

Financial Report 2013

Financial Report 2013 of NRW.BANK

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Corporate Responsibility

As the development bank for the state of North Rhine-Westphalia, NRW.BANK is committed to the principle of corporate responsibility. For the Bank, this is a responsible, transparent and ongoing process involving not only its customers but also its employees and society at large. In this context, the Bank believes that the economical, ecological and social dimensions of sustainability are inseparably linked.

NRW.BANK's Annual Report for 2004 was the first to incorporate a report on the Bank's sustainability performance, since then the report has been continuously expanded. The performance indicators presented in this chapter are for NRW.BANK's two head offices in Düsseldorf and Münster and cover the years 2011, 2012 and 2013.

Based on the "Principles of Corporate Responsibility at NRW.BANK", the Bank reports on its sustainability approach in five blocks. Each of the sub-chapters refers to these principles and starts with an extract from them.

1 Living up to Our Corporate Responsibility

- NRW.BANK considers sustainability to be a central guiding principle and a key criterion in taking decisions on business policy. This credo is reflected in all phases of NRW.BANK's corporate activities, starting from its strategic and business policy decisions to the shaping of its range of products and services down to the implementation of specific financings, its capital market activities and its offering of consulting services.
- One of the essential cornerstones of the sustainability strategy pursued by NRW.BANK is transparent and responsible treatment of its owner, customers, employees and its stakeholders at large. NRW.BANK lives up to this commitment based on its Public Corporate Governance Code. In addition, NRW.BANK has defined the core

elements of its corporate mission in its corporate mission statement.

- Rules on compliance and money laundering prevention are integral elements of NRW.BANK's business processes. They are designed to help the Bank prevent corruption, bribery and money laundering. In addition, NRW.BANK has installed binding regulations for the confidential treatment of information, e.g. company and business secrets, by its employees.
- To safeguard its competition-neutral status, NRW.BANK complies with the principle of non-discrimination.
- When commissioning third parties, NRW.BANK will pay attention not only to cost-efficiency but also to environmental protection, energy efficiency, female promotion and social aspects in accordance with applicable legal regulations.
- To confirm its sustainability targets, NRW.BANK will verify their attainment at regular intervals and join national and international initiatives or sign the voluntary commitments developed by such initiatives. For instance, NRW.BANK has signed the ten principles of the UN Global Compact, the Finance Initiative of the United Nations Environment Programme as well as the German Diversity Charter.
- NRW.BANK reviews its day-to-day work processes in light of sustainability-related aspects. The Bank will continue to improve the sustainability of its business activities and make the progress achieved measurable wherever possible. Focal points of these efforts include the integration of sustainability-related issues into departmental tasks, products, guidelines and processes as well as the integration of sustainability aspects into the credit and investment processes.
- NRW.BANK publishes regular reports on the further development of its internal guidelines as well as its activities in the individual areas and the progress achieved.

In its statutes (see Section 5, para. 1) and the Act on NRW.BANK (see Section 3, para. 1), the Bank describes the importance of sustainability for its work as the development bank of North Rhine-Westphalia as follows: "NRW.BANK has been commissioned by the government mission to support the federal state and its municipal corporations in meeting their public tasks, particularly in the fields of structural, economic, social and housing policy and carry out and administer development measures in compliance with the benefit regulations of the European Union. In this regard, it is guided by the principle of sustainability."

As a general principle of bank-wide importance, sustainability is also incorporated into the strategy of NRW.BANK.

Moreover, the Bank's "Principles of Corporate Responsibility at NRW.BANK" define the framework for the Bank's approach to sustainability – with regard to general processes, its customers, its employees, climate and environmental protection and corporate citizenship. They also reflect the particularities arising from the Bank's public mission: as a development bank, NRW.BANK is subject to the "Verständigung II" agreement. It operates in the banking sector in non-discriminatory manner and cooperates closely with the banks in North Rhine-Westphalia.

When it comes to implementing the strategic objectives, it is important to incorporate sustainability in the Bank's internal processes. In order to put sustainability into practice in its day-to-day operations, NRW.BANK has formulated a set of internal guidelines for its own business activity; needless to say, the Bank also fulfils the respective legal requirements.

1.1 Statutory Framework and Internal Regulations

1.1.1 Labour Standards and Human Rights

Compliance with human rights and with the labour standards that are applicable in Germany as well as the rejection of child and forced labour is a matter of course for the Bank and is laid down in NRW.BANK's Principles of Corporate Responsibility.

1.1.2 Equal Opportunities and Principle of Non-discrimination

With a view of ensuring a fair and good working environment, NRW.BANK attaches great importance to promoting mutual respect and avoiding discrimination. Equal opportunities and the principle of non-discrimination play an important role when it comes to "Assuming Social Responsibility for Employees". They form part of both the Principles of Corporate Responsibility and of special internal guidelines.

1.1.3 Compliance

Compliance with statutory and regulatory provisions is an integral element of NRW.BANK's processes and organisation. The Compliance Department, as part of the Risk Management unit, is the central body that is responsible for all compliance-related tasks. In addition, the Bank has appointed a Compliance Officer to handle the respective functions. The latter reports directly to the management and is not bound by instructions in performing his tasks.

The Compliance Officer's tasks include coordinating all measures aimed at preventing money laundering, terrorist financing and other criminal acts, addressing operational risks, developing and implementing a risk-mitigating overall concept, advising and supporting the management in all compliance-related issues as well as annual reporting. Compliance-related issues are addressed in accordance with the Minimum Requirements for Risk Management (MaRisk) and the German Securities Trading Act (WpHG).

A detailed internal set of Compliance Rules as well as regular mandatory training for all employees are designed to raise employees' awareness for compliance and play an important role in the development bank's preventive approach.

1.1.4 Data Protection

As a matter of course, NRW.BANK is committed to handling information in a responsible and confidential manner and has laid this down in its internal written instructions. Compliance with data protection and banking secrecy regulations is mandatory for all employees.

The Bank meets its statutory training obligations towards its staff by means of online instructions on data protection and information security.

1.1.5 Money Laundering Prevention

To prevent money laundering within its sphere of influence, NRW.BANK has implemented various measures; the development, updating and implementation of internal principles, appropriate business-specific and customer-specific safeguarding systems and controls play an important role in this context.

For this purpose, the Bank has appointed a Money Laundering Officer who regularly informs, advises and trains the staff on a preventive basis. In addition, the Money Laundering Officer prepares a bank-wide annual analysis of the Bank's exposure to money laundering risks and reports directly to the Managing Board.

Mandatory online training for all employees takes place regularly, at least every three years, and rounds off the Bank's money laundering prevention activities.

1.1.6 Sustainable Procurement

In the context of the procurement processes for construction, delivery and other services, aspects of environmental protection, energy efficiency as well as social issues such as female promotion, the balance of work and family life or the prohibition of child labour are binding requirements within NRW.BANK on the basis of the Act against Restraints of Competition (GWB) and the prevailing wage law for public procurement (TVgG-NRW).

Accordingly, the Bank places orders which exceed the EU limits in accordance with the Construction Contract Procedures (Part A) as well as the Regulations on Contract Awards for Public Supplies and Services (Part A) and the Regulations on Contract Awards for Independent Professional Services. Before placing orders worth € 25,000 or more, the Bank additionally performs an audit in accordance with section 8 of the North Rhine-Westphalian Anti-Corruption Act (KorruptionsbG). This way, the Bank can rule out bribery, fraud, influence peddling, restrictive agreements and other forms of corruption.

Environmental aspects have been integrated into the Bank's procurement processes for office materials. In the fiscal year 2013, NRW.BANK participated in a supplier's internal sustainability competition. In this context, the office materials used as well as the procurement and logistic processes were analysed in terms of sustainability. NRW.BANK placed second in the competition.

Apart from employing individuals with disabilities, NRW.BANK commissions workshops for the handicapped to provide such services as washing and cleaning, at its locations in Düsseldorf and Münster. The Bank thus lives up to its responsibility towards society in this area as well.

1.1.7 Public Corporate Governance Code

NRW.BANK's amended Public Corporate Governance-Code, which has been updated following the code of conduct of the state of North Rhine-Westphalia, was adopted by the Bank in 2013. It came into force with effect from January 1, 2014.

For many years, the Bank has implemented transparency and responsibility in its dealings with its target groups. When the Public Corporate Governance Code of NRW.BANK came into force on January 1, 2006, NRW.BANK was one of the first public-sector companies in Germany to officially commit itself to this standard of corporate governance.

1.1.8 Freedom of Association and Right to Collective Bargaining

Based on the North Rhine-Westphalian State Staff Representation Act, the Bank's staff council represents the interests and needs of the employees of NRW.BANK. The staff council monitors compliance with applicable laws, regulations, collective bargaining agreements and labour agreements and again informed the employees at the annual staff assembly in 2013.

Being a public-law institution, NRW.BANK is subject to the collective bargaining agreement for the private-sector and public banking industry and implements the collectively agreed results for its employees under collective agreements. This is also done to a great degree and voluntarily for employees not covered by collective agreements.

1.2 Initiatives and Memberships

In accordance with its Principles of Corporate Responsibility, NRW.BANK also contributes to tasks identified outside its own business activity. Since 2009, the Bank has been a member or signatory of the following initiatives:

- German Diversity Charter
- UNEP Finance Initiative (UNEP FI)
- UN Global Compact

In 2013, NRW.BANK was additionally active in various associations, e.g. as an ordinary member of the Association of German Public Sector Banks (VÖB) and the European Association of Public Banks (EAPB) and as a guest of the North Rhine-Westphalian Banking Association (Bankenvereinigung NRW) and the Cooperative Association of the Rhineland and Westphalia (Rheinisch-Westfälischen Genossenschaftsverband).

1.3 Sustainable Products

In keeping with its principles, NRW.BANK continuously optimises its business activities with a view to sustainability. In this context, the Bank focuses on incorporating sustainability aspects in its promotion products.

For this purpose, NRW.BANK has established a sustainability audit within the framework of the "Launch of New Products" process. In 2013, every promotion product was again checked for sustainability-related risks as well as for compliance with the Principles of Corporate Responsibility before being launched or expanded.

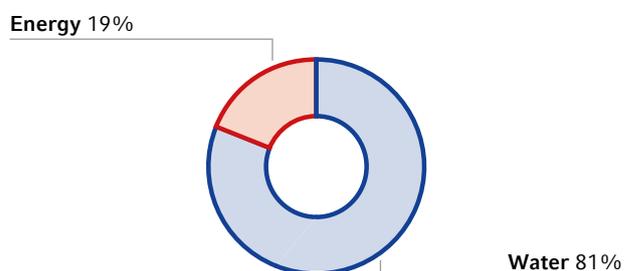
The past fiscal year saw NRW.BANK add a new capital market product to its range; in November 2013, the Bank issued its inaugural "Green Bond" with a total volume of € 250 million and a term of four years.

1.3.1 NRW.BANK.Green Bond 2013

To fulfil its tasks as a development bank, NRW.BANK funds itself through issues in the international capital market in accordance with its investment and funding strategy.

In contrast to its usual bonds, which are also used to implement social and economic promotion objectives, the proceeds from the NRW.BANK.Green Bond 2013 were exclusively used for a pre-defined environmental purpose, measures implemented in North Rhine-Westphalia in the fields of "water" and "energy".

A clear emphasis has been placed on the field "water", more specifically the renaturation of rivers and water management. The field of "energy" is covered by projects from the NRW.BANK.Effizienz kredit and NRW.BANK.Elektromobilität promotion programmes.



To implement the idea of sustainable investment in a responsible manner, the Bank conducted an internal selection process, in which promotion projects were identified and marked for investment. These projects selected are now clearly assigned to the NRW.BANK Green Bond.

NRW.BANK promised investors that it would “invest an amount equal to the net proceeds of the Notes in loans

for projects in water management, energy efficiency, renewable energy and electric mobility [...]”. Another precondition was that only promotion projects accepted in the calendar year 2013 would be financed with the proceeds from the bond.

A total of 76 projects were financed with the help of NRW.BANK’s Green Bond:

Field	Topic	Number of projects funded	Promotion volume
Water	River renaturation	42	141,614,491 €
Water	Water management	9	60,130,211 €
Energy	NRW.BANK.Effizienzcredit	21	46,197,000 €
Energy	NRW.BANK.Elektromobilität	4	2,060,040 €

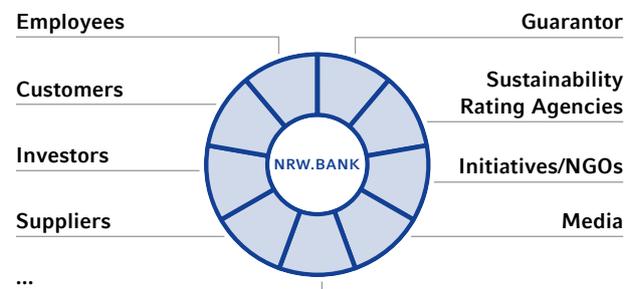
Another objective was to make a contribution to improving water quality and reducing carbon emissions. This was done with the help of the Green Bond, whose proceeds were used, for instance, to facilitate the construction of four photovoltaic systems, the erection of eleven charging stations with a total of 26 charging points for electric vehicles and the replacement of vehicles by more environmentally-friendly models. Other measures funded by the bond include the acquisition of more energy-efficient industrial machines and the change to more resource-efficient production processes.

