	Dec. 31, 2018 Municipal bonds (cover register II) € millions
Municipal bonds issued	1,520.4	1,539.7
Liabilities requiring cover	1,520.4	1,539.7
Municipal loans	2,439.3	2,778.0
Excess cover	49.6	75.2
Cover funds	2,488.9	2,853.2
Excess cover	968.5	1,313.5

The cover 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 (26)

The net commission income includes € 6.0 million (2018: € 7.2 million) from the trust and administered activities.

Other Operating Income (27)

The principal contributions towards other operating income are composed of € 4.1 million (2018: € 3.4 million) in income from the writeback of provisions, € 1.5 million (2018: € 1.4 million) in income from compensation payments and cash payments relating to the improper use of publicly subsidised housing as well as € 1.3 million (2018: € 3.8 million) in income from the reimbursement of the service cost of Portigon AG.

Other Operating Expenses (28)

The principal contributions towards other operating expenses are composed of € 244.0 million (2018: € 198.7 million) in interest effects from the valuation of pension, benefit and other personnel provisions, € 28.2 million (2018: € 53.4 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 as well as € 19.5 million (2018: € 15.7 million) in expenses for the EU bank levy.

Fee Paid to Auditor of the Annual Accounts (29)

In the fiscal year 2019, the auditor charged a total fee of € 1.6 million (2018: € 1.3 million). Of this amount, € 1.4 million (2018: € 1.2 million) related to audit services and € 0.2 million (2018: € 0.1 million) related to other certification services.

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

In the fiscal year 2019, the auditor provided permitted non-audit services within the meaning of Art. 5 Para. 3 of the EU Audit Regulation (EU-Abschlussprüferverordnung – EU-APrVO) to NRW.BANK and its subsidiaries. These services essentially comprised a review of the reporting duties and behavioural rules pursuant to Section 89 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the issue of a Comfort Letter, the preparation of audit reports and the execution of an audit to obtain limited assurance regarding the non-financial statement as well as the execution of a pillar assessment according to ISAE 300 in conjunction with the InvestEU programme. In addition, services such as an audit of tax compliance management systems and an audit of internal control systems were provided to subsidiaries.

Miscellaneous

Other Financial Obligations

NRW.BANK has long-term obligations in the amount of € 210.6 million (2018: € 108.2 million) up to the end of the contractual term. Thereof obligations in the amount of € 25.8 million relate to the fiscal year 2020. The remaining other financial obligations in the amount of € 184.8 million relate to the fiscal years 2021 to 2030. In addition, there are other annual financial obligations with an indefinite remaining term after the balance sheet date in the amount of € 2.4 million (2018: € 2.2 million). Other financial obligations primarily result from building leases, software maintenance agreements as well as maintenance and IT service agreements.

In the context of the EU bank levy, there is another financial obligation in the amount of the irrevocable payment obligation of € 12.3 million (2018: € 8.9 million). The cash collateral paid in the same amount is included in the balance sheet item "Other assets".

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 € 125.2 million (2018: € 326.0 million).

Other Obligations (30)

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

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

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

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

Derivative Transactions

As of December 31, 2019, the total nominal value of the derivative transactions is € 175,859 million (2018: € 196,301 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.

	Nominal values Dec. 31, 2019 € millions	Nominal values Dec. 31, 2018 € millions	Market values positive Dec. 31, 2019 € millions	Market values negative Dec. 31, 2019 € millions
Banking book				
Interest rate derivatives				
Interest rate swaps	130,344	147,097	7,104	-9,267
Interest rate options				
– bought (long)	3,830	4,083	23	–
– written (short)	4,243	4,545	–	-13
Stock market contracts				
– bought (long)	–	1	–	–
– written (short)	150	80	0	–
Other interest rate forwards	207	157	1	-6
Total interest rate derivatives	138,774	155,963	7,128	-9,286
Currency derivatives				
Foreign exchange forwards, swaps	18,946	20,613	1	-211
Currency swaps/ interest rate currency swaps	18,111	19,721	731	-866
Total currency derivatives	37,057	40,334	732	-1,077
Total banking book	175,831	196,297	7,860	-10,363

	Nominal values Dec. 31, 2019 € millions	Nominal values Dec. 31, 2018 € millions	Market values positive Dec. 31, 2019 € millions	Market values negative Dec. 31, 2019 € millions
Trading book				
Interest rate derivatives				
Interest rate swaps	20	–	0	–
Stock market contracts				
– bought (long)	–	4	–	–
– written (short)	8	–	0	–
Total interest rate derivatives	28	4	0	–
Total trading book	28	4	0	–

	Nominal values Dec. 31, 2019 € millions	Nominal values Dec. 31, 2018 € millions	Market values positive Dec. 31, 2019 € millions	Market values negative Dec. 31, 2019 € millions
Banking book and trading book				
Total interest rate derivatives	138,802	155,967	7,128	–9,286
Total currency derivatives	37,057	40,334	732	–1,077
Total banking book and trading book	175,859	196,301	7,860	–10,363

The presentation of derivative transactions also reflects embedded derivative instruments that have to be separated of a nominal value of € 4,352 million (2018: € 4,646 million). In addition, there are embedded equity risk based derivatives from convertible loans with a nominal value of € 0.9 million and a positive market value of € 0.2 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, 2019, was € 185,471 million (2018: € 195,725 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, 2019 € millions	Nominal values Dec. 31, 2018 € millions	Market values positive Dec. 31, 2019 € millions	Market values negative Dec. 31, 2019 € millions
Banking book				
OECD banks	160,892	184,314	6,807	–8,831
OECD public-sector entities	5,728	6,050	978	–1,288
Other counterparties	9,211	5,933	75	–244
Total banking book	175,831	196,297	7,860	–10,363

	Nominal values Dec. 31, 2019 € millions	Nominal values Dec. 31, 2018 € millions	Market values positive Dec. 31, 2019 € millions	Market values negative Dec. 31, 2019 € millions
Trading book				
OECD banks	28	4	0	–
Total trading book	28	4	0	–

	Nominal values Dec. 31, 2019 € millions	Nominal values Dec. 31, 2018 € millions	Market values positive Dec. 31, 2019 € millions	Market values negative Dec. 31, 2019 € millions
Banking book and trading book				
Total banking book and trading book	175,859	196,301	7,860	–10,363

Interest rate derivatives that are not assigned to the trading book are used as micro-hedges 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. Approx. 48% (2018: 46%) of the interest rate contracts having a remaining time to maturity of more than five years.

	Interest rate derivatives Dec. 31, 2019 € millions	Interest rate derivatives Dec. 31, 2018 € millions	Currency derivatives Dec. 31, 2019 € millions	Currency derivatives Dec. 31, 2018 € millions
Banking book				
Nominal values				
Residual maturity				
– up to 3 months	8,905	7,331	15,848	21,393
– more than 3 months to 1 year	11,913	15,671	6,820	6,202
– more than 1 to 5 years	51,673	61,440	11,983	10,451
– more than 5 years	66,283	71,521	2,406	2,288
Total banking book	138,774	155,963	37,057	40,334

	Interest rate derivatives Dec. 31, 2019 € millions	Interest rate derivatives Dec. 31, 2018 € millions	Currency derivatives Dec. 31, 2019 € millions	Currency derivatives Dec. 31, 2018 € millions
Trading book				
Nominal values				
Residual maturity				
– up to 3 months	8	4	–	–
– more than 5 years	20	–	–	–
Total trading book	28	4	–	–

	Interest rate derivatives Dec. 31, 2019 € millions	Interest rate derivatives Dec. 31, 2018 € millions	Currency derivatives Dec. 31, 2019 € millions	Currency derivatives Dec. 31, 2018 € millions
Banking book and trading book				
Nominal values				
Total banking book and trading book	138,802	155,967	37,057	40,334

Number of Employees

	2019 Women	2019 Men	2019 Total	2018 Women	2018 Men	2018 Total
Employees on an annual average¹⁾						
Full-time employees	338	541	879	357	558	915
Part-time employees	391	141	532	361	105	466
Total employees on an annual average	729	682	1,411	718	663	1,381

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

	2019 Women	2019 Men	2019 Total	2018 Women	2018 Men	2018 Total
Active employees as at Dec. 31						
Full-time employees	339	547	886	361	570	931
thereof employees under limited employment contracts	9	17	26	9	18	27
Part-time employees	399	143	542	360	106	466
thereof employees under limited employment contracts	7	7	14	5	4	9
Total active employees as at Dec. 31	738	690	1,428	721	676	1,397
In addition as at Dec. 31						
Managing Board	1	3	4	1	3	4
Apprentices and trainees	20	32	52	19	30	49
Employees employed outside of NRW.BANK (leave, secondments, employee assignments)	14	23	37	13	21	34

Managing Board Remuneration (31)

Non-performance-linked and performance-linked components of the Managing Board remuneration as well as the remuneration for mandates received by the Managing Board members in 2019 and 2018:

	Non-performance-linked remuneration						Total remuneration		Remuneration for mandates ⁴⁾	
	Fixed remuneration ¹⁾		Other remuneration ²⁾		Company pension scheme ³⁾		2019 €	2018 €	2019 €	2018 €
	2019 €	2018 €	2019 €	2018 €	2019 €	2018 €				
Eckhard Forst	750,776	747,010	13,949	13,328	169,511	120,835	934,236	881,173	34,153	39,746
Gabriela Pantring	528,085	521,581	13,327	12,867	143,073	113,344	684,485	647,792	0	0
Michael Stölting	622,400	622,698	5,707	4,889	603,918	543,253	1,232,025	1,170,840	62,877	64,723
Dietrich Suhlrie	626,548	618,455	13,856	13,360	913,739	462,868	1,554,143	1,094,683	1,800	5,500
Total Managing Board	2,527,809	2,509,744	46,839	44,444	1,830,241	1,240,300	4,404,889	3,794,488	98,830	109,969

¹⁾ Amounts 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 for the year 2019.