The proceeds from the Green Bond were also used to support the renaturation of the River Emscher. They helped to finance the construction of a total of more than 70 kilometres of sewage canal, with whose aid fresh and used water are separated. An additional environmental benefit is afforded by the rainwater collection and processing facilities erected in this context, which support the natural water cycle in an area with a high proportion of sealed surfaces and help to reduce flood peaks.

Specific project examples funded by the bond, background information and the documentation for the NRW.BANK.Green Bond 2013 can be found on the Internet at www.nrwbank.com/greenbond.

1.4 Stakeholder Dialogue

NRW.BANK maintains an open and regular exchange with its stakeholders. NRW.BANK’s most important stakeholders with regard to corporate responsibility are:



Trusting communication forms the basis for the cooperation and coordination with the state of North Rhine-Westphalia. This also applies to the development of new and the expansion of existing promotion products with the aim of supporting the North Rhine-Westphalian government’s social and infrastructural measures as well as its energy and climate protection targets.

As a matter of course NRW.BANK has committed itself to providing its stakeholders with transparent information about its corporate responsibility. The Bank’s annual financial report is the most important instrument for this communication.

In keeping with its commitment to transparent communication, the Bank additionally publishes corporate responsibility information in a sustainability portal on its website. In the past fiscal year, the Bank added a new page about its Green Bond programme to this portal for sustainable investors.

1.5 Responsible Marketing

Purchases of supplies and the awarding of contracts for marketing services are also subject to NRW.BANK's sustainable procurement guidelines – in compliance with the provisions of the TVgG-NRW – thus covering important aspects of corporate responsibility.

NRW.BANK has laid down written rules for the confidential treatment of customer information also with regard to its marketing activities. Accordingly, NRW.BANK does not use typical sales-oriented advertising measures based on customer data such as letters or mailings; instead, customers may only be addressed individually by their account manager within the scope of the regular customer service. The Bank's Data Protection Officer is involved in all dialogue-based marketing measures based on customer data.

The Bank's advertising materials are also geared to sustainability; for instance, the Bank has introduced environmentally-conscious items, which are made, for instance, from renewable, biodegradable or recycled materials.

In addition, the "Energy" topic again defined the framework for several activities and events such as the NRW.Symposium on "Decentralised energy supply: potential, financing, experience".

The "Values" image campaign launched by the Bank in 2013 also addresses the sustainability issue and underlines that responsibility is an important value for the Bank.

1.6 Sustainability Ratings

As in previous years, NRW.BANK again obtained good sustainability ratings from specialist agencies such as Sustainalytics GmbH and oekom research AG as well as from imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH.

The latter rated the Bank with regard to its sustainability performance and its commitment to corporate responsibility. Social, governance and environmental aspects are increasingly being considered in the assessment of capital market issuers in addition to the traditional financial performance indicators.

Oekom research AG awarded NRW.BANK a "C" rating on a scale from A+ to D-. The additional "Prime" rating classifies the Bank as a sustainable investment. In the Sustainalytics sustainability rating, the NRW.BANK improved its score from 61 to 64 points of 100 possible points and made 72nd place. For imug NRW.BANK is rated in the upper quarter of the six rated national development banks.

Sustainability Ratings

	imug	oekom research	Sustainalytics
Rating	Positive	Prime	No. 72 of 350*

* Above the peer group average.

2 Designing Sustainable Promotion for Clients

- NRW.BANK provides its financing and advisory services creatively, competently and responsibly for the benefit of businesses, municipalities and the people in North Rhine-Westphalia.
- In accordance with its sustainability strategy, NRW.BANK specifically promotes and funds projects and programmes designed to improve living conditions, social development as well as environmental and climate protection in North Rhine-Westphalia. In its capacity as the development bank for North Rhine-Westphalia, NRW.BANK specifically supports investments which take the North Rhine-Westphalian economy and infrastructure forward. The Bank uses part of its own income for its promotion activities.
- NRW.BANK’s promotion activities are geared to funding projects of proven economic viability while taking its customers’ interests into account and paying particular attention to environmental protection needs. Projects with unacceptable environmental impacts or unacceptable negative impacts on social development are excluded from NRW.BANK’s support to the extent that such exclusion is permissible within the legal framework under which NRW.BANK operates.

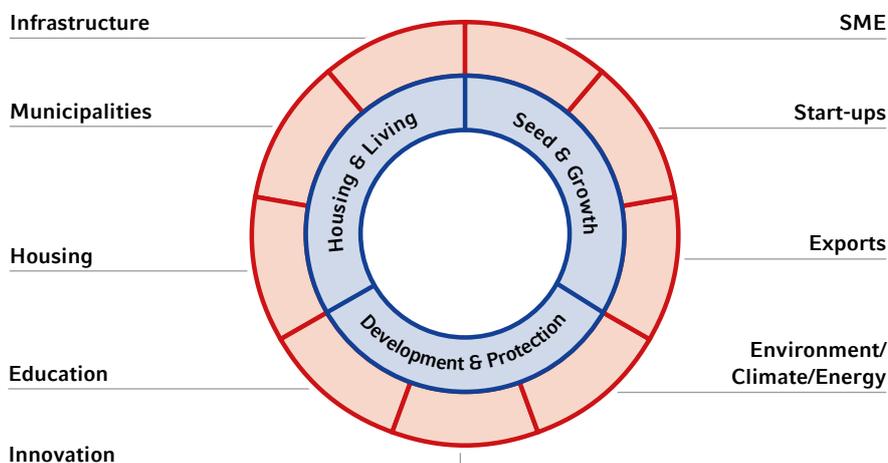
Sustainable behaviour is a central objective of NRW.BANK’s business model. It determines the structure and scope of the Bank’s promotion and development offering.

In terms of contents, NRW.BANK’s promotional offerings are divided into three fields of promotion: “Seed & Growth”, “Development & Protection” and “Housing & Living”. These form the core of NRW.BANK’s promotion strategy and at the same time denote the target areas. A total of nine promotion themes represent three fields of promotion while at the same time outlining the focal promotion points of the Bank. Each promotion product is assigned to a promotion theme.

The expansion and refinement of the product portfolio are driven by the promotion policy principles adopted by the Board of Guarantors and NRW.BANK’s promotion strategy, which builds on these principles. Both facilitate the consistent and sustainable development of the promotion business taking into account the political guidelines of the North Rhine-Westphalian government. The Bank and the state government jointly aim to create sustainable promotion and development solutions for the economy, the municipalities and the people in North Rhine-Westphalia.

The free provision of monetary and non-monetary resources for the promotion business – referred to as

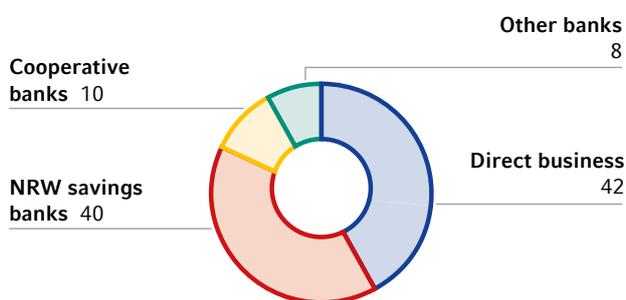
Promotion Services Provided by NRW.BANK



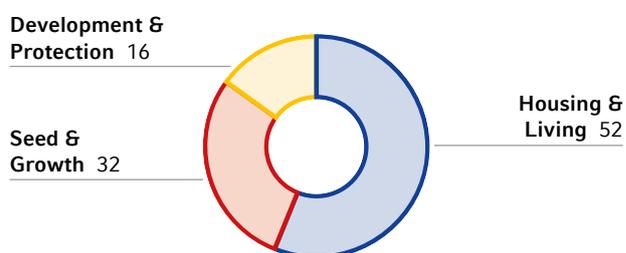
“Förderleistung” – is an integral element of the Bank’s promotion strategy. This “Förderleistung” is composed of interest rate subsidies, risk assumptions and free services and provisions, e.g. advisory services for customers and support services for multipliers and house banks.

With regard to new promotion business, the successful trend of the previous year continued in 2013, when NRW.BANK committed promotion funds totalling € 9.2 billion, which was only 2.9% below the record level of € 9.5 billion of the exceptional year 2012. The chart below shows a breakdown of the promotion volume by fields of promotion:

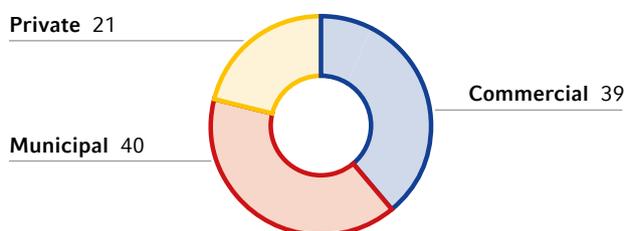
Distribution Channels in %



Promotion Volume by Fields of Promotion in %



Target Groups in %



2.1 Seed & Growth

Small and medium-sized enterprises are the backbone of the North Rhine-Westphalian economy. The product range in this field of promotion covers the entire life cycle of a company – from the start-up to the capital supply in phases of growth and support in difficult situations to the financing of takeovers of existing companies.

To fund its promotion activities, NRW.BANK also uses funds made available to it by KfW Bankengruppe, Rentenbank, the European Investment Bank as well as the Council of Europe Development Bank (CEB).

At € 2.9 billion, the very good promotion result of the previous year (€ 2.8 billion) was once again exceeded in the past fiscal year. The increase in new credit volume was primarily related to the promotion themes “Start-ups” and “Exports”. In the “SME” theme, NRW.BANK again reached the very high level of the previous year.

The Bank's promotion programme with the highest volume in this field of promotion, the *NRW.BANK. Mittelstandskredit*, again dominated the Bank's promotion activities in 2013. The number of companies benefiting from promotion funds under this programme increased by 10.2% on the previous year. Under this programme, 5,204 North Rhine-Westphalian enterprises received interest-subsidised loans for investments and working capital in a total amount of € 1.5 billion in 2013 (2012: 4,723 recipients; € 1.5 billion).

The *NRW.BANK. Universalkredit* remained an additional cornerstone of SME promotion: Under this programme, the Bank extended development loans totalling € 551.2 million in 2013 (2012: € 486.2 million). With freely selectable maturities between three and ten years, this loan meets the recipients' demand for greater flexibility and is a meaningful complement to the *NRW.BANK. Mittelstandskredit*.

To give small and medium-sized enterprises access to development loans even if they can furnish only limited collateral, NRW.BANK successively expanded its range of liability releases over the past years:

- For small and medium-sized enterprises as defined by the EU, NRW.BANK additionally offers a 60% "EIF liability release" version of the *NRW.BANK. Mittelstandskredit*. In offering this product, NRW.BANK and other state development banks draw on a back-up guarantee underwritten by the European Investment Fund (EIF) and funded from the Competitiveness and Innovation Framework Programme (CIP) of the European Union.
- With the *NRW.BANK. Mittelstandskredit* and the *NRW.BANK. Universalkredit*, an optional 50% liability release to the benefit of the house bank is available. This liability release partially frees the house bank from its liability for servicing the development loan towards NRW.BANK.

Alternatively an 80% default guarantee from Bürgschaftsbank NRW may be applied for under both programmes.

To externally strengthen their equity capital, small and medium-sized enterprises preferably use mezzanine capital. NRW.BANK grants mezzanine capital in the form of two coordinated products:

- The *NRW.BANK. Mittelstandsfonds* provides mezzanine capital that can be individually structured in the form of dormant shareholdings from € 1 to 7 million. It is targeted at enterprises focusing on the flexible adjustment of internal cash flows and a stronger orientation towards the characteristics of classic equity capital.
- By contrast, the *NRW/EU. Investitionskapital* is funded from the European Regional Development Fund (ERDF) and by the state of North Rhine-Westphalia and provides standardised mezzanine capital in the form of subordinated loans at very favourable conditions.

At € 20.8 million, commitments remained at a high level in 2013 especially for the *NRW.BANK. Mittelstandsfonds*.

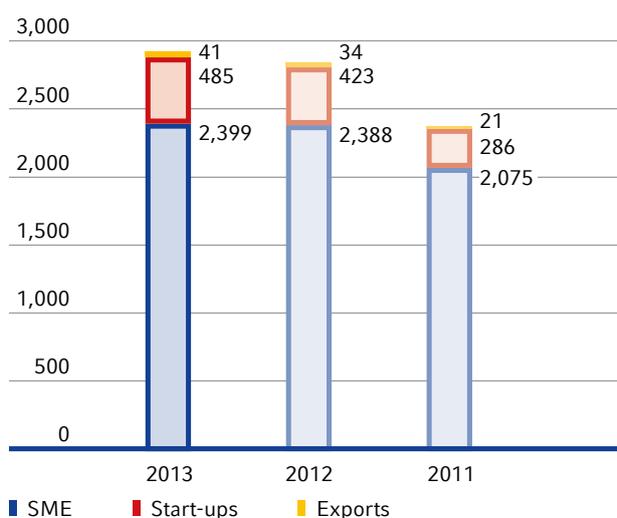
Support for business start-ups is one of the main economic development tasks of NRW.BANK. The Bank nurtures start-up activity in North Rhine-Westphalia predominantly through its *NRW.BANK. Gründungskredit*, which offers interest-subsidised loans for start-up entrepreneurs. In 2013, 2,026 start-up and growth projects with a total volume of € 398.3 million (2012: 1,719 projects; € 335.7 million) were supported by this programme.

The *NRW/EU. Mikrodarlehen*, a programme funded by the ERDF and the state of North Rhine-Westphalia, is targeted specifically at micro start-ups with funding needs of up to € 25,000. Given that these micro loans are unsecured, they are also suitable for unemployed individuals setting up their own businesses, thereby supporting their reintegration into gainful work. 45 start-ups benefited from the Bank's support under this programme in 2013.

Seed capital – equity capital in conjunction with entrepreneurial support of the founders – is required, in particular, by enterprises launching innovative and technically new products and services in the market. NRW.BANK promotes such start-ups through its *NRW.BANK.Seed Fonds*, which provides regional seed funds with capital for investments in newly established technology-oriented businesses. This way, NRW.BANK promotes investments by private investors.

The increasingly complex economic interrelationships mean that over and above the provision of funding there is a need for targeted information on available promotion funding as well as specific advice for individual funding recipients. In the past years, NRW.BANK responded to this need by expanding its advisory services into a central pillar of its range of products and services. The existing range of services – promotion advice, funding advice and the service centre – again attracted lively demand in 2013. In view of the relatively easy availability of credit, the advisory services continued to focus more on forward-looking and cost-oriented options for company funding and on improving communication with external lenders.

Promotion Volume “Seed & Growth” by Promotion Themes and in € Million



2.2 Development & Protection

The products offered by NRW.BANK in the field of promotion “Development & Protection” support investments aimed at protecting environmental, climate and energy resources and drive innovation. These promotion themes have clearly gained importance for society. This change of paradigm – which is not least reflected in Germany’s nuclear phase-out – requires active support. This field of promotion also includes the “Education” theme as a fundamental success factor for the future development in North Rhine-Westphalia.

The volume in the field of promotion “Development & Protection” was increased continuously not least due to the fact that NRW.BANK expanded the range of own products. At € 1.5 billion, the promotion volume in 2013 was up by another 7.6% on the very good level of the previous year. Accounting for € 1.3 billion, “Environment/Climate/Energy” is the promotion theme with the highest volume in this field.

The *NRW.BANK.Effizienzcredit* was introduced in October 2011 to support projects aimed at energy savings and energy efficiency. This loan represents a new promotion approach adopted by NRW.BANK, since the Bank makes access to promotion funds conditional on the achievement of certain minimum requirements. This offering is characterised by a simple application process, a large choice of maturities and liability releases for house banks.

Launched in 2010, the *NRW.BANK.Elektromobilität* programme provides low-interest financing for research and development projects that fall under North Rhine-Westphalia’s “Electric Mobility Masterplan”.

The following new products pursuing environmental or climate-related objectives were introduced by the Bank in 2013:

- The *NRW/EU.KWK-Investitionscredit* offers particularly favourable lending rates for corporate investments in the retrofitting and extension of existing combined-heat-and-power plants and in the construction of new CHP plants.

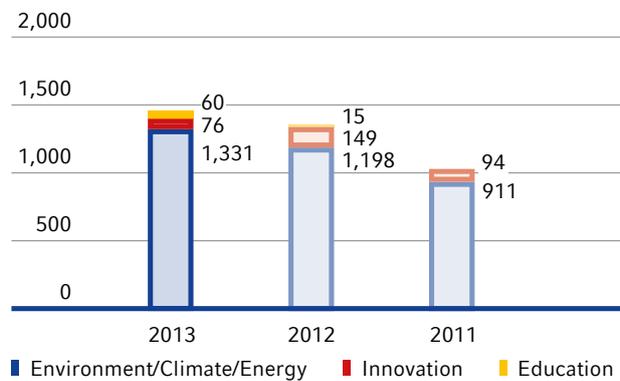
- Under the *NRW.BANK.Energieinfrastruktur* programme, investments in the energy infrastructure such as power generating plants, energy storage capacity and the construction or maintenance of grids are eligible for promotion. The Bank offers both annuity and instalment loans for maturities between three and 30 years, which can be flexibly adjusted to the requirements of the individual projects.

At € 59.8 million, the volume in the “Education” theme clearly exceeded the prior year level (2012: € 15.1 million). NRW.BANK supports municipal investments in the creation and maintenance of child day care facilities by granting access to the federal programme *IKU-KfW-KITA Ausbau*.

In the “Innovation” promotion theme, the *NRW.BANK.Innovationskredit* is available to small and medium-sized enterprises generating annual sales of up to € 500 million. The Bank extends loans up to a maximum amount of € 10 million, with an optional release from liability for loans of € 125,000 and more. In the past fiscal year, the Bank extended loans totalling € 46.2 million under this programme.

Through its two *NRW.BANK.Venture Funds*, NRW.BANK has, for many years, made co-investments in young, innovative North Rhine-Westphalian enterprises. These equity financings mostly take the form of an open minority investment of between € 0.5 and € 5 million, with the Bank aiming for an investment period of no more than seven years. In the past financial year, NRW.BANK’s commitments in this field totalled € 6.4 million.

Promotion Volume “Development & Protection”
by Promotion Themes and in € Million



2.3 Housing & Living

NRW.BANK’s products are designed to improve housing and living in North Rhine-Westphalia. In this context, (social) housing promotion plays an important role, as it ensures the availability of affordable quality housing. In addition, a well-functioning society depends on comprehensive public services, which means that local authorities require suitable financial resources and an appropriate infrastructure. The meaningful integration of these tasks contributes to future-oriented urban development. The aim is to ensure the integrated promotion of housing and urban environment. This means that the promotion activities in the individual promotion themes (Housing, Municipalities, Infrastructure) should be mutually related and be combined even more strongly to support the structural development of a city and its neighbourhoods. At € 4.8 billion, the promotion volume again reached a high level in the past fiscal year. “Municipalities” at € 2.8 billion and “Housing” at € 1.4 billion were again the largest promotion themes.

Another task of NRW.BANK is to be a reliable partner to the municipalities in North Rhine-Westphalia. To secure and support the proper functioning of the North Rhine-Westphalian municipalities, the development bank again offered the *NRW.BANK.Kommunalkredit* to municipalities in 2013. To fund infrastructure projects undertaken by municipalities, municipally-owned

companies and municipal cooperatives, NRW.BANK additionally provides two coordinated programmes, namely *NRW.BANK.Kommunal Invest* and *NRW.BANK.Kommunal Invest Plus*.

In addition, NRW.BANK also supports the municipalities with competent advice. In this context, the Bank regularly provides the municipalities and municipally-owned companies with information about the various credit programmes and assists them with regard to issues of inter-municipal cooperation as well as municipal activity concepts.

A smoothly functioning infrastructure is a precondition for economic growth in a region. To cover the respective investment requirements in order to maintain and expand the infrastructure in North Rhine-Westphalia, it is often necessary to mobilise private capital. The *NRW.BANK.Infrastruktur* programme offers private investors an opportunity to fund social and technical infrastructure projects at favourable terms. In the past fiscal year, the Bank complemented the instalment loans granted under this programme by an annuity repayment structure, which primarily benefits companies making long-term infrastructure investments thanks to the predictable and steady repayment of the funds.

Moreover, NRW.BANK provides customised structured finance products to support infrastructure projects. Besides these broad-based general offerings, the Bank expanded and improved its product portfolio for the promotion of selected infrastructure projects in the past fiscal year:

- Under the new *NRW.BANK.Baudenkmäler* programme, which was launched in 2013, the Bank supports investments in the preservation and restoration of historical monuments and buildings deserving preservation in North Rhine-Westphalia. In this context, the Bank's promotion of existing housing will be expanded through the addition of a new module dedicated to the renovation of owner-occupied monuments and residential buildings worth preserving.

- The *NRW.BANK.Breitband* programme finances investments designed to build up a technology-neutral, state-wide broadband supply in North Rhine-Westphalia. The focus is on the procurement and installation of glass fibre cables. As the revenue limit was abolished in 2013, larger companies may now also take advantage of the promotion programme for measures aimed at expanding the broadband network. Also, the fixed interest period may be extended to a maximum of 30 years in individual cases. NRW.BANK thus offers special support for long maturities, which commercial banks are often unable to offer.

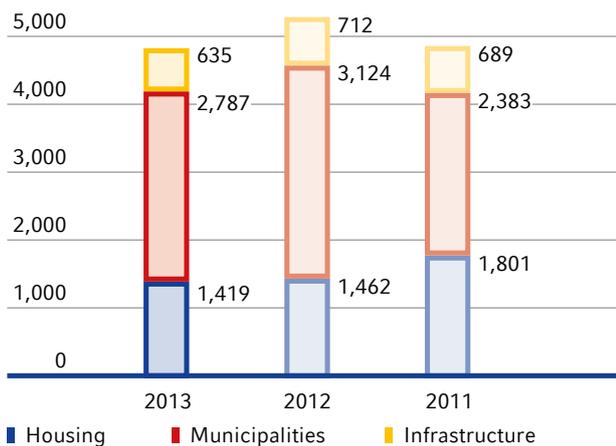
In 2013, NRW.BANK's various *social housing promotion* programmes again helped to create affordable housing for lower income target groups. In addition, the Bank aims to improve the condition and the energy efficiency of the housing stock and to align existing housing resources with the requirements of demographic change. The focus is increasingly shifting to conversions and refurbishments of existing buildings. The contents of the promotion programmes are based on the annual Housing Promotion Programme drawn up by the state of North Rhine-Westphalia, which operationalises the guidelines of the promotion policy into specific promotion conditions.

The promotion loans for owner-occupied housing are extended directly to the promotion beneficiaries, who file an application with the responsible municipal and city authorities. All told, the Bank provided the following loan volumes in the year 2013: € 335.7 million for the construction of rent and tenancy-controlled flats; € 90.8 million for the purchase and construction of owner-occupied housing and € 38.4 million for the reduction of barriers in existing housing units as well as the construction of nursing homes.

Besides its own promotion programmes, NRW.BANK provides access to federal grant programmes for privately financed housing construction and for the improvement of energy efficiency through refurbishments and new construction projects. The resulting reduction in CO₂ emissions makes an important contribution to safeguarding an intact environment for future generations.

In addition, NRW.BANK closed a € 100 million global loan with CEB in 2013. The funds will be used for social housing promotion purposes.

Promotion Volume "Housing & Living" by Promotion Themes and in € Million



3 Assuming Social Responsibility for Employees

- NRW.BANK is a forward-looking and socially responsible employer under public law. The Bank is especially committed to a responsible human resources and training policy as well as to fair dealings with all employees.
- NRW.BANK complies with international standards – such as human rights, the UN Convention on the Rights of the Child for the protection of children against exploitation (Art. 32) as well as the rejection of forced labour – as well as with national laws and labour standards. The right of all employees to organise and the active support of statutory co-determination play an especially important role in this context.
- As part of its corporate responsibility, NRW.BANK attaches great importance to avoiding discrimination. The Bank's "Fairness at Work" convention not only prohibits all forms of discrimination within NRW.BANK but also describes measures to prevent discrimination and defines rules relating to employees' right to file complaints.
- For NRW.BANK, fair dealings with its employees also means creating a corporate culture in which partnership and cooperation, openness, mutual respect and esteem are values that are endorsed by all. Together with dialogue-oriented processes, these values lay the basis for a positive and productive working climate.
- For NRW.BANK, assuming responsibility for its employees means creating an attractive working environment, e.g. through high job safety, modern health management and regulations supporting a good balance of work and family life.

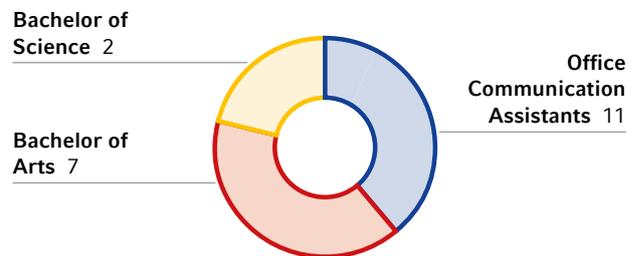
- As a modern development bank, NRW.BANK believes that the functional and social skills of women are indispensable. The Bank therefore aims to give women at all levels equal professional opportunities and to take this into account also with regard to the exercise of mandates and the Bank's investments. The Bank's family-friendly policy is also designed to give men the possibility to achieve a better balance of work and family life and thus helps to take equal opportunities at work forward and to stabilise them.
- While there can be no doubt that a positive working environment is conducive to high performance and excellent achievements, the most important preconditions are good qualifications as a basis to start from, as well as possibilities for further development. This is why NRW.BANK attaches top priority to excellent vocational training, constant further training and individual development. In this context, the Bank respects the individual potential, needs and interests of its employees, which is not least reflected in its signing of the "German Diversity Charter".

The knowledge, commitment and performance of the staff are important factors which underpin the long-term success of the Bank's business activity. The strategic objectives of the Bank's Human Resources activities therefore include winning and retaining qualified employees and preserving their skills and performance to ensure that NRW.BANK can successfully fulfil its tasks as the development bank of North Rhine-Westphalia now and also in future. From this overriding goal, the Bank derives three fields of action which ensure that all activities and measures support the accomplishment of the strategic objectives: securing junior staff, facilitating development and maintaining performance.

3.1 Securing Junior Staff

For NRW.BANK, securing junior staff means training its own junior staff. In keeping with this objective, the Bank has, from the very beginning, offered all trainees who completed their training with good results a permanent employment contract. To ensure the optimum deployment of former trainees, it is important that the training matches the requirements of the specialist departments. This has regularly been reviewed and, over the course of ten years, led to changes in the number of trainees as well as to changes regarding the contents of the vocational training. For instance, the Bank introduced an additional qualification in banking operations for the "office communication assistant" training or coordinated the accreditation of a Bachelor course focusing on "Banking & Finance" in cooperation with the FOM University of Applied Sciences in Düsseldorf.