⁴⁾ Amounts incl. turnover tax, where applicable.

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 and Ms Pantring, this payment is capped at an amount equivalent to the remuneration for a maximum of two years. Thereafter, Mr Stölting and Mr Suhlrie will receive an early pension based on the pension that would be paid in case of invalidity until they reach the age of retirement. If the contract of Mr Forst is not renewed and this is not his fault and he is still able to work, he may apply for early retirement benefits after having reached the age of 62, whose payment will end once he receives his statutory pension but no later than after having reached the age of 66 years plus two months.

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 Pantring and Mr Suhlrie 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 2019, 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⁾ 2019 €	Expenses ¹⁾ 2018 €	Present value of the obligation 2019 €	Present value of the obligation 2018 €
Eckhard Forst	169,511	120,835	429,560	260,049
Gabriela Pantring	143,073	113,344	358,555	215,482
Michael Stölting	603,918	543,253	4,865,476	4,261,558
Dietrich Suhlrie	913,739	462,868	3,292,149	2,378,410
Total Managing Board	1,830,241	1,240,300	8,945,740	7,115,499

¹⁾ The expenses shown here comprise personnel and interest expenses. The fact that the expenses are higher than in the previous year is mainly attributable to the reduction in the discount rate from 3.21% as at December 31, 2018 to 2.71% as at December 31, 2019.

Payments to retired and resigned Managing Board members and present values of their retirement benefits:

	Payments from active employment ¹⁾ 2019 €	Payments from active employment ¹⁾ 2018 €	Payments from pension claims 2019 €	Payments from pension claims 2018 €	Present value of the obligation 2019 €	Present value of the obligation 2018 €
Former Managing Board members	69,150	123,175	1,509,296	1,261,707	29,674,037	27,644,225

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 (32)

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

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

	Total remuneration €
Members Pursuant to Section 8 Para. 1 Letters a to c of the Statutes	
Prof. Dr. Andreas Pinkwart Chairman Minister for Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	5,900
Lutz Lienenkämper, MdL Deputy Chairman Minister of Finance of the State of North Rhine-Westphalia	5,900
Ina Scharrenbach Deputy Chairwoman Minister of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia	5,300

	Total remuneration €
Members Pursuant to Section 8 Para. 1 Letter d of the Statutes	
Nathanael Liminski State Secretary as well as Head of the State Chancellery of the State of North Rhine-Westphalia	5,900
Mathias Richter State Secretary Ministry for School and Further Education of the State of North Rhine-Westphalia	5,600
Permanent Guests	
Matthias Elzinga Staff representative NRW.BANK	900
Frank Lill Staff representative NRW.BANK	900

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

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

	Total remuneration €
Members Pursuant to Section 12 Para. 1 Letters a to c of the Statutes	
Prof. Dr. Andreas Pinkwart Chairman Minister for Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	23,500
Lutz Lienenkämper, MdL Deputy Chairman Minister of Finance of the State of North Rhine-Westphalia	28,800
Ina Scharrenbach Deputy Chairwoman Minister of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia	28,500

	Total remuneration €
Permanent Representatives Pursuant to Section 12 Para. 2 of the Statutes	
Dr. Johannes Velling Senior Principal Ministry of Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	20,900
Gerhard Heilgenberg Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	25,900
Dr. Christian von Kraack Assistant Secretary Ministry of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia	25,600

	Total remuneration €
Members Pursuant to Section 12 Para. 1 Letter d of the Statutes	
Martin Börschel, MdL (since September 23, 2019) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	6,200
Ute Gerbaulet General Partner Bankhaus Lampe KG	17,400
Ursula Heinen-Esser Minister for Environment, Agriculture, Conservation and Consumer Affairs of the State of North Rhine-Westphalia	12,100
Bernd Krücker, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	17,100
Norbert Römer, MdL (until September 9, 2019) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	12,450
Dr. Birgit Roos Chairwoman of the Managing Board Sparkasse Krefeld	20,300
Dirk Wedel State Secretary Ministry of Justice of the State of North Rhine-Westphalia	6,200
Hendrik Wüst, MdL (since January 17, 2019) Minister of Transport of the State of North Rhine-Westphalia	12,100

	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	18,000
Frank Lill Staff representative NRW.BANK	17,300
Thomas Stausberg (until December 31, 2019) Director NRW.BANK	18,600
Torben Wittenberg Staff representative NRW.BANK	17,700

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

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

	Total remuneration €
Member Pursuant to Section 23 Para. 1 Letter a of the Statutes	
Ina Scharrenbach Chairwoman Minister of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia	3,600
Members Pursuant to Section 23 Para. 1 Letter b of the Statutes	
Günther Bongartz Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	3,600
Dr. Michael Henze Assistant Secretary Ministry for Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	3,300
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	
Roger Beckamp, MdL Member of the AfD Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Andreas Becker, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,600

	Total remuneration €
Members Pursuant to Section 23 Para. 1 Letter c of the Statutes	
Martin Börschel, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,300
Arndt Klocke, MdL Chairman of the Bündnis 90/Die Grünen Parliamentary Group State Assembly of North Rhine-Westphalia	3,300
Jochen Ott, MdL Deputy Chairman of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Stephen Paul, MdL Member of the FDP Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Fabian Schrupf, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Daniel Sieveke, MdL Deputy Chairman of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Klaus Vossemer, MdL Member of the CDU Parliamentary Group 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	
Rudolf Graaff Deputy Mayor Städte- und Gemeindebund Nordrhein-Westfalen e. V.	3,600
Thomas Hendele President Landkreistag Nordrhein-Westfalen e. V.	3,300
Hilmar von Lojewski Deputy Mayor for Urban Development, Construction, Housing and Transport Städtetag Nordrhein-Westfalen	3,600
Stefan Raetz Mayor City of Rheinbach	3,300

	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 of North Rhine-Westphalia	3,300
Permanent Representative of the Chairing Member Pursuant to Section 23 Para. 2 of the Statutes	
Sigrid Koeppinghoff Assistant Secretary Ministry of Home Affairs, Municipal Affairs, Construction and Equality of the State of North Rhine-Westphalia	3,600

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

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

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Prof. Dr. Andreas Pinkwart Chairman Minister for Economic Affairs, Innovation, Digitalization and Energy of the State of North Rhine-Westphalia	2,600
Kai Abruszat Mayor Stemwede local community	2,600
Michael Ackermann Managing Director Klinikum Bielefeld gem. GmbH	2,000
Uwe Berghaus Member of the Managing Board DZ BANK AG Deutsche Zentral-Genossenschaftsbank	2,300
Dr.-Ing. Heinrich Bökamp President and Board member Chamber of Engineers in North Rhine-Westphalia	2,600
Michael Breuer President Savings Banks and Giro Association of the Rhineland	2,300
Prof. Dr. Liane Buchholz President Savings Banks and Giro Association of Westphalia-Lippe	2,300

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Dr. Andre Carls Chairman of the Managing Board Bankenverband Nordrhein-Westfalen e.V.	2,300
Pit Clausen Deputy Chairman of the Managing Board Städtetag Nordrhein-Westfalen	2,300
Heinrich Otto Deichmann Chairman of the Supervisory Board Deichmann SE	2,300
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	2,300
Andreas Feicht (until January 31, 2019) Former Chairman of the Managing Board Verband kommunaler Unternehmen e.V. – Regional Group North Rhine-Westphalia –	167

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Dorothee Feller District President Münster Regional Government	2,600
Florian Festge (until October 21, 2019) Personally liable Partner HAVER & BOECKER OHG Drahtweberei und Maschinenfabrik	0
Heinz Fiege FIEGE Logistik Holding Stiftung & Co. KG	2,600
Prof. Dr. Ursula Gather Chairwoman of the Board of Trustees Alfried Krupp von Bohlen und Halbach-Stiftung	2,300
Dieter Gebhard Chairman Regional Assembly of Westphalia-Lippe	2,600
Dr. iur. Antonius Hamers, pastor Director Catholic Office North Rhine-Westphalia	2,600
Thomas Hendele President Landkreistag Nordrhein-Westfalen e. V.	2,600