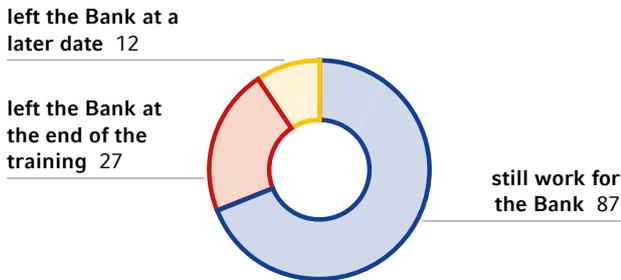
Hired Trainees 2013



These developments not only increase the attractiveness of the vocational training offered but also benefit the Bank. The outcome is in line with NRW.BANK's aim of winning motivated and qualified junior staff for the Bank:

Of the 126 people trained between 2005 and 2013, 78.5% accepted the offer of permanent employment. 87.9% of them still work at NRW.BANK. This means that one in 14 employees of the Bank is a former trainee.

Of the 126 people trained since 2005...



The ratio in the past fiscal year was similar, with 13 out of 18 trainees who completed their training accepting the Bank’s offer of permanent employment. In addition, the Bank hired three trainees who successfully completed their training programme.

This result and the fact that the North Westphalian Chamber of Industry and Commerce again rewarded three NRW.BANK trainees as the best of class in their respective professions would not have been possible without the commitment shown by the 189 trainers in the specialist departments. Their enthusiasm for vocational training is contagious – 29 former trainees today are vocational trainers and pass their knowledge and their experience on to present and future trainees.

Given NRW.BANK’s current age structure, the aim of “securing junior staff” will remain in the Bank’s focus. The Bank wants its trainees to replace at least part of the employees who will retire from the Bank in the coming years. Accordingly, the Bank now and in the future intends to offer each year circa 20 trainee positions.

The quality of the vocational training offered by NRW.BANK and its good reputation as a company providing trainee positions – which has repeatedly been confirmed in the past ten years by eight trainees who completed their training as the best in the federal state and/or Germany as well as by several awards as the company offering the best vocational training – is often the reason why young people opt for a trainee position at NRW.BANK. The decision to join the Bank after completion of the vocational training, however, is primarily influenced by the subsequent development opportunities offered by the Bank.

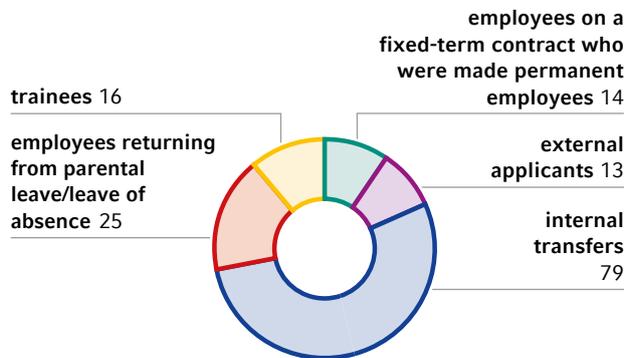
3.2 Facilitating Development

Successful staff retention significantly depends on development opportunities in the form of challenging tasks which allow employees to grow both professionally and personally, the possibility to get to learn new topics and to assume responsibility as well as the prospect of higher salaries.

NRW.BANK offers its employees a wide range of development opportunities by filling vacant positions according to the motto “internal promotion is preferable to external hiring”; this means that vacant positions are advertised publicly only if and when no suitable candidates can be found among the employees or the trainees.

Accordingly, vacant positions were mostly filled with internal candidates in 2013. Only 27 positions were filled with external applicants. As a result, the situation regarding the filling of vacant positions was similar to the previous year.

In 2013, 147 vacant positions were filled with ...



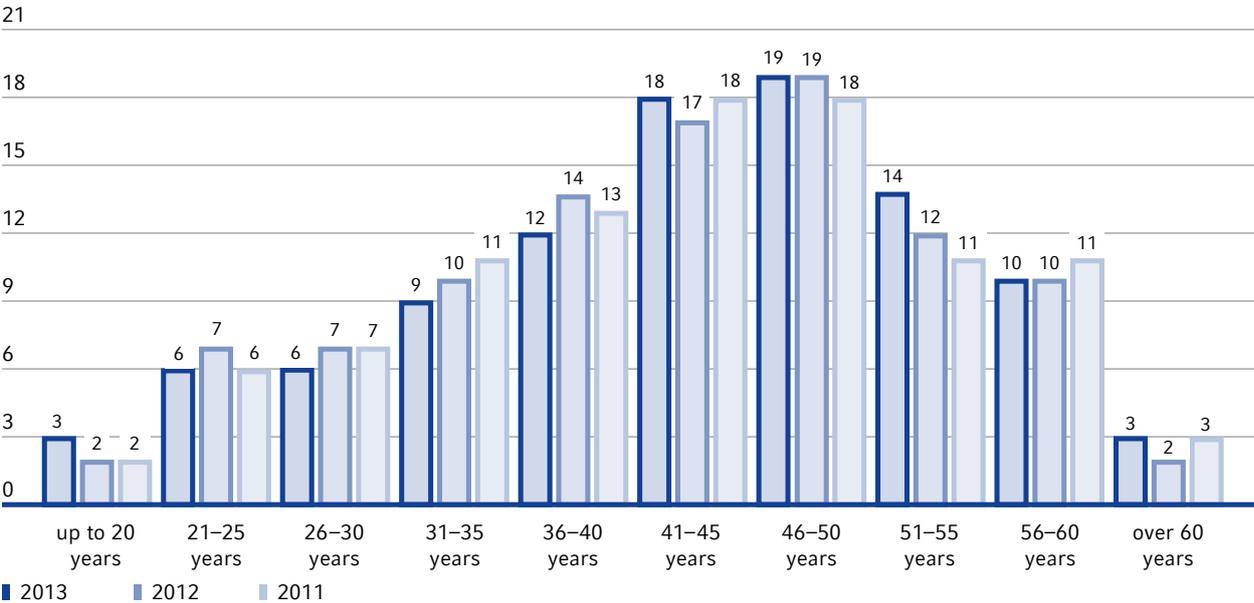
In a company with largely constant staff numbers, vacant positions and, hence, development opportunities for the staff mostly arise when people leave the company.

In 2013, staff turnover amounted to 2.4%, of which 1.6% were age-related retirements and 0.8% were terminations.

As a result of the age structure of the staff – 13.3% of the employees are 56 or older – some 100 people will leave the Bank in the next five years. Forward-looking planning ensures that measures to retain know-how within the Bank are taken at an early stage and that the development opportunities arising from the retirements for junior staff are used effectively in accordance with the Bank’s strategic objective.

This future-oriented planning also includes employee interviews within the performance review process. At least once a year, all executives of the Bank hold an interview with each of their employees to provide feedback on their accomplishments and performance in the past year and to plan the tasks for next year. Building on these interviews, future development opportunities and the steps required to implement them are discussed as well.

Age Structure in %



3.2.1 Life-long Learning

Knowledge and experience are required to seize and master new challenges successfully. In this respect, NRW.BANK supports its employees with diverse personnel development measures. Besides seminars and support in obtaining Bachelor/Master degrees and similar qualifications, these also include job rotations and other time-limited deployments.

NRW.BANK assists employees in obtaining the above-mentioned qualifications and degrees by bearing (part of) the study and examination fees and releasing employees from work for exams and their preparation but also by organising networks and learning groups. There is great interest in this programme especially among former trainees, who represent 47 of the currently 61 participants. Accordingly, the highest demand is for Bachelor and Master degrees. The Bank regularly reviews the qualifications offered in the context of the development programme with regard to the requirements of the specialist departments and the market situation and adjusts them where necessary. In 2013, for instance, the “Bachelor of Arts – International Management” and “Bachelor of Laws – Commercial Law” studies were added to the programme. Moreover, the Bank successfully initiated the accreditation of a “Risk Management & Treasury” Master study course in cooperation with FOM University of Applied Sciences.

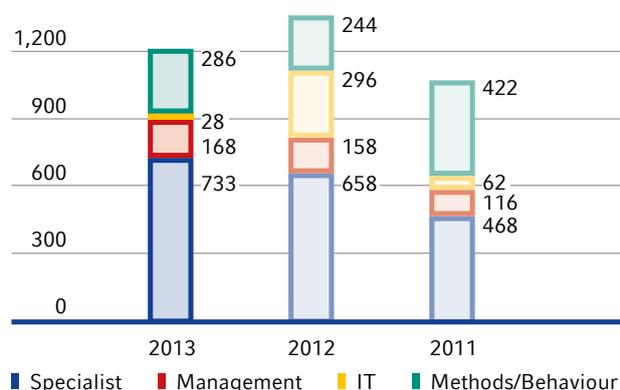
In addition, NRW.BANK offers all its employees a wide range of seminars for professional and personal training. Most of these seminars are held internally¹⁾. Over time this form of training has proven to be a great success and has been met with a very positive response from all employees due to the high quality of courses offered and how pertinent they are to the Bank’s needs and requirements. The money saved per seminar participant has been invested in increasing the number of participants and of internal events offered.

Over the past years, NRW.BANK has developed a comprehensive and constantly growing catalogue of seminars with regular offerings: from basic and special topics to aspects of methodological/behavioural competence to structured, multi-part leadership training. This regular offering is complemented by a large number of courses on current specialist topics that are offered demand-oriented.

For several years, NRW.BANK’s seminar catalogue has also included e-learning courses. So far, the focus has been on regular mandatory trainings in the form of self-learning programmes and the use of online aids and online courses in the field of IT expertise. In 2013, the Bank placed a greater focus on this further training market and its increasingly improved course offerings. As a result, suitable e-learning solutions in the field of methodological and behavioural competence and foreign languages were added to NRW.BANK’s offerings. In the coming years, the different e-learning concepts will play an increasingly important role at NRW.BANK.

Compared to the exceptional year 2012 – due in great part to the training of almost 300 additional seminar participants for new IT applications – the number of participants in internal seminars declined in 2013 but remained clearly above the level of 2011.

Internal Seminar Attendance by Topics



¹⁾ Internal seminars are all events organised exclusively for the Bank’s employees at NRW.BANK’s special request and whose contents and concepts thus closely meet the Bank’s concrete requirements and needs; such seminars may be held by in-house or external trainers.

Attendance at internal specialist seminars in 2013 showed another year-on-year increase. Demand was particularly high for seminars addressing such subjects as public procurement and funding of non-governmental activities as well as typical lending-related topics such as rating and analysing enterprises. In addition, the Bank prepared a large number of employees for the implementation of the new Single Euro Payments Area (SEPA).

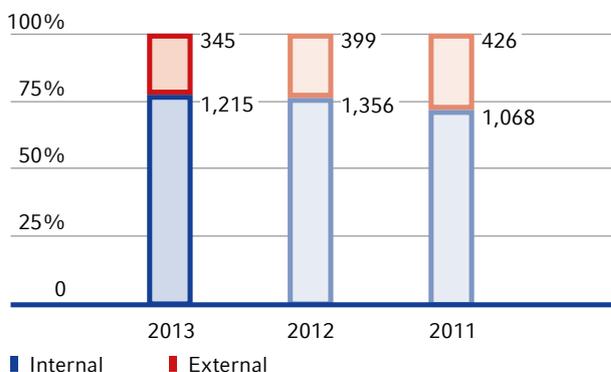
There was also a strong increase in the methodological/behavioural seminars compared to the previous year. This increase is primarily attributable to a new offering targeted exclusively at experienced employees aged 50 or above. This workshop series addresses topics such as knowledge, relationship, conflict and change management especially from the point of view of employees with long professional/personal experience. The workshops also present strategies for preserving physical and mental health. In view of the high demand, this topic will become a permanent fixture in NRW.BANK's seminar programme.

Change management was another focal topic addressed in the methodological and behavioural seminars. This seminar supports managers in their respective change projects with the aim of expanding knowledge and competences for active and successful management of individual change processes.

The number of participants in internal management trainings also increased in the past fiscal year.

In 2013 the downward trend in the number of external seminar participants continued with a total of 345 NRW.BANK's employees attending external seminars. 84.9% of the participants attended specialist seminars addressing special topics. As these seminars were relevant only for a small number of employees, it did not make sense to organise internal seminars. External seminars represented 22.1% of all seminars, which means that the ratio remained constant from the previous year.

Ratio of Internal and External Seminar Attendance



The cost of the purely seminar-based further training was higher than in the previous year, which was influenced by special factors, and is back at the level of 2011. The increase on the previous year is attributable to a higher number of paid seminars compared to the prior period which saw IT seminars being led by employees of NRW.BANK.

A breakdown of seminar attendance by gender reflects the relative shares in the workforce: 51.2% of the specialist seminars were attended by women; at 25.0% the female participation rate in management seminars is also more or less identical with the percentage of women in such positions. Only the methodological/behavioural seminars were attended by a higher percentage of women, namely 59.6%.

NRW.BANK's seminar programme is generally open to all employees. However, there are individual offerings which are targeted at certain employee groups. Late 2013 saw the start of a workshop series for women, as most of them still tend to bear the dual burden of household/children and work and therefore often refrain from moving up the career ladder. These workshops aim to assist women in finding ways of organising their professional and private lives in order that both can be enjoyed and mastered in a balanced way. Due to the positive response from the first

participants, the Bank will offer this workshop series again in 2014. Besides the successful strategy workshop for women, which has been part of NRW.BANK's programme for several years, this is the second human resources development measure which is designed to support women in their professional development regardless of their sphere of work.