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Anne Henk-Hollstein Chairwoman Regional Assembly of the Rhineland	2,600
Thomas Hunsteger-Petermann Lord Mayor City of Hamm	2,000
Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff Managing Partner and CEO KIRCHHOFF Holding GmbH & Co. KG	2,000
Dipl.-Ing. Hanspeter Klein (until June 30, 2019) Former Chairman of the Managing Board Verband Freier Berufe im Lande Nordrhein-Westfalen e. V.	1,000
Prof. Dr. Lambert T. Koch (since July 1, 2019) Chairman Directors Conference of the Universities in North Rhine-Westphalia	1,300
Stefan Koetz Chairman of the Management Board Ericsson GmbH	1,367
Daniel Krahn Founder & Managing Director UNIQ GmbH	2,300

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Dr. Arne Kupke Legal Vice President Evangelical Church of Westphalia	2,000
Markus Lewe Lord Mayor City of Münster	2,300
Matthias Löb Director of LWL Regional Association of Westphalia-Lippe	2,300
Ulrike Lubek Director of LVR Regional Association of the Rhineland	2,600
Wolfgang Lubert Managing Director EnjoyVenture Management GmbH	2,600
Dr.-Ing. Hinrich Mählmann Personally liable Managing Partner Otto Fuchs KG	2,600
Prof. Dr.-Ing. Wolfgang Marquardt Chairman of the Board of Directors Forschungszentrum Jülich GmbH	2,300

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Thomas Meyer President IHK NRW – Die Industrie- und Handelskammern in Nordrhein-Westfalen e.V.	2,000
Roland Oetker Managing Partner ROI Verwaltungsgesellschaft mbH	2,300
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
Guntram Pehlke (since July 1, 2019) Chairman of the Managing Board Verband kommunaler Unternehmen e. V. – Regional Group North Rhine-Westphalia –	1,000
Birgitta Radermacher District President Düsseldorf Regional Government	2,600
Henriette Reker Lord Mayor City of Cologne	2,000

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Prof. Dr.-Ing. Gerhard Sagerer (until March 27, 2019) Deputy Chairman Directors Conference of the Universities in North Rhine-Westphalia	500
Roland Schäfer President Städte- und Gemeindebund Nordrhein-Westfalen e. V.	2,000
Carola Gräfin von Schmettow Chairwoman of the Management Board HSBC Trinkaus & Burkhardt AG	2,300
Prof. Dr. Christoph M. Schmidt President RWI – Leibnitz-Institut für Wirtschaftsforschung	2,600
Dr. Rolf Martin Schmitz Chairman of the Managing Board RWE AG	2,600
Prof. Dr. Uwe Schneidewind President and Academic Managing Director Wuppertal Institut für Klima, Umwelt, Energie gGmbH	2,000
Frank Sportolari District Manager United Parcel Service LLC & Co. OHG	2,300

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

	Total remuneration €
Members Pursuant to Section 25 of the Statutes	
Marianne Thomann-Stahl (until December 31, 2019) Former District President Detmold Regional Government	2,600
Hans-Josef Vogel District President Arnsberg Regional Government	2,600
Gisela Walsken District President Cologne Regional Government	2,300
Anja Weber District Chairwoman Deutscher Gewerkschaftsbund NRW	2,300
Matthias Zachert Chairman of the Managing Board LANXESS AG	2,000
Bernd Zimmer (since July 1, 2019) Chairman of the Managing Board Verband Freier Berufe im Lande Nordrhein-Westfalen e. V.	1,300

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

	Total remuneration €
Members Pursuant to Section 26 of the Statutes	
Dr. Marcus Optendrenk, MdL Chairman Deputy Chairman of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	250
Ralf Witzel, MdL Deputy Chairman Deputy Chairman of the FDP Parliamentary Group State Assembly of North Rhine-Westphalia	250
Ralph Bombis, MdL Member of the FDP Parliamentary Group State Assembly of North Rhine-Westphalia	250
Marc Herter, MdL Deputy Chairman of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125
Stefan Kämmerling, MdL (until September 18, 2019) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125
Nadja Lüders, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125
Arne Moritz, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	125

1. On the basis of the rules adopted by the Board of Guarantors, turnover tax and travel expenses are refunded by the Bank upon request.
2. Potential duties of payment of the mandate holders and/or payments made are not taken into account.

	Total remuneration €
Members Pursuant to Section 26 of the Statutes	
Mehrdad Mostofizadeh, MdL Deputy Chairman of the Bündnis 90/Die Grünen Parliamentary Group State Assembly of North Rhine-Westphalia	125
Elisabeth Müller-Witt, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	250
Dr. Patricia Peill, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	125
Herbert Strotebeck, MdL Member of the AfD Parliamentary Group State Assembly of North Rhine-Westphalia	250
Marco Voge, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	125
Petra Vogt, MdL (since October 14, 2019) Deputy Chairwoman of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	125
Markus Herbert Weske, MdL (since November 27, 2019) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	0
Stefan Zimkeit, MdL (from September 23, 2019 to November 27, 2019) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	0

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

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in affiliated companies						
Bremer Spielcasino GmbH & Co. KG, Bremen	D/I	51.00%	6,232	2,582	EUR	Dec. 31, 2018
Casino Duisburg GmbH & Co. KG, Duisburg	I	100.00%	10,000	8,339	EUR	Dec. 31, 2018
Nordwestlotto in Nordrhein-Westfalen GmbH, Münster	D	100.00%	156	0	EUR	Dec. 31, 2018
NRW.BANK.Fonds Beteiligungs-GmbH i. L., Düsseldorf	D	100.00%	68	0	EUR	Dec. 31, 2018
Unterstützungseinrichtungen GmbH der Westdeutsche Lotterie GmbH & Co. OHG, Münster	D/I	100.00%	26	-293	EUR	Dec. 31, 2018
Westdeutsche Lotterie GmbH & Co. OHG, Münster ¹⁾	D	100.00%	120,907	5,239	EUR	Dec. 31, 2018
Westdeutsche Lotto-VertriebsGmbH, Münster	I	100.00%	23	-2	EUR	Dec. 31, 2018
Westdeutsche Spielbanken GmbH, Duisburg	D	100.00%	26	0	EUR	Dec. 31, 2018
Westdeutsche Spielbanken GmbH & Co. KG, Duisburg	D/I	100.00%	70,361	-3,826	EUR	Dec. 31, 2018
Westdeutsche Spielcasino Service GmbH, Duisburg	D	100.00%	525	0	EUR	Dec. 31, 2018
WestEvent GmbH & Co. KG, Münster	D/I	100.00%	3,927	511	EUR	Dec. 31, 2018
WestSpiel Entertainment GmbH, Duisburg	I	100.00%	25	0	EUR	Dec. 31, 2018
Equity investments in non-affiliated companies						
ABALOS THERAPEUTICS GmbH, Essen ³⁾	D	9.02%				
Algiax Pharmaceuticals GmbH, Erkrath	D	8.89%	-326	-650	EUR	Dec. 31, 2018
AMEPA Angewandte Messtechnik und Prozessautomatisierung GmbH, Würselen	D	16.67%	6,693	2,325	EUR	Dec. 31, 2018
AYOXXA Biosystems GmbH, Cologne	D	15.64%	-5,613	-7,718	EUR	Dec. 31, 2018
BE Beteiligungen Fonds GmbH & Co. KG, Cologne	D	4.08%	60,420	10,804	EUR	Dec. 31, 2018
BGB Ges. Bankenkonsortium ZENIT GmbH, Mülheim an der Ruhr	D	33.40%	2,958	46	EUR	Dec. 31, 2018
BLSW Seedfonds GmbH & Co. KG, Wuppertal	D	48.20%	552	1	EUR	Dec. 31, 2018
Bomedus GmbH, Bonn	D	22.80%	-748	-277	EUR	Dec. 31, 2018
Bright Capital SME Debt Fund I GmbH & Co. KG, Frankfurt am Main	D	3.86%	12,195	683	EUR	Dec. 31, 2018
btoV Industrial Technologies SCS SICAR, Munsbach	D	5.19%	2,170	-768	EUR	Dec. 31, 2018

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies						
Bürgschaftsbank Brandenburg GmbH, Potsdam	D	19.85%	29,836	748	EUR	Dec. 31, 2018
Bürgschaftsbank NRW GmbH – Kreditgarantiegemeinschaft, Neuss	D	15.75%	36,759	1,320	EUR	Dec. 31, 2018
Capnamic United Venture Fund I GmbH & Co. KG, Cologne	D	7.69%	392	2,720	EUR	Dec. 31, 2018
Capnamic Ventures Fund II GmbH & Co. KG, Cologne	D	3.14%	25,725	1,767	EUR	Dec. 31, 2018
Capza 5 Private Debt SCSp-RAIF, Luxembourg ³⁾	D	0.37%				
CellAct Pharma GmbH, Dortmund	D	38.56%	875	566	EUR	Dec. 31, 2018
CEVEC Pharmaceuticals GmbH, Cologne	D	18.04%	-752	-1,232	EUR	Dec. 31, 2018
Cherry Ventures Fund III GmbH & Co. KG, Berlin ³⁾	D	4.98%				
Chronext AG, Zug	D	6.59%	-3	-16	CHF	Dec. 31, 2018
CMP German Opportunity Investors Fund II SCA, Luxembourg	D	1.71%	64,240	-30,177	EUR	Dec. 31, 2018
CMP German Opportunity Investors Fund II SCS, Luxembourg	D	1.68%	88,293	-39,447	EUR	Dec. 31, 2018
CMP German Opportunity Investors Fund III SCSp, Luxembourg	D	2.00%	74,340	4,988	EUR	Dec. 31, 2018
Creathor Venture Fund IV SCS, Luxembourg	D	9.60%	14,442	483	EUR	Dec. 31, 2018
CryoTherapeutics SA, Awans	D	15.37%	188	-1,206	EUR	Dec. 31, 2018
DBAG Expansion Capital Fund GmbH & Co. KG, Frankfurt am Main	D	9.79%	46,293	-6,065	EUR	Dec. 31, 2018
DEINZER Holding GmbH, Munich	D	35.56%	3,916	-42	EUR	Mar. 31, 2019
Deutsche Arzt AG, Essen	D	11.32%	-1,657	-2,678	EUR	Dec. 31, 2018
DIREVO Industrial Biotechnology GmbH, Cologne	D	25.45%	1,153	-1,488	EUR	Dec. 31, 2018
Earlybird GmbH & Co. Beteiligungs KG 2012, Munich	D	3.33%	69,285	-3,412	EUR	Dec. 31, 2018
Earlybird Health GmbH & Co. Beteiligungs KG, Cologne	D	8.54%	13,414	-217	EUR	Dec. 31, 2018
eCAPITAL Cybersecurity Fonds GmbH & Co. KG, Münster	D	10.00%	834	-35	EUR	Dec. 31, 2018
ELS Fonds GmbH & Co. KG i. L., Recklinghausen	D	32.30%	1,836	-23	EUR	Dec. 31, 2018
Emergence Therapeutics AG, Duisburg ³⁾	D	13.85%				

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies						
Enerthing GmbH, Cologne	D	12.50%	974	-328	EUR	Dec. 31, 2018
EOS Beteiligungs GmbH, Munich ³⁾	D	3.85%				
European Investment Fund (EIF), Luxembourg	D	0.44%	1,991,030	127,561	EUR	Dec. 31, 2018
femtos GmbH, Bochum	D	10.00%	-609	-529	EUR	Dec. 31, 2018
FRONTASTIC GmbH, Münster ³⁾	D	10.28%				
Gardeur Beteiligungs GmbH, Mönchengladbach ²⁾	D	49.00%				
GENUI Fund GmbH & Co. KG, Hamburg	D	1.72%	275,853	-7,971	EUR	Dec. 31, 2018
GENUI Fund II GmbH & Co. KG, Hamburg ³⁾	D	1.03%				
GreenPocket GmbH, Cologne	D	12.80%	888	-860	EUR	Dec. 31, 2018
Gründerfonds Bielefeld-Ostwestfalen GmbH & Co. KG, Münster	D	38.42%	3,749	-2,229	EUR	Dec. 31, 2018
Gründerfonds Münsterland GmbH & Co. KG, Münster	D	37.81%	3,244	-666	EUR	Dec. 31, 2018
Gründerfonds Ruhr GmbH & Co. KG, Essen	D	43.48%	890	-671	EUR	Dec. 31, 2018
Harbert European Growth Capital Fund I, London	D	1.67%	52,392	4,096	GBP	Dec. 31, 2018
Harbert European Growth Capital Fund II SCSp, London	D	2.01%	67,144	499	EUR	Dec. 31, 2018
HAVERKAMP GmbH, Münster	D	49.00%	1,181	477	EUR	Dec. 31, 2018
Hemovent GmbH, Aachen	D	21.68%	293	-3,149	EUR	Dec. 31, 2018
HF Private Debt Fonds SCSp, Senningerberg	D	3.05%	45,127	1,048	EUR	Dec. 31, 2018
HoloBuilder Inc., San Francisco	D	10.03%	-818	-1,807	USD	Dec. 31, 2018
Ideenreich Invest GmbH, Cologne	D	50.00%	10,172	255	EUR	Dec. 31, 2018
INNOLUME GmbH, Dortmund	D	1.63%	-4,367	399	EUR	Dec. 31, 2018
Investitionsbank des Landes Brandenburg (ILB), Potsdam	D	50.00%	227,469	11,306	EUR	Dec. 31, 2018
IPF Fund I SCA, Luxembourg	D	1.19%	48,894	5,047	EUR	Dec. 31, 2018
JADO Technologies GmbH, Dresden ²⁾	D	18.02%				

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies						
Kapitalbeteiligungsgesellschaft für die mittelständische Wirtschaft in NRW mbH, Neuss	D	49.63%	4,028	783	EUR	Dec. 31, 2018
Kleffmann Holding GmbH i. L., Lüdinghausen	D	50.00%	6,933	205	EUR	Dec. 31, 2017
Kreos Capital VI (Expert Fund) LP, St. Helier ³⁾	D	0.59%				
Kurma Biofund III FPCI, Paris ³⁾	D	4.98%				
LSI Pre-Seed-Fonds GmbH, Bonn	D	35.13%	9,433	-639	EUR	Dec. 31, 2019
Mapudo GmbH, Düsseldorf	D	21.12%	764	-1,195	EUR	Dec. 31, 2018
Marondo Small-Cap Growth Fund I GmbH & Co. KG, Munich	D	6.12%	11	-313	EUR	Dec. 31, 2018
mimoOn GmbH, Duisburg ²⁾	D	17.06%				
Novihum Technologies GmbH, Dresden	D	13.35%	5,242	-5,192	EUR	Dec. 31, 2018
NRW.International GmbH, Düsseldorf	D	33.33%	35	0	EUR	Dec. 31, 2018
Occlutech Holding AG, Schaffhausen	D	0.15%	-176	-390	CHF	Dec. 31, 2018
ODDSET Sportwetten GmbH, Munich	I	34.00%	-3,446	-2,086	EUR	Dec. 31, 2018
Odewald KMU GmbH & Co. Beteiligungsgesellschaft für Vermögensanlagen KG, Berlin	D	7.32%	26,389	37,712	EUR	Dec. 31, 2018
Odewald KMU II GmbH & Co. Beteiligungsgesellschaft für Vermögensanlagen KG, Berlin	D	5.87%	64,015	-14,388	EUR	Dec. 31, 2018
Peppermint CBF 1 GmbH & Co. KG, Berlin	D	14.44%	15,368	-1,035	EUR	Dec. 31, 2018
Personal MedSystems GmbH, Berlin	D	5.68%	1,034	-1,429	EUR	Dec. 31, 2018
Phenox GmbH, Bochum	D	27.61%	9,212	1,342	EUR	Dec. 31, 2018
Pinova GmbH & Co. Beteiligungs 2 KG, Munich	D	5.56%	35,898	4,998	EUR	Dec. 31, 2018
Pinova GmbH & Co. Erste Beteiligungs KG, Munich	D	10.26%	68,654	966	EUR	Dec. 31, 2018
Portigon AG, Düsseldorf	D	30.51%	1,415,315	-215,215	EUR	Dec. 31, 2018
Pride Mezzanine Capital I FGR, Amsterdam ³⁾	D	1.67%				
Project A Ventures III GmbH & Co. KG, Berlin	D	2.95%	0	-11	EUR	Dec. 31, 2018
RDZ GmbH, Wiehl ²⁾	D	21.94%				

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share in %	Equity in thousands	Net income/ loss for the year in thousands	Currency	As at
Equity investments in non-affiliated companies						
Rheinland Venture Capital GmbH & Co. KG, Cologne ²⁾	D	39.92%				
RiverRock European Opportunities Feeder Fund II, London	D	1.07%	63,480	-21,627	EUR	Dec. 31, 2018
RiverRock European Opportunities Fund Ltd., London	D	1.49%	45,864	-1,494	EUR	Dec. 31, 2018
saperatec GmbH, Bielefeld	D	9.21%	-371	-1,051	EUR	Dec. 31, 2018
Scienion AG, Dortmund	D	45.60%	10,861	3,007	EUR	Dec. 31, 2018
SeedCapital Dortmund GmbH & Co. KG, i.L. Dortmund	D	46.51%	3,526	-337	EUR	Dec. 31, 2018
SeedCapital Dortmund II GmbH & Co. KG, Dortmund	D	47.62%	4,362	10	EUR	Dec. 31, 2018
SeedCapital Dortmund III GmbH & Co. KG, Dortmund ³⁾	D	47.62%				
Seed Fonds für die Region Aachen GmbH & Co. KG i. L., Aachen	D	46.95%	1,025	301	EUR	Dec. 31, 2018
Seed Fonds II für die Region Aachen GmbH & Co. KG, Aachen	D	47.02%	6,226	3,161	EUR	Dec. 31, 2018
Sirius Seedfonds Düsseldorf GmbH & Co. KG i. L., Düsseldorf	D	44.61%	1,142	-365	EUR	Dec. 31, 2018
Technologiefonds OWL GmbH & Co. KG, Paderborn	D	42.90%	1,786	-25	EUR	Dec. 31, 2018
TechVision Fonds I für die Region Aachen, Krefeld und Mönchengladbach GmbH & Co. KG, Aachen	D	32.50%	2,389	-26	EUR	Dec. 31, 2018
ubirch GmbH, Cologne	D	8.23%	309	1,179	EUR	Dec. 31, 2018
unu GmbH, Berlin	D	6.87%	5,987	-3,727	EUR	Dec. 31, 2018
VENTECH GmbH, Marl ²⁾	D	19.98%				
Vimecon GmbH i.L., Herzogenrath	D	8.28%	18	-1,445	EUR	Dec. 31, 2018
VISUS Industry IT GmbH, Bochum	D	8.55%	-36	-334	EUR	Dec. 31, 2018
windtest grevenbroich gmbh, Grevenbroich	D	25.00%	966	-308	EUR	Dec. 31, 2018

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

²⁾ The company did not prepare financial statements due to insolvency or liquidation.