3.2.2 Equal Opportunities and Fair Working Conditions

Since a number of years NRW.BANK has provided a working environment which helps to balance work and family life. This includes, in particular, variable working hours as well as very flexible and personalised part-time schemes, alternating telework, allowances for childcare, advice and support in childcare and family matters provided by an external service provider as well as the availability of childcare places in cooperating institutions close to the Bank's locations until the children reach school age. In addition, the Bank encourages its female employees to push ahead with their professional development.

Over the past years the success of these offerings has proved itself. Since the inception of NRW.BANK, the percentage of female employees in specialist and project management positions has increased steadily and today stands at 41.5%. At 47.0%, the percentage of

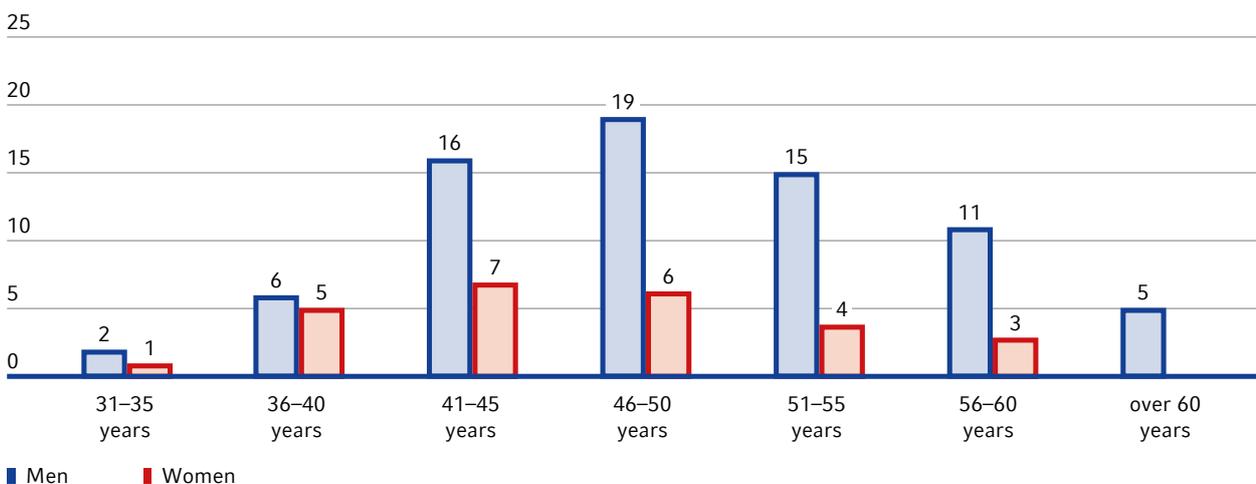
part-time employees in such positions was higher than in case worker positions, where 42.8% of the women worked part-time.

With a view to its junior staff and to securing a qualified staff in the long term, NRW.BANK attaches importance to creating a working environment which allows women to assume more responsible positions – also on a part-time basis. At 59.7%, women account for a much higher percentage of the employees aged up to 35 years, whereas the percentage of men in the personnel aged 55 and above is twice as high as the percentage of women.

At NRW.BANK, it is also possible for managers to work part-time. So far, 7.0% of all managers have taken advantage of the possibility of reducing their working hours to up to 60%.

The percentage of women in management positions continued to increase and reached 26.7% as of December 31, 2013. This is attributable, among other things, to the above-mentioned measures and offerings, consistent consideration of women when it comes to filling management positions in accordance with the Bank's internal guidelines as well as the fact that potential female candidates were approached directly.

Women and Men in Management Positions in %



The Equal Opportunities Plan of NRW.BANK relates to such internally published instruments and agreements as the "Principles for Collaboration, Communication and Leadership", the mission statement, the "Fairness at Work" labour agreement as well as the Human Resources Planning and Development Strategy (PPES). It describes all measures and offerings used by the Bank to increase the percentage of women especially in higher paid specialist and/or management positions. The success is measured regularly in the context of the equal opportunities analysis, which is published on the Bank's Intranet.

Balancing work and family life is a matter of concern not only to women. In the past year, 19 men used the possibility provided by law to take parental leave. Six fathers even decided to take a much longer leave than the usual two months.

However, equal opportunities are not only confined to equal treatment of men and women. Corporate responsibility also means preventing discrimination in any form whatsoever. For this purpose, NRW.BANK has made the "Fairness at Work" labour agreement, which is based on the values of the mission statement and the "Principles for Collaboration, Communication and Leadership" of NRW.BANK as well as on the German General Equal Treatment Act (AGG). Besides the prohibition of discrimination, the labour agreement also includes effective measures for avoiding discrimination. Should employees of NRW.BANK be treated unfairly in spite of the preventive measures taken, the Bank's Equal Opportunities Officer also serves as the designated complaint recipient as defined in the AGG. The fact that no complaints were lodged in the past year shows that both the employees and the managers of the Bank cultivate a corporate culture where partnership, collaboration, openness, mutual respect and esteem are values that are shared by all.

The fact that benefits and offerings of the Bank are generally available to all employees regardless of the duration of their employment contract or the extent

of their employment is yet another sign of the Bank's fair treatment policy. One of the very few exceptions is the employer-financed company pension scheme, which is available only to employees under permanent employment contracts. Where employees change directly from limited to permanent employment, they are admitted to the scheme with retroactive effect from the start of their employment. Apart from this, there are only some minor exceptions for temporary staff employed under very short contracts.

3.3 Maintaining Performance

3.3.1 Occupational Safety and Strategic Health Management

Good working conditions and exemplary health and safety policies form part of NRW.BANK's corporate responsibility towards its employees. For many years, the Bank has implemented this in the context of its strategic health management system, which has been expanded continuously since 2006. Today, the system covers everything from a company doctor to a social worker offering confidential help to a variety of offerings revolving around such topics as preventive medicine, nutrition and sports.

For NRW.BANK, health means much more than just the absence of illness. Therefore, the focus is on the question "What keeps people healthy"? The Bank's health promotion activities therefore aim to promote healthy behaviour and to reduce avoidable strains on employees' health.

A systematic, regular hazard analysis, in which all employees are asked about potentially hazardous circumstances and stress factors at work, is an important tool to identify such strains at an early stage. The strains identified are usually eliminated unbureaucratically thanks to the collaboration between the persons responsible, especially the Occupational Safety Officer, the company doctor, the staff council, the Social Officer, Building Management as well as the managers and executives.

NRW.BANK has established two working groups to address the health protection issue to the benefit of all employees. The first is the Occupational Safety Committee, which advises the Bank with regard to all occupational safety and accident prevention matters. The committee is composed of representatives of the Bank and the staff council, who are assisted by the company doctor, the representatives of the severely disabled, a Safety Officer and Occupational Safety Officer.

In addition, the Health Working Group meets twice a year with the aim of advancing and refining the strategy health management system and deciding and implementing specific measures. For 2013, the working group decided to organise information events and preventive eyesight check-ups, recognising that "good vision" is of importance for all employees working on computers. As always, both the lectures and the preventive check-ups were available to all employees without restriction. Due to the high demand, the Bank arranged additional check-ups.

In its annual health report, which is available to all employees, the Bank reports on all current occupational health and safety measures as well as its future plans.

Yet even the best preventive check-ups cannot entirely prevent illnesses. In 2013, NRW.BANK therefore continued to optimise the post-illness re-integration

management system in cooperation with the staff council, the representatives of the severely disabled, the Safety Officer, the company doctor, the Social Officer and the Legal Department. The aim of this for staff voluntary service is to define customised measures related to the specific working environment in one-on-one talks with the people concerned. These measures are designed to aid employees returning after a long illness and to stabilise their health. The Bank attaches the necessary importance to absolute confidentiality and data protection in this sensitive process.

3.3.2 Sabbaticals

As important as good working conditions may be – sometimes people need to take a longer time off to recharge their batteries to handle their jobs more effectively afterwards. As people tend to work longer as a result of shorter periods of school and university education and later retirement, the possibility to suspend work for an extended period of time is becoming increasingly important. Since the second half of 2013, NRW.BANK has offered its employees the possibility taking a sabbatical from work for a period of up to two months in addition to their regular annual leave. During this period, employees benefit from uninterrupted social insurance cover. So far, eight employees have taken advantage of this possibility or announced their intention to do so in 2014.

3.4 NRW.BANK Personnel in Figures

	2013		2012		2011	
	absolute	in %	absolute	in %	absolute	in %
Total number of employees	1,256	100%	1,258	100%	1,255	100%
by sex						
– women	642	51.1%	642	51.0%	629	50.1%
– men	614	48.9%	616	49.0%	626	49.9%
by company location						
– Düsseldorf	847	67.4%	841	66.9%	839	66.9%
– Münster	409	32.6%	417	33.1%	416	33.1%
by type of employment						
– full time	991	78.9%	1,005	79.9%	1,020	81.3%
– part-time	265	21.1%	253	20.1%	235	18.7%
by function group						
– management	232	18.5%	228	18.1%	234	18.6%
– specialists/project workers	395	31.4%	384	30.5%	371	29.6%
– case workers	467	37.2%	477	37.9%	481	38.3%
– secretaries	46	3.7%	48	3.8%	51	4.1%
– non-commercial functions	55	4.4%	55	4.4%	56	4.5%
– special functions *	6	0.5%	6	0.5%	6	0.5%
– trainees	55	4.4%	60	4.8%	56	4.5%
by remuneration						
– collective pay (incl. trainees)	847	67.4%	861	68.6%	878	70.0%
– non-collective pay	409	32.6%	397	31.6%	377	30.0%
Total number of trainees	55		60		56	
– new traineeships	20		22		24	
– completed trainings	18		20		18	
– hiring ratio (unlimited)	72.2%		80.0%		77.8%	
Average age, total	43.1		42.5		42.5	
Average period of employment	16.2		15.8		15.9	
Departures, total (excl. trainees)	30	2.4%	55	4.4%	40	3.2%
– due to termination	10	0.8%	19	1.5%	11	0.9%
– due to age	20	1.6%	36	2.9%	29	2.3%

* Exempted staff representatives, Equal Opportunities Officer, Occupational Safety Officer.

4 Climate and Environmental Protection

- NRW.BANK's resource efficiency and its active contributions to North Rhine-Westphalia's public life are an integral part of its corporate responsibility for the present and future generations.
- Minimised use of resources and the utilisation of a large share of environmentally friendly and, preferably, renewable resources are essential elements of the Bank's activities aimed at shaping a high-quality living environment.
- NRW.BANK lives up to this responsibility by taking into account all resources used in its business processes. For example, the Bank aims to implement the state of the art whenever it comes to constructing or converting buildings for its banking operations. As part of its ongoing improvement process, the Bank also recognises the key importance of sensitising its employees to the importance of making responsible use of resources.

As the development bank for the state of North Rhine-Westphalia, NRW.BANK is aware of its corporate responsibility and committed to implementing the guiding principles of the North Rhine-Westphalian government, according to which "sustainability is understood as the combination of social justice and economic reason with environmental responsibility".¹⁾

For seven years, the Bank has collected and evaluated its environmental performance indicators in accordance with the standards of "Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU)". These indicators form the basis for NRW.BANK's commitment to protecting and saving resources. To make this process transparent to its internal and external stakeholders, NRW.BANK publishes a detailed and transparent report on its environmental performance indicators.

4.1 Basis for Reporting

4.1.1 Scope and Period of Reporting

The eco-balance²⁾ for the year 2013 covers the ecological data and the environmental impact caused by the activities of NRW.BANK. The Bank operates in two locations, namely Düsseldorf and Münster, and has two buildings in Düsseldorf and one building complex in Münster.

To ensure maximum data quality, the consumption and flow data (input and output) were collected for the period from November 1, 2012 to October 31, 2013. The data for the spaces, vehicles and employees are published in the environmental report for the period ended October 31, 2013.

4.1.2 Data Collection and Reference Values

The eco balance data were collected in accordance with the VfU standard and can thus be compared with data from companies collected according to the same standard. The basis is formed by the VfU's revised 2005 guidelines in conjunction with the conversion factors of the 2010 update.

Relative environmental performance indicators (per-capita consumption) are formed on the basis of the number of employees. Part-time employees are added up to full-time employees, and temporary employees are covered for the duration of their employment. Staff numbers of 1,382 for 2011, 1,348 for 2012 and 1,347 for 2013 were taken as the basis. All people working in the buildings of NRW.BANK, including external workers, are covered by the analysis.

The number of working days was fixed at 250 days. Kg or t, kWh, km or m³ were used as units of measurements for all accounts of the eco-balance.

4.2 Building Energy

NRW.BANK uses a highly efficient energy management system to provide its employees with air-conditioned and illuminated workplaces.

¹⁾ Extract from the cornerstones of a sustainability strategy for North Rhine-Westphalia.

²⁾ The environmental figures were collected in cooperation with Büro WiRkung from Grevenbroich.

To heat its buildings, the Bank exclusively uses district heat, which is one of the most environmentally friendly forms of heating. In the year 2013, 95.3% of the Bank's total electricity requirements was covered by green electricity generated by run-of-river hydropower plants. Electricity from conventional sources was only used for the common areas in rented buildings outside of NRW.BANK's control, whose number increased in the fiscal year. This explains the higher CO₂ value in the greenhouse gas sources category "Electricity".