³⁾ 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

Michael Stölting

Erste Abwicklungsanstalt, Düsseldorf
Member of the Supervisory Board

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

Dietrich Suhlrie

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

Seats Held by Employees

Regine Bukowski-Knuppertz (until December 31, 2019)

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

Ute Hagedorn

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

Simone Merk (since January 1, 2020)

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

Guido Köcher (until September 17, 2019)

Kettler GmbH, Ense
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 (33)

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

In accordance with Section 30 of the Statutes and to meet the statutory distribution requirements under Section 14 Para. 1 NRW.BANK G, an amount of € 8,163,803.91 will be paid to the Federal Government for interest amounts that become due after December 31, 2019 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 Art. 104a Para. 4 of the German Constitution [Grundgesetz – GG] in the version effective until August 31, 2006).

Executive Bodies of the Bank

Board of Guarantors

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

Prof. Dr. Andreas Pinkwart

Chairman

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

Lutz Lienenkämper, MdL

Deputy Chairman

Minister of Finance
of the State of North Rhine-Westphalia
Düsseldorf

Ina Scharrenbach

Deputy Chairwoman

Minister of Home Affairs, Municipal Affairs, Construction and Equality
of the State of North Rhine-Westphalia
Düsseldorf

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

Nathanael Liminski

State Secretary as well as Head of the State Chancellery
of the State of North Rhine-Westphalia
Düsseldorf

Mathias Richter

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

Permanent Guests

Matthias Elzinga

Staff representative
NRW.BANK
Münster

Frank Lill

Staff representative
NRW.BANK
Düsseldorf

Supervisory Board

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

Prof. Dr. Andreas Pinkwart

Chairman

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

Lutz Lienenkämper, MdL

Deputy Chairman

Minister of Finance
of the State of North Rhine-Westphalia
Düsseldorf

Ina Scharrenbach

Deputy Chairwoman

Minister of Home Affairs, Municipal Affairs, Construction and Equality
of the State of North Rhine-Westphalia
Düsseldorf

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

Martin Börschel, MdL (since September 23, 2019)

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

Ute Gerbaulet

General Partner
Bankhaus Lampe KG
Düsseldorf

Ursula Heinen-Esser

Minister for Environment, Agriculture, Conservation and Consumer Affairs
of the State of North Rhine-Westphalia
Düsseldorf

Bernd Krückel, MdL

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

Norbert Römer, MdL (until September 9, 2019)

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

Dr. Birgit Roos

Chairwoman of the Managing Board
Sparkasse Krefeld
Krefeld

Dirk Wedel

State Secretary
Ministry of Justice
of the State of North Rhine-Westphalia
Düsseldorf

Hendrik Wüst, MdL (since January 17, 2019)

Minister of Transport
of the State of North Rhine-Westphalia
Düsseldorf

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

Matthias Elzinga

Staff representative
NRW.BANK
Münster

Tanja Gossens

Staff representative
NRW.BANK
Düsseldorf

Frank Lill

Staff representative
NRW.BANK
Düsseldorf

Yvonne Rohde (since January 1, 2020)

Authorised officer
NRW.BANK
Düsseldorf

Thomas Stausberg (until December 31, 2019)

Director
NRW.BANK
Düsseldorf

Torben Wittenberg

Staff representative
NRW.BANK
Münster

Permanent Representatives Pursuant to Section 12 Para. 2 of the Statutes

Dr. Johannes Velling

Senior Principal
Ministry of Economic Affairs, Innovation, Digitalization and Energy
of the State of North Rhine-Westphalia
Düsseldorf

Gerhard Heilgenberg

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

Dr. Christian von Kraack

Assistant Secretary
Ministry of Home Affairs, Municipal Affairs, Construction and Equality
of the State of North Rhine-Westphalia
Düsseldorf

Managing Board

Eckhard Forst

Chairman of the Managing Board

Gabriela Pantring

Member of the Managing Board

Michael Stölting

Member of the Managing Board

Dietrich Suhlrie

Member of the Managing Board

Düsseldorf/Münster, February 11, 2020

NRW.BANK

The Managing Board

Eckhard Forst

Gabriela Pantring

Michael Stölting

Dietrich Suhlrie

Cash Flow Statement

of NRW.BANK as of December 31, 2019

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	8.2
2. Depreciation, write-downs/write-ups of receivables and tangible assets	-14.2
3. Increase/decrease in provisions	133.5
4. Other non-cash items	344.4
5. Gain/loss on the sale of tangible assets	-70.1
6. Other adjustments (balance)	0.0
7. Increase/decrease in receivables from banks	-363.9
8. Increase/decrease in receivables from customers	-1,375.2
9. Increase/decrease in securities (with the exception of financial assets)	115.1
10. Increase/decrease in other assets from operating activities	62.6
11. Increase/decrease in liabilities to banks	-3,353.8
12. Increase/decrease in liabilities to customers	-1,724.3
13. Increase/decrease in certificated liabilities	4,736.7
14. Increase/decrease in other liabilities from operating activities	481.8
15. Interest expenses/income	-658.2
16. Expenses for/income from extraordinary items	-
17. Income tax expenses/income	5.4
18. Interest and dividends received	4,338.7
19. Interest paid	-2,947.6
20. Extraordinary cash received	-

	€ millions
21. Extraordinary cash disbursed	-
22. Income tax payments	-7.7
23. Cash flow from operating activities	-288.6
24. Cash from the disposal of financial assets	773.1
25. Disbursements for investments in financial assets	-2.9
26. Cash from the disposal of tangible assets	0.0
27. Disbursements for investments in tangible assets	-9.0
28. Cash from the disposal of intangible assets	-
29. Disbursements for investments in intangible assets	-0.1
30. Changes in cash from other investing activities (balance)	-
31. Cash flow from investing activities	761.1
32. Cash from allocations to equity capital	0.6
33. Disbursements from equity reductions	-
34. Dividends paid to shareholders	-9.1
35. Cash changes from other capital (balance)	-109.5
36. Cash flow from financing activities	-118.0
37. Net change in cash and cash equivalents	354.5
38. Other changes in cash and cash equivalents	-
39. Cash and cash equivalents at the beginning of the period	1,563.4
40. Cash and cash equivalents at the end of the period	1,917.9

Statement of Changes in Equity

of NRW.BANK as of December 31, 2019

	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, 2017	17,000.0	727.5	36.1	219.6	–	17,983.2
Allocations	–	0.6	–	–	–	0.6
Net income	–	–	–	–	9.1	9.1
Designated payout due to legal requirements	–	–	–	–	–9.1	–9.1
As of Dec. 31, 2018	17,000.0	728.1	36.1	219.6	–	17,983.8
Allocations	–	0.6	–	–	–	0.6
Net income	–	–	–	–	8.2	8.2
Designated payout due to legal requirements	–	–	–	–	–8.2	–8.2
As of Dec. 31, 2019	17,000.0	728.7	36.1	219.6	–	17,984.4

Reproduction of the Auditor's Report

We have issued the following auditor's report on the annual financial statements and the management report:

"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, 2019 and the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from January 1, 2019 to December 31, 2019 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, 2019 to December 31, 2019.

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, 2019 as well as of its result of operations for the fiscal year from January 1, 2019 to December 31, 2019 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 of the German Commercial Code (Handelsgesetzbuch – 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; herein after "EU-APrVO") 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 EU-APrVO, we also declare that we have not provided non-audit services prohibited under Article 5 Para 1 EU-APrVO. 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 judgement, were most important in our audit of the annual financial statements for the fiscal year from January 1, 2019 to December 31, 2019. 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 of the Housing Promotion business unit

Reasons for the classification as a key audit matter

The valuation of receivables from customers of the Housing Promotion business unit and the related estimate of the allowances for such receivables is an important area in which management takes discretionary decisions. Individual and general allowances as well as allowance reserves pursuant to Section 340f HGB are established for acute and latent credit risks from loans. Both the identification of impaired loans and the determination of the recoverable amount are subject to uncertainties. Several assumptions and influencing factors, especially the financial position of the borrowers and the expected future cash flows from the loan agreements and/or from the properties financed as well as from the liquidation of collateral, are taken into account. Minor changes in the assumptions may lead to major valuation differences and may, hence, change the need to make write-downs for impairment.

A relatively large amount of time was needed to examine the valuation of receivables from customers of the Housing Promotion business unit in the context of the annual audit, which is therefore classified as a key audit matter.

Audit Procedure

The assessment of the design and the effectiveness of the internal control system for the material accounting-relevant lending processes focused on the processes for the permanent monitoring of exposures and for calculating the individual impairments.

In the calculation of the individual impairments, we placed a focus on reviewing the need for NRW.BANK to establish risk provisions in the context of the annual monitoring of credit exposures and because of a particular cause.

At the processual level, we primarily reviewed the completeness of the monitoring of credit exposures, compliance with the deadlines for annual monitoring as well as the appropriateness and application of the Bank's proprietary risk provisioning concept. We also examined whether the calculation schemes defined by the Bank for the determination of the individual allowances are adequate and used consistently. This was primarily done on the basis of our industry knowledge.

On a random basis, we additionally conducted statement-related audit procedures and assessed the need for and appropriateness of individual risk provisions in the context of the individual case audit. The random samples

were chosen in a risk-oriented manner, especially based on criteria such as the amount of the exposures and/or the listing of loans on watchlists for latent and acute risks of default as well as the rating class.

The focus of our statement-related audit procedures was placed on management's estimates of the expected future cash flows from the loan agreements or from the properties financed as well as from the liquidation of collateral; in this context, we reviewed each of the material assumptions made for this purpose as part of the write-down process.

To assess the appropriateness of the estimates of the expected cash flows from the loan agreements, the properties financed and the liquidation of collateral, we checked the Bank's assumptions for plausibility using the present financial statements, tenant lists and cash flow projections of the customers and compared them with market data where available.

To assess the valuation of the real-estate collateral, we used the valuation appraisals prepared by the Bank's internal experts. We examined the activity of the experts, especially with regard to the independent and adequate determination of the values, on the basis of our industry knowledge. We also had the valuation appraisals reviewed

by our own specialists on a random sample basis. This included both an assessment of the valuation method used in the valuation appraisal and the assessment of the determination of the parameters used for the estimates.

Our audit procedures have not led to any reservations regarding the valuation of receivables from customers of the Housing promotion business unit.

Reference to related disclosures

The Bank's disclosures on the valuation of receivables from customers of the Housing Promotion business unit are made in the notes under Accounting and Valuation Principles under the heading ["2. Promotional Loans of the Housing Promotion Business Unit"](#). Further information regarding the receivables from customers of the Housing Promotion business unit, the risk provisions established in the fiscal year and the amount of the risk provisions as of the balance sheet date is provided in the management report of the Bank in paragraphs ["2.3.1"](#) and ["5.5.6"](#) enthalten.

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 following paragraphs of the 2019 Financial Report obtained by us prior to the date of this auditor's report: "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 Parliamentary Advisory Board", "Members of the Advisory Board", "Organisation Chart" and "NRW.BANK at a Glance". Other information additionally comprises the non-financial report of NRW.BANK obtained by us prior to the date of the present auditor's report, which is published on the website of NRW.BANK.

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, whether due to fraud 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 principle, unless this is made impossible by actual or legal circumstances.

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-APrVO 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 judgement 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 com-

pliance 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

Further information pursuant to Article 10 of the EU-APrVO

We were elected as auditors by the Board of Guarantors on March 18, 2019. We were commissioned by the Chairman of the Supervisory Board and the Board of Guarantors of NRW.BANK Institution under public law on April 16, 2019. 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-APrVO (audit report).

German public accountant responsible for the audit

The German public accountant responsible for the audit is Martin Werthmann."

Düsseldorf, February 12, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Werthmann
German Public Accountant



Eckert
German Public Accountant

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and result of operations of NRW.BANK, and the management report includes a fair review of the development and performance of the business and the position of NRW.BANK, together with a description of the principal opportunities and risks associated with the expected development of NRW.BANK.

Düsseldorf/Münster, February 11, 2020

NRW.BANK

The Managing Board



Eckhard Forst
Chairman of the Managing Board



Gabriela Pantring
Member of the Managing Board



Michael Stölting
Member of the Managing Board



Dietrich Suhlrie
Member of the Managing Board

Members of the Advisory Board for Housing Promotion

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

Ina Scharrenbach

Chairwoman

Minister of Home Affairs, Municipal Affairs, Construction and Equality
of the State of North Rhine-Westphalia
Düsseldorf

Members Pursuant to Section 23 Para. 1 Letter b of the Statutes

Günther Bongartz

Assistant Secretary

Ministry of Finance
of the State of North Rhine-Westphalia
Düsseldorf

Dr. Michael Henze

Assistant Secretary

Ministry for Economic Affairs, Innovation, Digitalization and Energy
of the State of North Rhine-Westphalia
Düsseldorf

Sven-Axel Köster

Senior Principal

Ministry of Work, Welfare and Social Integration
of the State of North Rhine-Westphalia
Düsseldorf

Members Pursuant to Section 23 Para. 1 Letter c of the Statutes

Roger Beckamp, MdL

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

Andreas Becker, MdL

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

Martin Börschel, MdL

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

Arndt Klocke, MdL

Chairman of the Bündnis 90/Die Grünen Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Jochen Ott, MdL

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

Stephen Paul, MdL

Member of the FDP Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Fabian Schrumpf, MdL

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

Daniel Sieveke, MdL

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

Klaus Vossemer, MdL

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

Members Pursuant to Section 23 Para. 1 Letter d of the Statutes**Ass. jur. Erik Amaya**

Association Director
Haus & Grund Rheinland Westfalen
Düsseldorf

Elisabeth Gendziorra, lawyer

Managing Director
BFW Landesverband Nordrhein-Westfalen e. V.
Düsseldorf

Alexander Rychter

Association Director
Verband der Wohnungs- und Immobilienwirtschaft Rheinland Westfalen e. V.
Düsseldorf

Members Pursuant to Section 23 Para. 1 Letter e of the Statutes**Rudolf Graaff**

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

Thomas Hendele

President
Landkreistag Nordrhein-Westfalen e. V.
Düsseldorf

Hilmar von Lojewski

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

Stefan Raetz

Mayor
City of Rheinbach
Rheinbach

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.
Düsseldorf

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

Dipl.-Ing. Ernst Uhing

President

Chamber of Architects in North Rhine-Westphalia

Düsseldorf

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

Sigrid Koeppinghoff

Assistant Secretary

Ministry of Home Affairs, Municipal Affairs, Construction and Equality
of the State of North Rhine-Westphalia

Düsseldorf

Members of the Advisory Board

Member Pursuant to Section 25 of the Statutes

Prof. Dr. Andreas Pinkwart

Chairman

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

Kai Abruszat

Mayor

Stemwede local community
Stemwede

Michael Ackermann

Managing Director

Klinikum Bielefeld gem. GmbH
Bielefeld

Uwe Berghaus

Member of the Managing Board

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank
Düsseldorf

Dr.-Ing. Heinrich Bökamp

President and Board Member

Chamber of Engineers in North Rhine-Westphalia
Düsseldorf

Michael Breuer

President

Savings Banks and Giro Association of the Rhineland
Düsseldorf

Prof. Dr. Liane Buchholz

President

Savings Banks and Giro Association of Westphalia-Lippe
Münster

Dr. Andre Carls

Chairman of the Managing Board

Bankenverband Nordrhein-Westfalen e.V.
Düsseldorf

Pit Clausen

Deputy Chairman of the Managing Board

Städtetag Nordrhein-Westfalen
Düsseldorf

Heinrich Otto Deichmann

Chairman of the Supervisory Board

Deichmann SE
Essen

Paolo Dell' Antonio

Chairman of the Managing Board

Wilh. Werhahn KG
Neuss

Andreas Ehlert

President
Chamber of Handicrafts Düsseldorf
Düsseldorf

Thomas Eiskirch

Lord Mayor
City of Bochum
Bochum

Andreas Feicht (until January 31, 2019)

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

Dorothee Feller

District President
Münster Regional Government
Münster

Florian Festge (until October 21, 2019)

Personally liable Partner
HAVER & BOECKER OHG
Drahtweberei und Maschinenfabrik
Oelde

Heinz Fiege

FIEGE Logistik Holding Stiftung & Co. KG
Greven

Prof. Dr. Ursula Gather

Chairwoman of the Board of Trustees
Alfried Krupp von Bohlen und Halbach-Stiftung
Essen

Dieter Gebhard

Chairman
Regional Assembly of Westphalia-Lippe
Münster

Dr. iur. Antonius Hamers, pastor

Director
Catholic Office North Rhine-Westphalia
Düsseldorf

Thomas Hendele

President
Landkreistag Nordrhein-Westfalen e. V.
Düsseldorf

Anne Henk-Hollstein

Chairwoman
Regional Assembly of the Rhineland
Cologne

Thomas Hunsteger-Petermann

Lord Mayor
City of Hamm
Hamm

Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff

Managing Partner and CEO
KIRCHHOFF Holding GmbH & Co. KG
Iserlohn

Dipl.-Ing. Hanspeter Klein (until June 30, 2019)

Former Chairman of the Managing Board
Verband Freier Berufe im Lande Nordrhein-Westfalen e.V.
Düsseldorf

Prof. Dr. Lambert T. Koch (since July 1, 2019)

Chairman
Directors Conference of the Universities in North Rhine-Westphalia
Wuppertal