Energy Consumption	2013	2012	2011
	kWh	kWh	kWh
Heating energy			
– total	4,733,010	4,892,730	5,844,450
– per employee/year	3,515	3,629	4,229
Electricity consumption			
– total	5,739,099	5,672,010	6,067,780
– per employee/year	4,262	4,207	4,391

Absolute consumption of heating energy shows a decline by 3.3%, while per-capita consumption was reduced by 3.1%.

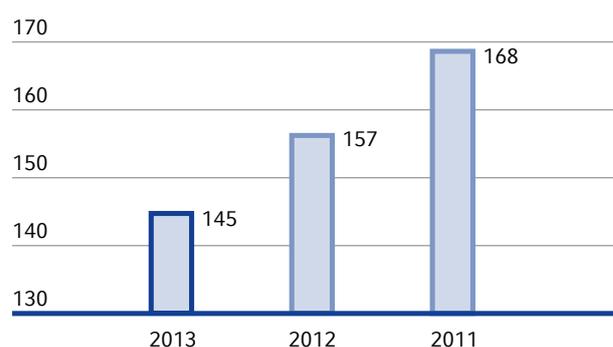
Electricity requirements remained almost unchanged from the previous year. The moderate change by 1.2% is attributable to weather-related factors, which also led to a moderate increase in electricity consumption per employee.

4.3 Business Travel

Mobility is an important success factor for a company, because good contacts with customers and business partners are important quality criteria. At the same time, mobility is also a challenge, as many environmental as well as social problems are attributable to the constantly growing mobility requirements.

NRW.BANK therefore aims to arrange the travel activity of its employees in such a way that both the demands made on successful stakeholder management and environmental aspects are taken into consideration. The travel guidelines ensure that preference is given to video and telephone conferences, local public transport and rail travel. Where company cars are concerned, the Bank took advice on environmental aspects in selecting its vehicles. The average carbon emissions of the Bank's fleet of 78 vehicles as specified by the manufacturers amounted to 144.7 g/km (2012: 156.6 g CO₂/km), which represented a reduction by another 7.5% compared to the previous year.

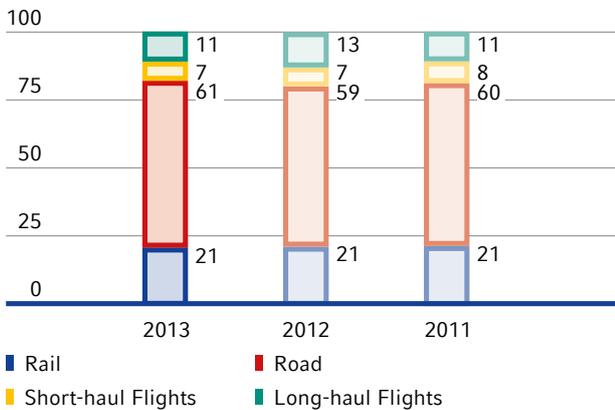
Average Fleet CO₂ Emissions in g/km



NRW.BANK's employees travelled a total of 4,577,575 kilometres on business trips in 2013, which is equivalent to 3,399 kilometres travelled per employee. Therefore the total number of kilometres travelled declined by 4.3%, and the kilometres travelled per employee were down by 4.2% on the previous year.

Business Travel	2013	2012	2011
	km	km	km
Rail	955,831	985,682	993,904
Road*	2,785,373	2,811,009	2,821,636
Short-haul flights	339,565	330,178	373,483
Long-haul flights	496,806	658,344	527,722
Total	4,577,575	4,785,213	4,716,745
km per employee	3,399	3,549	3,413

* All kilometres travelled by the Bank's company cars and rental cars.

Business Travel in %

Car travel accounted for 60.8% of the kilometres travelled. While this represents an increase by 1.8% on the previous year, the total number of kilometres travelled was reduced. Car travel thus accounted for most of the kilometres travelled, followed by rail travel, whose share remained constant at 20.9%. Air travel accounted for 18.3% of the kilometres travelled, with long-haul flights and short-haul flights representing 10.9% and 7.4%, respectively.

The kilometres travelled on long-haul flights declined by 24.5% on the previous year, while there was a 2.8% increase in the kilometres travelled on short-haul flights.

4.4 Paper

Since 2012, the eco-balance has shown the paper used for office purposes including printed matter such as letterheads and envelopes. Annual reports, brochures or flyers are not covered by the analysis. In 2013, total paper consumption amounted to 57.0 t or 42.4 kg per employee, which was down by 7.8% on total consumption in the previous year.

Declining by another 2.7%, the consumption of printer and copier paper stayed at a commendably low level:

Paper Consumption	2013	2012	2011
	kg	kg	kg
Total*	47,840	49,239	53,253
kg per employee*	35.5	36.5	38.5

* Printing and copier paper, excl. printed matter and envelopes.

Besides the quantity consumed, the Bank also assesses the quality of paper used with regard to their environmental impact.

Paper Grades	2013	2012	2011
	%	%	%
Recycled Paper	4.6	6.0	4.9
Primary Fibre Paper, ECF ¹⁾ and chlorine-bleached	83.7	79.0	87.7
Primary Fibre Paper, TCF ¹⁾	0.0	0.1	0.2
Primary Fibre Paper, FSC ²⁾ and PEFC ²⁾	11.7 ³⁾	14.9 ³⁾	3.1

¹⁾ Elemental chlorine-free (ECF), totally chlorine-free (TCF).

²⁾ Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification Schemes (PEFC, ordered in 2011 only).

³⁾ 2012 and 2013 figures incl. printed matter.

To make its paper consumption even more environmentally friendly, NRW.BANK has decided to no longer use virgin fibre paper for printers and copiers – excluding business stationery and mass printings. Starting 2014, recycled paper will be used instead.

4.5 Water

The Bank regards water as an important resource that should be protected. By installing water-efficient technologies and using grey water from the air scrubbers and recooling systems for its sanitary facilities, NRW.BANK makes an active contribution to the sparing use of this precious resource.

Process and Drinking Water	2013	2012	2011
Total Consumption	19,206 m ³	19,895 m ³	19,507 m ³
Daily Consumption per Employee	57.1 l	59.0 l	56.5 l

4.6 Waste

In 2013, the Bank's analysis again covered the following waste types: paper (incl. documents shredded), "DSD or Green Dot waste" (collected recyclables), food residues, waste fats, green waste, electrical waste, glass, residual waste, sludge from the company's own water treatment, fluorescent lamps, alkali and lead batteries as well as other reaction and distillation residues. Taking all waste types into account, the Bank produced a total of 395.7 t of waste in 2013. This is equivalent to 293.9 kg of waste per employee (2012: 371.7 t total; 275.2 kg per employee).

The increase on the previous year is mainly attributable to the large amount of documents shredded.

The following table shows the amounts of waste produced exclusively as a result of office activity:

Waste Volume	2013	2012	2011
	t	t	t
Waste Paper	53.6	56.1	76.6
Document Shredding	82.3	56.6	45.3
Residual Waste	108.6	113.1	117.1
DSD	3.4	3.0	3.0
Total*	247.9	228.9	242.0
kg per Employee	184.1	169.8	175.1
Recycling Ratio*	56.2%	55.4%	51.6%

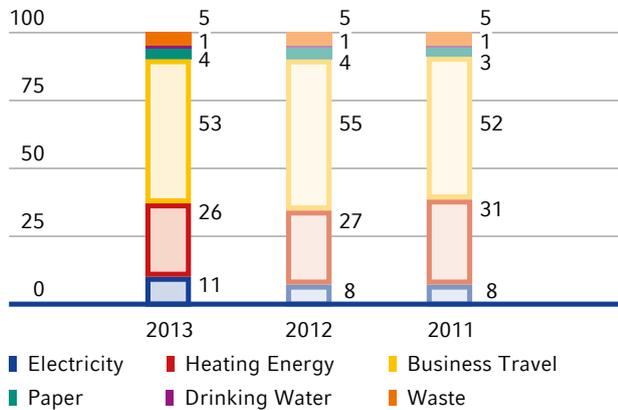
* Excl. other and kitchen waste.

4.7 Greenhouse Gas

Greenhouse gas emissions caused by NRW.BANK's own business activity are an important performance indicator for the Bank. The calculation of the carbon emissions per employee covers all environmentally relevant consumption figures and wastes mentioned before. For the calculation, the BANK uses the latest VfU conversion factors.

The calculation does not cover carbon-free rail travel provided by Deutsche Bahn AG.

CO ₂ Emissions	2013	2012	2011
	kg CO ₂	kg CO ₂	kg CO ₂
Electricity	193,060	132,521	144,071
Heating Energy incl. Emergency			
Power Diesel	473,726	488,503	586,403
Business Travel	938,595	984,397	982,026
Paper	68,606	74,244	63,883
Drinking Water	14,386	14,901	14,611
Waste	88,418	85,978	91,390
Total	1,776,790	1,780,544	1,882,384
CO₂ per Employee	1,319	1,321	1,362

CO₂ Emissions in %

In 2013, NRW.BANK's CO₂ emissions totalled 1,776.8 t, which is equivalent to 1,319.5 kg per employee. This is slightly below the previous year's total of 1,780.5 t and the per-capita emissions of 1,320.9 kg.

Direct and Indirect CO₂ Emissions at NRW.BANK in 2013

Greenhouse Gas Sources	Emission Category 1*	Emission Category 2*	Emission Category 3*	Total
	kg CO ₂	kg CO ₂	kg CO ₂	kg CO ₂
Electricity				193,059.9
– Renewable			64,562.5	
– Market Mix		128,497.4		
Heating Energy				473,725.6
– District Heat		463,835.0		
– Emergency Power Diesel	8,340.3		1,550.3	
Travel				938,594.6
– Rail			24,396.2	
– Road	545,933.1		247,898.2	
– Short-haul flights			66,215.2	
– Long-haul flights			54,151.9	
Paper				68,605.9
– Chlorine-bleached			65,620.3	
– Chlorine-free				
– Recycled			2,985.6	
Water			14,385.7	14,385.7
Waste				88,417.7
– Waste Incineration			87,668.5	
– Special Waste			749.2	
Total	554,273.4	592,332.4	630,183.6	1,776,789.4
kg CO₂ per Employee				1,319.5

* Distinction between direct and indirect emissions: Direct greenhouse gas emissions come from sources owned or controlled by NRW.BANK. Indirect greenhouse gas emissions result from the business activity of NRW.BANK – their sources are owned or controlled by third parties. In accordance with the "Greenhouse Gas Protocol", emissions are divided into three categories depending on the degree of influence exerted by NRW.BANK:

- Emission Category 1: all direct emissions.
- Emission Category 2: all indirect emissions produced, for instance, in the generation of electricity, steam or thermal energy sourced by NRW.BANK from external sources.
- Emission Category 3: all other indirect emissions in the field of logistics, material consumption, supplies and disposal. This also includes the emissions produced by service providers or manufacturing companies and their upstream suppliers.

4.8 Carbon-neutral Business Operations

When it comes to using resources and producing carbon emissions, NRW.BANK pursues an “avoidance before reduction” policy. But notwithstanding the Bank’s many environmental management activities, not all emissions can be avoided.

In 2013, the Bank therefore decided, for the first time, to neutralise the emissions produced in the fiscal year through climate protection projects in developing and emerging countries with the help of certificates. Reflecting its focal topic of “energy”, NRW.BANK offset the 1,776.8 t of carbon on a voluntary basis by purchasing certificates from two wind farm projects in India.

5 Showing Commitment to Society

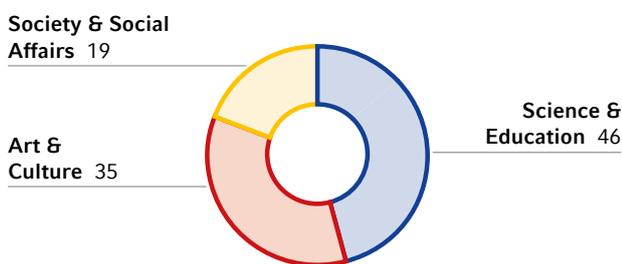
- As part of its commitment to society and under its remit as a development bank, NRW.BANK endeavours to shape a subsidiarity-based and project-related collaboration with its partners on a medium to long-term basis in order to create the required continuity. The Bank strives to ensure the social and regional balance of its activities in North Rhine-Westphalia.
- NRW.BANK’s efforts are guided by its resolve to foster creativity and ideas as well as responsible action. In this context, the Bank focuses on sponsorships related to education (academic, cultural and economic) in North Rhine-Westphalia for a young target group.
- In accordance with the guidelines set by the Supervisory Board, NRW.BANK makes neither direct nor indirect donations to political parties or party-related foundations. Moreover, the Bank places no advertisements in their publications.

Showing commitment to public life and society in North Rhine-Westphalia is an integral element of NRW.BANK’s corporate responsibility. The Bank supports measures in accordance with its “Guidelines for Corporate Citizenship and Other Services”.

NRW.BANK attaches importance to making its decisions on grants and sponsorships transparent and comprehensible. A formal internal process has been established for this purpose: every request received regarding the sponsorship of projects is documented centrally by the Bank and voted on using standardised assessment criteria. One precondition for the sponsorship of projects is that the resources made available are used for projects in North Rhine-Westphalia. The Managing Board bases its decision regarding sponsorships on a quarterly approval submission.

In 2013, NRW.BANK again spent € 0.7 million on sponsoring activities in its three defined themes, "Science & Education", "Art & Culture" and "Society & Social Affairs". The chart below shows a breakdown of the budget by themes in accordance with the requests received in the reporting period.