Stefan Koetz

Chairman of the Management Board
Ericsson GmbH
Düsseldorf

Daniel Krahn

Founder & Managing Director
UNIQ GmbH
Holzwickede

Dr. Arne Kupke

Legal Vice President
Evangelical Church of Westphalia
Bielefeld

Markus Lewe

Lord Mayor
City of Münster
Münster

Matthias Löb

Director of LWL
Regional Association of Westphalia-Lippe
Münster

Ulrike Lubek

Director of LVR
Regional Association of the Rhineland
Cologne

Wolfgang Lubert

Managing Director
EnjoyVenture Management GmbH
Düsseldorf

Dr.-Ing. Hinrich Mählmann

Personally liable Managing Partner
Otto Fuchs KG
Meinerzhagen

Prof. Dr.-Ing. Wolfgang Marquardt

Chairman of the Board of Directors
Forschungszentrum Jülich GmbH
Jülich

Thomas Meyer

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

Roland Oetker

Managing Partner
ROI Verwaltungsgesellschaft mbH
Düsseldorf

Dr. Uli Paetzel

Chairman of the Managing Board
EMSCHERGENOSSENSCHAFT und LIPPEVERBAND
Essen/Dortmund

Dr. Paul-Josef Patt

Chairman of the Managing Board
eCAPITAL entrepreneurial Partners AG
Münster

Guntram Pehlke (since July 1, 2019)

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

Birgitta Radermacher

District President
Düsseldorf Regional Government
Düsseldorf

Henriette Reker

Lord Mayor
City of Cologne
Cologne

Prof. Dr.-Ing. Gerhard Sagerer (until March 27, 2019)

Deputy Chairman
Directors Conference of the Universities in North Rhine-Westphalia
Dortmund

Roland Schäfer

President
Städte- und Gemeindebund Nordrhein-Westfalen e. V.
Düsseldorf

Carola Gräfin von Schmettow

Chairwoman of the Management Board
HSBC Trinkaus & Burkhardt AG
Düsseldorf

Prof. Dr. Christoph M. Schmidt

President
RWI – Leibniz-Institut für Wirtschaftsforschung
Essen

Dr. Rolf Martin Schmitz

Chairman of the Managing Board
RWE AG
Essen

Prof. Dr. Uwe Schneidewind

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

Frank Sportolari

District Manager
United Parcel Service LLC & Co. OHG
Neuss

Marianne Thomann-Stahl (until December 31, 2019)

Former District President
Detmold Regional Government
Detmold

Hans-Josef Vogel

District President
Arnsberg Regional Government
Arnsberg

Gisela Walsken

District President
Cologne Regional Government
Cologne

Anja Weber

District Chairwoman
Deutscher Gewerkschaftsbund NRW
Düsseldorf

Matthias Zachert

Chairman of the Managing Board
LANXESS AG
Leverkusen

Bernd Zimmer (since July 1, 2019)

Chairman of the Managing Board
Verband Freier Berufe im Lande Nordrhein-Westfalen e. V.
Düsseldorf

Members of the Parliamentary Advisory Board

Members Pursuant to Section 26 of the Statutes

Dr. Marcus Optendrenk, MdL

Chairman

Deputy Chairman of the CDU Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Ralf Witzel, MdL

Deputy Chairman

Deputy Chairman of the FDP Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Ralph Bombis, MdL

Member of the FDP Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Marc Herter, MdL

Deputy Chairman of the SPD Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Stefan Kämmerling, MdL (until September 18, 2019)

Member of the SPD Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Nadja Lüders, MdL

Member of the SPD Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Arne Moritz, MdL

Member of the CDU Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Mehrdad Mostofizadeh, MdL

Deputy Chairman of the Bündnis 90/Die Grünen Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Elisabeth Müller-Witt, MdL

Member of the SPD Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Dr. Patricia Peill, MdL

Member of the CDU Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Herbert Strotebeck, MdL

Member of the AfD Parliamentary Group

State Assembly of North Rhine-Westphalia

Düsseldorf

Marco Voge, MdL

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

Petra Vogt, MdL (since October 14, 2019)

Deputy Chairwoman of the CDU Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

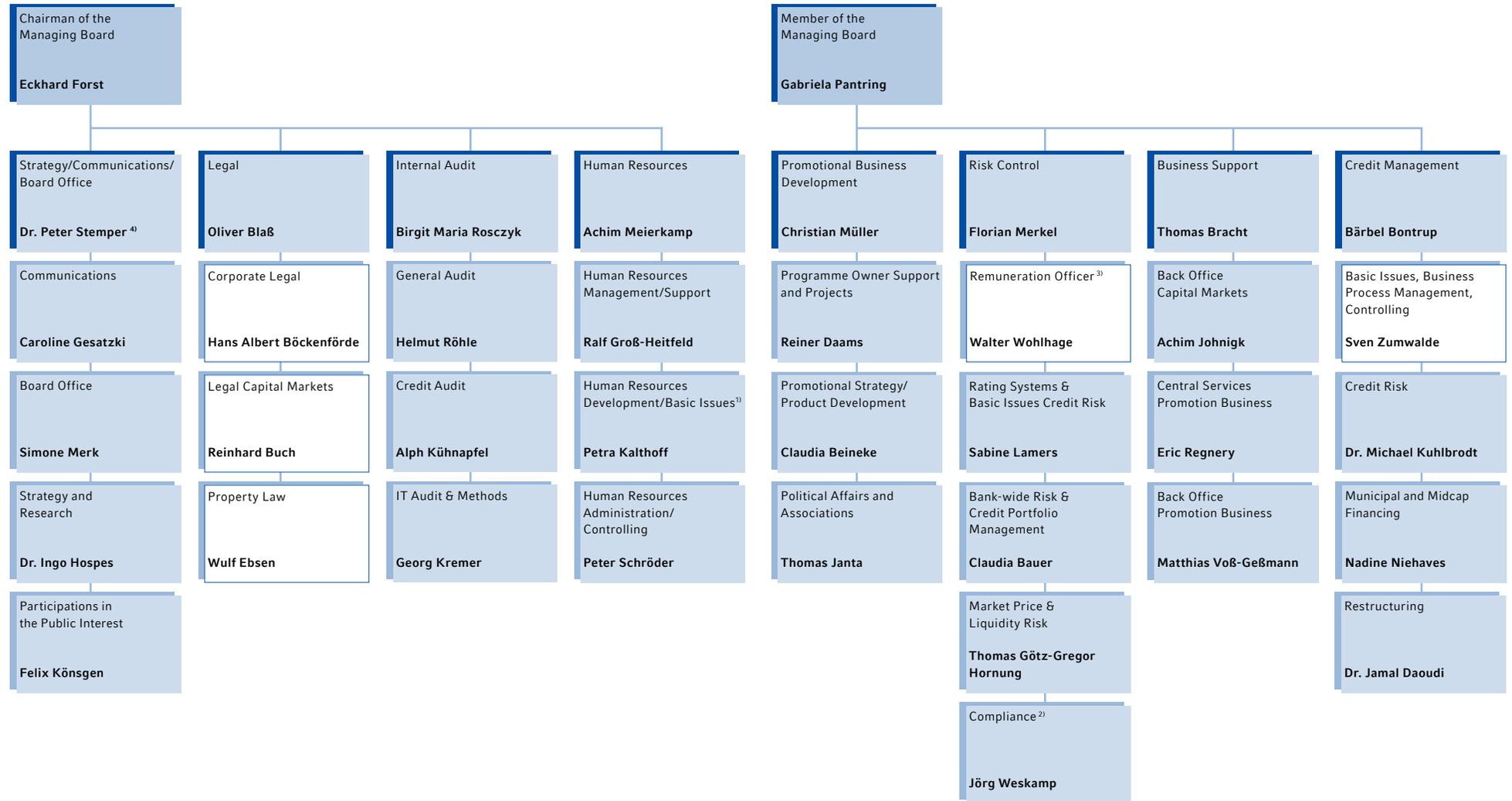
Markus Herbert Weske, MdL (since November 27, 2019)

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

Stefan Zimkeit, MdL (from September 23, 2019 to November 27, 2019)

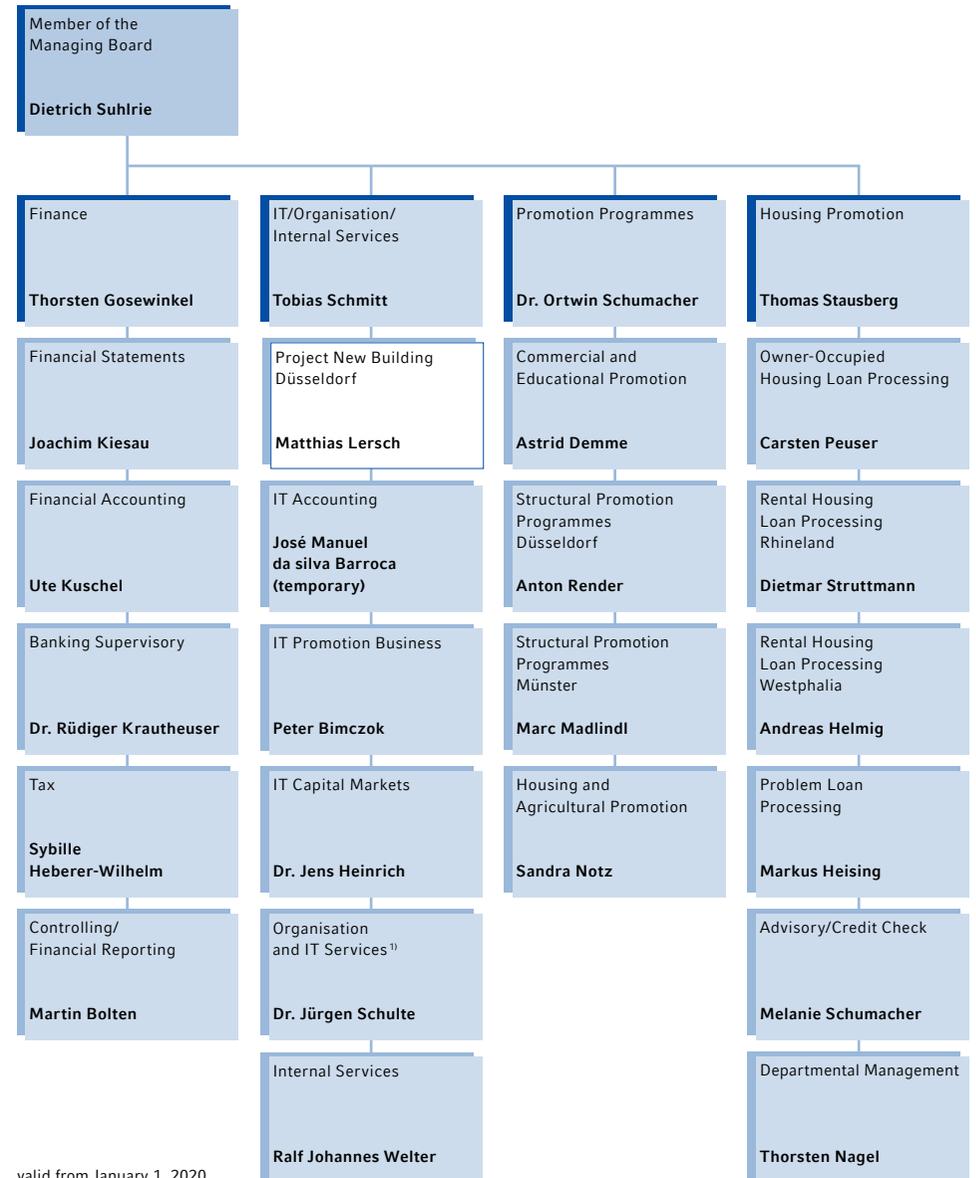
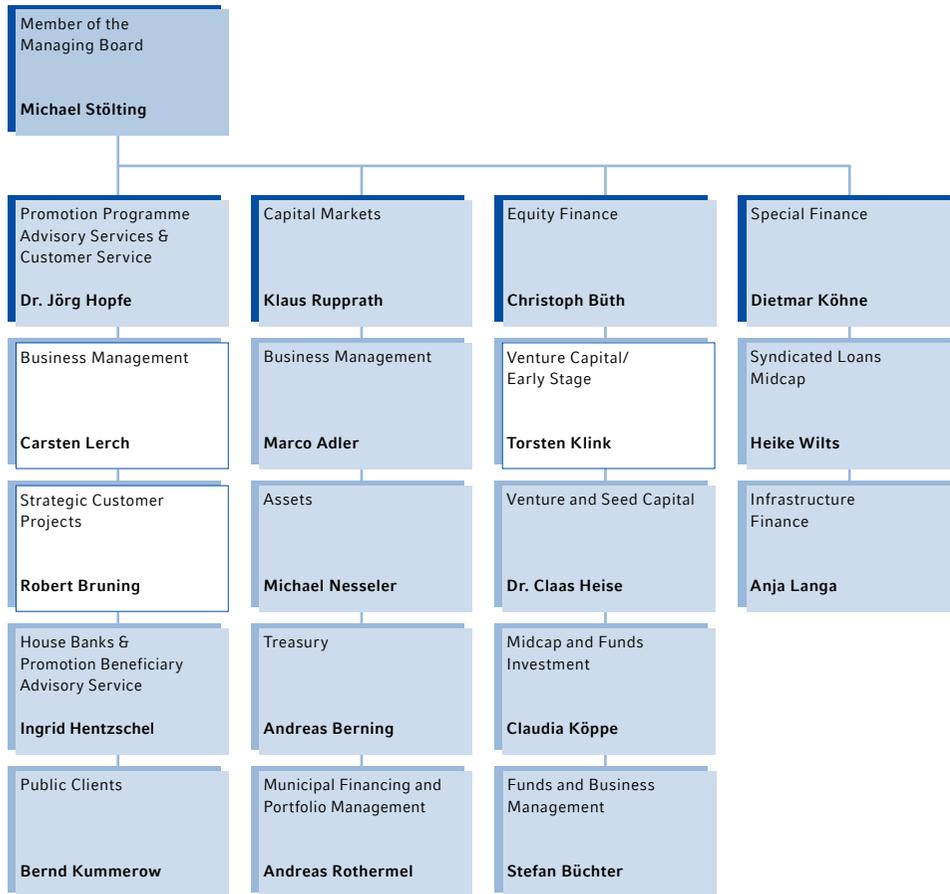
Member of the SPD Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Organisation Chart



Business Unit
 Department
 Team with direct reporting line to the Business Unit Head





¹⁾ Occupational Safety Officer, Equal Opportunities Officer, Data Protection Officer and Chief Information Security Officer (CISO) report directly to the Managing Board.

²⁾ The Money Laundering Officer, who is in charge of the central function for the prevention of money laundering, terrorist financing and other criminal acts pursuant to § 25h KWG (Jörg Weskamp), the WpHG Compliance Officer (Jörg Weskamp) and the MaRisk Compliance Officer (Jörg Weskamp) report directly to the Managing Board and are bound by instructions only from the latter.

³⁾ The Remuneration Officer reports directly to the Supervisory Board and the Remuneration Control Committee.

⁴⁾ No professional or disciplinary responsibility for all matters concerning Portigon AG and Erste Abwicklungsanstalt; direct responsibility of or direct reporting line from the department heads to Mr Forst or his representative in cases where Dr Stemper is not responsible.

Note: The Staff is not shown as an organisational unit in the organisational chart of NRW.BANK as it is an elected body which has no reporting relationship with the Managing Board.

valid from January 1, 2020

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 5.30 p.m.

Public Sector Client Support

Phone +49 211 91741-4600

Fax +49 211 91741-2054

oeffentliche-kunden@nrwbank.de

Financial Calendar 2020

March 17, 2020	Annual press conference
August 25, 2020	Publication of the promotional result for the second quarter
November 10, 2020	Publication of the promotional result for the third quarter

Volume of new commitments

	2019 € millions	2018 € millions
Breakdown by promotional fields		
Economy	2,737	3,592
Housing	2,624	2,215
Infrastructure/Municipalities	4,929	4,487
Total	10,290	10,294

Key Figures

	2019 € millions	2018 € millions
Total assets	149,235	149,083
Equity capital pursuant to the German Commercial Code (HGB)	17,984	17,984
Common Equity Tier 1 capital	18,166	18,409
Own funds	19,644	19,963
Operating income	458	445
Administrative expenses	263	249
Operating result	195	196
CET1 capital ratio	43.52%	41.56%
Total capital ratio	47.06%	45.07%
Number of employees	1,428	1,397

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

Sustainability Ratings

	ISS ESG	imug	Sustainalytics	Vigeo Eiris	MSCI ESG	DZ BANK
Rating	Prime (C)	positive (B)	n. p.*	n. p.*	AA	Seal of approval for sustainability

* not public

NRW.BANK

Düsseldorf

Kavalleriestraße 22
40213 Düsseldorf
Phone +49 211 91741-0
Fax +49 211 91741-1800

www.nrwbank.de

info@nrwbank.de

Münster

Friedrichstraße 1
48145 Münster
Phone +49 251 91741-0
Fax +49 251 91741-2921



<https://twitter.com/NRWBANK>

Photo Credits

[Front cover](#) Unsplash/Nico von Nordheim; [p. 3](#) NRW.BANK/Christian Lord Otto and NRW.BANK/Udo Geisler; [p. 4](#) Adobe Stock/eyetronic; [p. 5](#) NRW.BANK/Udo Geisler; [p. 6](#) Gründerpreis NRW/Udo Geisler; [p. 7](#) NRW.BANK/Christian Lord Otto; [p. 8](#) Adobe Stock/Christian Schwier; [p. 9](#) Solarpark Grottenkamp/Bernhard Lindstrot, NRW.BANK/Udo Geisler, EnergieAgentur.NRW, NRW.BANK/Christian Lord Otto; [p. 10](#) NRW.BANK/Udo Geisler; [p. 12](#) NRW.BANK, NRW.BANK/Udo Geisler, NRW.BANK/Manfred Belle, NRW.BANK

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

Caroline Gesatzki
Head of Communications
NRW.BANK

Concept and Design, Production and Typesetting

vE&K Werbeagentur GmbH & Co. KG,
Essen
www.ve-k.de