Sponsorship by Fields in %



5.1 Science & Education

NRW.BANK's corporate citizenship is guided by its resolve to promote creativity, ideas and responsible action. Within this framework, the Bank focused on sponsorships related to education in North Rhine-Westphalia. In 2013, the following projects from the field of "Science & Education" were sponsored by the Bank:

5.1.1 buddY e. V. – Forum Neue Lernkultur, Düsseldorf

NRW.BANK is the main sponsor of an evaluation carried out by Paderborn University for the "buddY" model project, which aims to facilitate the transition from daycare to elementary school. To counteract the adjustment problems and stress symptoms shown by children during this phase, the project focuses on strengthening their personality and social skills and on involving the children more actively in the transition process. The project takes the form of qualification measures, which are offered to educational staff, teachers, school principals and daycare directors in the region. The buddY practice projects are developed, implemented and evaluated by networks of daycare and elementary schools. The result of the study will be available in 2014.

5.1.2 "Wir haben Energie!" Project

How can a school actually save or even generate energy in future? What career prospects are offered by organisations in the field of renewable energy in the region of my school? And how can I raise awareness for energy efficiency in creative manner and sensitize people to this topic in their everyday life? 15 student groups from North Rhine-Westphalia dealt in detail with these questions. They were supported in this during the course of the competition "Wir haben Energie! Ideen. Unterricht. Innovationen" organised by NRW.BANK and Stiftung Partner für Schule NRW. A panel of judges chose the top three project ideas and North Rhine-Westphalia's Education Minister Sylvia Löhrmann presented the awards. The winners were the Leibniz grammar school in Dormagen, the Freiherr-vom-Stein grammar school in Münster and the Nelly-Sachs grammar school in Neuss.

5.1.3 Universities

The past fiscal year also saw the Bank continue its long-standing support for academic institutions with a focus on the topics finance and housing industry. The following institutions received an annual basic grant in 2013:

- Institut für Kredit- und Finanzwirtschaft at Ruhr-Universität Bochum
- Centre for Financial Research at University of Cologne
- European center for financial services at University of Duisburg-Essen
- Institute of Spatial Planning at TU Dortmund University as well as
- Institut für Kreditwesen at Westphalian Wilhelms-University Münster

Starting 2013, NRW.BANK additionally provides long-term support to two students per year at the above institutions as part of the "Germany scholarship programme."

5.1.4 Additional Measures in the Field of “Science & Education”

Organisation/Project	Measures Supported	Target Group
Balu und Du e.V.	Honorary mentoring programme designed to give children the chance to develop their talents and to participate in social activities	Elementary school children from disadvantaged backgrounds
Klasse in Sport e.V.	Offering for the quantitative and qualitative optimisation of school sports at elementary schools	Elementary school children
Deutscher Kinderschutzbund Landesverband NRW e.V.	Projects primarily aimed at improving the quality of life, security, education and health	Children
Vocational training sponsorships since 2009	Bearing the cost of vocational training for eight additional apprenticeships in service companies working for NRW.BANK	Secondary school graduates
Rock Your Life! in Düsseldorf and Münster	Career guidance as well as individual support for a successful career start by honorary student mentors; NRW.BANK assists in building and establishing the two locations	School children from socially or financially underprivileged backgrounds or difficult families
Auschwitz project of Gymnasium Adolfinum, Moers	Enabling a one-week trip to Auschwitz and Krakow with the aim of raising awareness for democracy and against far-right values	Grade 10 class
Stiftung Erinnern Ermöglichen	Support of the foundation which arranges visits to the Auschwitz memorial for schools in North Rhine-Westphalia	School children
Arbeiterkind e.V., Berlin, Landesgruppe NRW	Honorary mentoring programme to encourage children to study by supporting them from the start of study to graduation	School children from families with no or only few university graduates
School cooperation with two secondary schools and two grammar schools in Düsseldorf and Münster	Initiation of career guidance projects	School children
University of Tübingen	Publication on the annual conference of the “Quartierforschung” working group	Academics/housing industry

Organisation/Project	Measures Supported	Target Group
TU Dortmund University, Faculty of Spatial Planning	Dortmund conference "Services of General Interest and Spatial Planning", on the challenges faced by government in providing basic services to the population on a nationwide basis, taking the international context into account	Academics/spatial planning sector
3rd Schlaun competition, Münster	Sponsorship of the competition on "Standort Düsseldorf" designed to find solutions for urban planning and development	Master students/graduates of urban planning, architecture, landscape planning and civil engineering
Tilbury House	Support of Cologne's junior academics at the international debating tournament in December 2013	Students
Münsteraner Willem C. Vis International Commercial Arbitration Moot	Support of junior academics during a simulated legal negotiation and the negotiation finals in Vienna and Hong Kong	Students
NRW.BANK.Studienpreis "Wohnen & Stadt"	Award for diploma, master and PhD theses outlining feasible recommendations for action or helping to advance the promotional and structural policy concepts in North Rhine-Westphalia	Students
MUIMUN Arbeitsstelle Forschungstransfer	English-language conference "University International Model United Nations (MUIMUN)" in Münster for students from all over the world	Students

5.2 Art & Culture

NRW.BANK's sponsorships in the area of "Art & Culture" again focused on fostering young talent.

5.2.1 Corporate Volunteering

In the past fiscal year, the Bank again supported cultural events at both of its locations and made its premises available for concerts: In October 2013, NRW.BANK organised for the third time in a row a classical concert at its staff restaurant in Münster in cooperation with Gesellschaft zur Förderung der Westfälischen Kulturarbeit e.V. As part of the "CHAPEAU Classique" concert series, last year's concert saw young chamber musicians Bartek Duś (saxophone) and Magda Wojciechowska (piano) take to the stage.

2013 was the fifth year which saw NRW.BANK cooperate with the "Düsseldorf Festival", in which the Bank hosted two concerts in the foyer of its head office in Düsseldorf. Tossia Corman, a singer from Düsseldorf, and her band as well as the French Emile Parisien Quartet entertained the audience playing rock, pop and jazz music.

Employees volunteered at all three concerts and served food and drinks to the guests. The proceeds from the sale of drinks and snacks generated by NRW.BANK and totalling roughly € 1,400 were donated to Städtische Musikschule Herne for the programme "An Instrument for Every Child". The purpose of this project is to provide each child attending a primary school in the Ruhr area with the possibility of learning to play their favourite instrument.

5.2.2 NRW.BANK.Kunstkalender

For the ninth time, the Bank organised a competition for young photographers to design the NRW.BANK.Kunstkalender, its annual calendar. For the 2014 calendar, the Bank received many very impressive entries on the topic: "This is my place! – Children and youths in NRW". Michaela Schäfer from Cologne placed first, followed by Judith Bütke from Viersen (2nd place) and Linda Drees from Dortmund (3rd place).

NRW.BANK's 2015 calendar will be devoted to the topic "Humanity's Companions – Trees in NRW!".

5.2.3 Promotion of the Arts

At both of NRW.BANK's locations, 2-year exhibitions were launched in 2013, which were organised in cooperation with the local Art Academies. The Bank organises tours to give the interested public the chance to view these works of art:

- In the context of the "Gruppeneffekt" exhibition in Düsseldorf, 15 students explore the relationship between reality and fiction, work and play, material and idea. Some of the location-specific art projects developed by the students of Professor Rita McBride involve properties and employees of NRW.BANK.
- The "Flamingo" exhibition in Münster comprises works of art by 23 students of Professor Julia Schmidt, who spent one term exploring the architectural, economic and social structures of NRW.BANK.

5.2.4 Additional Measures in the Field of "Art & Culture"

Organisation/Project	Measures Supported	Target Group
Kreativwirtschaft Deutschland e. V.	Purchase of a "shuttle" for the association in order to promote cultural education programmes	Children and youths from the region
lit.COLOGNE	lit.COLOGNE event in general and the children and youth programme offering readings for school classes in particular	Children and youths
Musikhochschule Münster (Jugendakademie)	Project "Wir spielen zusammen, nicht allein!" (We play together, not alone), in which highly talented musicians can play music solo, in groups together or together with their teachers for a period of three months	Children and youths with special musical talent from the Münsterland region
Landesmusikakademie NRW	Support of Landesmusikakademie NRW in musical (further) training and the promotion of young talent	Lay musicians, music teachers, school and up-and-coming musicians
Stiftung Westfalen-Initiative: "RockSlam"	"RockSlam" will be part of the WestfalenSlam in 2014 – a competition for talents from such fields as music, sports, art, culture and science	Young rock bands from the following regions: Münsterland, Ostwestfalen-Lippe, Hellweg-Region, Sauerland and Südwestfalen
Gesellschaft zur Förderung der Westfälischen Kulturarbeit e. V.	Promotion of promising young artists as well as concept development and organisation of cultural events in the fields of art, music and literature in Westphalia	Up-and-coming artists
International Düsseldorf Organ Festival	Sponsorship of the 8th International Düsseldorf Organ Festival, which presents the instrument in a new light, also by up-and-coming musicians, and targets children and young adults with special concerts	Musicians/up-and-coming artists
new talents cologne	Sponsorship of the "Long Day of New Talents", which comprises exhibitions and special films, e.g. in the field of design, music or dance events	Young university graduates in media/art, film, music/dance and design
Project "kunst:dialoge at Museum Ludwig", Cologne	Project in the context of which students of art history introduce visitors to modern and contemporary art in a dialogue as part of their own education	Students/artists

Organisation/Project	Measures Supported	Target Group
Ruhrtriennale	Support of innovative mediation formats at the international arts festival, which focuses on promoting young talent and aims to establish the Ruhr area as an important cultural location	Up-and-coming artists
NRW Foundation	Support of NRW Foundation, which helps the target groups to engage in the preservation of nature, local customs and cultural heritages	Non-profit organisations, associations, groups working on a honorary basis
Kino Gesellschaft Köln	NRW KINOTAG (Movie Day), where movies from NRW are presented to a broad audience in special features	Diverse
Internationale Kurzfilmtage Oberhausen gGmbH	Sponsorship of the short film festival and support of the NRW competition especially for productions from up-and-coming filmmakers from North Rhine-Westphalia	Up-and-coming filmmakers

5.3 Society & Social Affairs

5.3.1 Eine Welt Netz NRW e. V., Münster

NRW.BANK supports the “Eine Welt Netz NRW”, which realises projects aimed at raising children’s and young people’s awareness of our world. To meet the very high demand from schools for “on-site” deployments, the Bank has sponsored the “Eine Welt Mobil”, a van equipped with materials for school and out-of-school education for children and youths from third class. The lessons give the children a “hands-on” impression of topics such as climate change, energy consumption, fair trade, the rain forest and responsible textile production.

5.3.2 Christmas Activity and Donation

During the 2013 Christmas season, NRW.BANK organised its sixth “Leuchtende Kinderaugen” charity event in cooperation with various children’s homes in North Rhine-Westphalia. Self-made stars on which children had written their Christmas wishes, such as vouchers for the movies, the museum or the zoo or games, were hung from two large Christmas trees at

the Bank’s two head offices. The Bank’s employees fulfilled 68 wishes which give the children the possibility for shared experiences, and additionally donated money to paediatric cancer wards in Düsseldorf and Münster.

In addition, NRW.BANK made Christmas donations to the following initiatives:

- Verein für Freizeitservice und Jugendarbeit e. V. is an association which offers young parents advice and assistance as well as a platform for exchange. The association used the funds to establish parents’ libraries at 14 locations in the Warendorf district.
- The “Klicksonar” project of LVR-Johanniterschule Duisburg, which is designed to improve the acoustic perception of blind school children with the aim of promoting the independence and mobility of these children. The school is responsible for all vision-impaired children and youths in the western Ruhr area and on the northern Lower Rhine.

5.3.3 Additional Measures in the Field of "Society & Social Affairs"

Organisation/Project	Measures Supported	Target Group
Police Trade Union	Colouring books on the topic of "road safety education"	Kindergarten children/primary school pupils
Stiftung Deutsche KinderKrebshilfe	Projects aimed at researching and treating cancer in children	Children
SOS Kinderdorf e. V.	Reconstruction of a house for a newly established Children's Village family with six children in Düsseldorf	Children
Bundesstiftung Kinderhospiz (institutions in North Rhine-Westphalia)	Dissemination and publication of the children's hospice concept	Terminally ill children
Wellenbrecher e. V.	Violence prevention as classroom project	Children and youths
KIWO Jugendhilfe gGmbH	Construction of a multi-functional field (soccer field) in Dülmen	Children and youths
Jugend im Bund für Umwelt und Naturschutz Deutschland, Landesverband Nordrhein-Westfalen e. V.	Projects related to nature and the environment	Children and youths
Stiftung Deutsche KinderSuchthilfe	Addiction prevention projects, personalised consulting and treatment services, installation and maintenance of meeting places for children and young people in social hotspots, leisure and vacation offerings aimed at addiction prevention as well as further training of child and youth care workers	Children and youths from families affected by addiction
Film project at Ernst-Mach-Gymnasium, Hürth	Film production regarding a critical topic of our times	School children
Der Schulbauernhof Emshof e. V., Telgte	Acquisition of a greenhouse	School children
Stiftung Deutscher Architekten	Promotion of junior architects	Architecture students/graduates
Förderverein für die Aus- und Fortbildung im EBZ e. V.	Financial support of the "Europäisches Bildungszentrum der Wohnungs- und Immobilienwirtschaft"	Housing industry

Organisation/Project	Measures Supported	Target Group
Stiftungsfonds DiaDem – Hilfe für demenzkranke Menschen	Care services for people with dementia who live alone and promoting public discussion of the consequences of dementia	People with dementia and their families
Düsseldorfer Drogenhilfe e. V.	Support of non-material, economic and social projects	Drug addicts and people prone to drug addiction
draußen! e. V.	Opening up perspectives in Münster with the help of the “draußen!” magazine	Homeless and unemployed people
Asphalt e. V./fiftyfifty	Aid for homeless people in Düsseldorf	Homeless people
Lebenshilfe für Menschen mit geistiger Behinderung Landesverband NRW e. V.	Improving the participation in society by about 25,000 children, youths and adults throughout the state	Mentally impaired people and their families
Deutsche AIDS-Stiftung	Projects for people with HIV and AIDS	People with HIV/AIDS
Deutsches Rotes Kreuz, Kreisverband Düsseldorf e. V.	Support of the 150th anniversary of the association, which with the help of many voluntary workers helps people in need	Diverse
Kölner Klinikclowns e. V.	Support of the association’s work on the paediatric wards of hospitals and in homes for the elderly	Children and senior citizens
Bundesanstalt Technisches Hilfswerk, Landesverband Nordrhein-Westfalen (THW)	Support of the THW, 99% of whose members volunteer to provide disaster relief	Diverse
Bundesverband Deutsche Tafel e. V.	Food banks in North Rhine-Westphalia, which collect excess food of good quality and distribute it to people in need	People in need
Westfälischer Heimatbund e. V.	Tasks related to the regional preservation of traditional customs and cultural heritages	Diverse

Report on Public Corporate Governance in the Year 2013

As the development bank of the state of North Rhine-Westphalia, NRW.BANK believes in clear and comprehensible communication of its commitment to responsible action to the public and its guarantor, its investors, customers and employees. The Public Corporate Governance Code of NRW.BANK forms the central basis for this aim by providing a transparent insight into the corporate constitution, which is defined by law, the statutes and the company's activity in practice. It serves as the benchmark for responsible corporate governance and control. In this context, the members of the Managing Board, the Supervisory Board and the Board of Guarantors of NRW.BANK fully identify with the Code.

Since 2006, NRW.BANK has reported annually on the corporate governance efforts undertaken by NRW.BANK on the basis of its own Public Corporate Governance Code (PCGK), which reflects the specific requirements of the Bank. In conjunction with the report on corporate responsibility, this report addresses the specific requirements of NRW.BANK as the development bank of North Rhine-Westphalia. Apart from outlining the fundamental corporate governance structures, this primarily includes a report on the existing remuneration system.

1 Amendment of the Public Corporate Governance Code

In the past years, NRW.BANK continuously examined the consequences that arise from changes in the legal framework relating to public corporate governance. This includes, in particular, the refinement of the respective rules for listed joint stock companies and the adoption of separate rules for public-sector companies. Moreover, the state of North Rhine-Westphalia decided to develop a dedicated Public Corporate Governance Code for public-law enterprises and for investments held by the government, which was adopted by the North Rhine-Westphalian government on March 19, 2013.

The Public Corporate Governance Code of the state of North Rhine-Westphalia thus explicitly opens up the possibility for enterprises owned by the government of NRW to subject themselves to their own Code which

reflects their specific public mission and is comparable with the North Rhine-Westphalian Code. In this case, the latter Code is not applied. NRW.BANK has taken advantage of this possibility, revised its own Code and developed a set of rules that is comparable with the North Rhine-Westphalian Code. Just like the latter Code, NRW.BANK's Code aims to make corporate governance transparent and comprehensible, while at the same time taking into account the specific public mission and the particularities of a competition-neutral and largely budget-independent development bank under public law. Accordingly, both the legally framed remit of NRW.BANK and the regulations under institutional law and banking supervision are taken into account. The amended Code of NRW.BANK was adopted by the executive bodies in the fourth quarter of 2013. It came into force on January 1, 2014 and replaces the previous Public Corporate Governance Code. Accordingly, the report provided in the context of the present Financial Report on the reporting year 2013 is the last to be based on the previous Code dating back to 2005, which was repealed with effect from December 31, 2013.

2 Fundamental governance structure of NRW.BANK

The Managing Board has sole responsibility for managing NRW.BANK's business activity. In doing so, it is bound by the company's interests under the Act on NRW.BANK. According to the latter, the Managing Board has to assist the federal state and its local and regional governments in performing their public tasks, especially in the field of structural, economic, social and housing policy. In this context, it must execute and manage promotion measures in accordance with the EU state aid regulations. In doing so, the Managing Board is guided by the principle of sustainability.

The Supervisory Board oversees the management activities of the Managing Board and is involved in the long-term positioning of the Bank. In accordance with the Minimum Requirements for Risk Management (MaRisk), the overall bank strategy, which comprises the business, promotion and risk strategies, is discussed with the Supervisory Board – following preliminary consultation in the Promotion and Risk Committee.

With regard to the guiding ideas determining the strategies as well as the principles of the business, promotion and risk policies, the Supervisory Board submits a resolution proposal to the Board of Guarantors. In the past year, four meetings were held by the Supervisory Board and 16 meetings were held by the committees formed by the Supervisory Board in compliance with legal requirements; these meetings were attended by the Managing Board.

To ensure the efficiency of the work of the Supervisory Board, preliminary discussions are held in the committees which focus on the respective issues. The full Supervisory Board is informed about these preliminary discussions by the respective chairpersons of the committees. Irrespective of the above, the documents used for discussion at the committee meetings are available to the Supervisory Board members that are not committee members for information purposes upon request.

The cooperation between the Supervisory Board and the Managing Board continues to be characterised by an open and trusting dialogue in the interest of NRW.BANK and its guarantor, the state of North Rhine-Westphalia. The dialogue held at the meetings is complemented by a close, ongoing exchange, especially between the Chairman of the Supervisory Board and the Chairman of the Managing Board but also between the Managing Board and the Chairmen of the individual committees.

The members of the Managing Board are appointed by the Supervisory Board for a maximum period of five years. In the course of the reporting year, the appointment of Mr. Stölting as member of the Managing Board was renewed for another five years.

Notwithstanding its overall responsibility as a management body, NRW.BANK's Managing Board is characterised by a clear allocation of competencies and responsibilities. The rules of procedure of the Managing Board remained unchanged in the past reporting year; in keeping with NRW.BANK's transparency policy, they are published on the website of the Bank.

Moreover, the executive and controlling bodies of the Bank obtain expert advice from the Advisory Board for Housing Promotion and the Advisory Board of NRW.BANK on specific topics and issues. The newly constituted Parliamentary Advisory Board held its first meeting in the past reporting year.

NRW.BANK's Public Corporate Governance Code includes comprehensive requirements relating to the integrity of the Managing Board, i.e. the appropriate attitude and approach to side-line occupations, invitations and gifts that affect the way in which the office is exercised. Additional regulations are adopted by the Executive Committee whenever required. The respective behavioural obligations were also fulfilled in 2013. In some cases, the advice of the Public Corporate Governance Officer was sought.

3 Directors-and-Officers (D&O) Insurance

As in the previous years, the D&O insurance for the members of the Bank's executive and controlling bodies, which contains no deductible, was continued in the past reporting year. In this context, the coverage of the insurance policies was not amended materially. NRW.BANK's new Public Corporate Governance Code, which came into force on January 1, 2014, contains requirements and recommendations regarding a deductible for the members of the Managing Board, the Supervisory Board and the Board of Guarantors. The implementation of these requirements is planned for the first quarter of 2014.

4 Continuation of the Qualification Enhancement Measures

The demands made on the qualifications of supervisory bodies are being detailed in increasingly greater detail and, in addition to the existing requirements of the Public Corporate Governance Code and national laws, stipulated also at the level of the European Union. As part of the implementation of the European directives (CRD IV), the German Stock Corporation Act was amended with effect from January 1, 2014 also with regard to corporate governance. The members of supervisory bodies must have the knowledge, skills and experience that are required to exercise their control

function and to assess and supervise the Managing Board. In this context, financial institutions are put under an obligation to use appropriate human and financial resources to assist the members of the Supervisory Board to take up their mandate and to allow them to undergo further training in order to keep the required expert knowledge up to date (Section 25d para. 4 KWG). The bodies of NRW.BANK addressed this idea already back in 2011 and adopted a qualification budget for the members of the Supervisory Board, which further details their possibilities for individual qualification enhancement. The qualification budget may be used by each member of the Supervisory Board, in agreement with the Public Corporate Governance Officer, for further training measures that match his or her personal requirements. The Bank thus lives up to its general responsibility to offer the members of its Supervisory Board the possibility for ongoing qualification enhancement. In addition, NRW.BANK arranges further training measures that specifically meet the special demands made on the members of the Supervisory Board. In spring 2013, NRW.BANK therefore organised a seminar on "bank management and bank regulation", which was tailored to its specific requirements and followed by an advanced seminar on "risk-bearing capacity and economic capital" in autumn 2013.

It should also be pointed out that, in analogy to the qualification budget for the members of the Supervisory Board, a qualification budget exists also for the members of the Board of Guarantors to give them the possibility for personalised further training. The first training measure for the latter was arranged in spring 2013.

5 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 Bank Remuneration Directive (InstitutsVergV) of October 6, 2010.

5.1 Remuneration of the Members of the Supervisory Board

The concept of a remuneration structure which is not dependent on the business performance primarily 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 and an additional meeting-related fee. As specified by the Board of Guarantors, the work remuneration and the meeting attendance fee are identical within the Supervisory Board and its committees. 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 of NRW.BANK 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 Boards can be found in the notes to the Financial report (page 115 et seq.).

5.2 Implementation of the Special Requirements Made on Significant Institutions Pursuant to Sections 5 and 6 of the "Institutsvergütungsverordnung" (InstitutsVergV – Bank Remuneration Directive) of October 6, 2010

NRW.BANK has been classified as a "significant institution" as defined in Section 1 para. 2 InstitutsVergV. The Bank complies not only with the general requirements but also with the special requirements of Sections 5 and 6 InstitutsVergV as well as the extended disclosure requirements pursuant to Section 8 InstitutsVergV.

These include the following aspects, which are explained in detail below: identification of those employees whose activities have a material impact on the overall profile of the Bank ("risk takers" in the context of a risk analysis) (point 5.2.1); determination of the Bank's relevant result by means of a total performance ratio system to measure the sustainability of the Bank's total performance (point 5.2.2); introduction of a deferral component and a sustainability component for the "risk takers" (point 5.2.3); set-up of a Remuneration Committee (point 5.2.4); publication of the present detailed remuneration report in compliance with the extended disclosure requirements.

5.2.1 Identification of the Risk Takers Pursuant to Section 5 Para. 1 Sentence 2 InstitutsVergV of October 6, 2010

In the past reporting year, NRW.BANK updated the written risk analysis for the identification of "risk takers" required by the InstitutsVergV. The previous year's identification of the risk takers was confirmed in this context. As three employees classified as risk takers left the Bank without their positions being refilled, the number of employees, incl. Managing Board members, identified in accordance with Section 5 para. 1 sentence 2 InstitutsVergV declined to 19 as of the end of 2013. They must comply with the additional requirements of Section 5 para. 2 to 4 InstitutsVergV.

5.2.2 Determination of the Total Performance of the Bank Pursuant to Section 5 Para. 2 No. 3 InstitutsVergV of October 6, 2010

Introduced in 2011, the total performance ratio system used to measure the sustainable total performance of NRW.BANK is based on ratios which reflect the goal of sustainable performance of a development bank while considering the risks taken as well as the capital and liquidity costs. The income statement (to HGB) of the past reporting year forms the basis which justifies the creation of appropriate bonus provisions. The actual economic performance achieved is to be used as a benchmark. The income statement shows a result for the year that reflects all realised gains and losses as well as all discernible anticipated losses (imparity principle). Accordingly, a result in the HGB income statement is always conservative, includes all risk allowances and provisions that are necessary for loss-free valuation (itemised allowances, general allowances,

provisions) and may thus serve as the basis for the measurement of the total performance in the meaning of the InstitutsVergV. As the net profit for the year to HGB may additionally include reserves for future special risks arising from the banking business, these allowance reserves in the income statement must first be neutralised to calculate the economic performance, as they are not based on any specific discernible risks and thus distort the actual result for the period. The opposite applies when reserves are released. In addition, the promotion and development funds, which are booked in the commercial balance sheet of NRW.BANK, must be neutralised. These also act as a burden on the bottom line but are at the same time an important performance feature of a development bank (in contrast to a commercial bank). This means that changes in reserves occurring in the course of a year, promotion and development funds spent as well as extraordinary one-time effects outside the regular banking business must be taken into account as adjustment items. The result is a total performance ratio of the Bank which includes all income and expenses of the period including income and expenses from the risks that have actually materialised or are anticipated in the respective period.

In the context of an ex-ante risk adjustment, the resulting performance ratio is then extended

- through the consideration of standard risk costs for anticipated risks and
- through the consideration of adequate interest on the economic capital to cover unexpected default, market, liquidity and operational risks.

The ratios thus determined are the total performance ratios of NRW.BANK in the meaning of the InstitutsVergV.

According to Section 3 para. 4 InstitutsVergV, the variable remuneration received by executives shall be based on a multi-year assessment period. NRW.BANK applies this requirement to all employees, as it makes more sense for a development bank that operates sustainably to assess the remuneration-relevant performance on the basis of a multi-year period instead of the result for an individual year. When weighting the individual annual results, the current assessment

period should have the highest relevance, which subsides over time. A weighted three-year average is thus calculated as follows:

- past reporting year 3/6
- previous reporting year 2/6
- year prior to previous reporting year 1/6

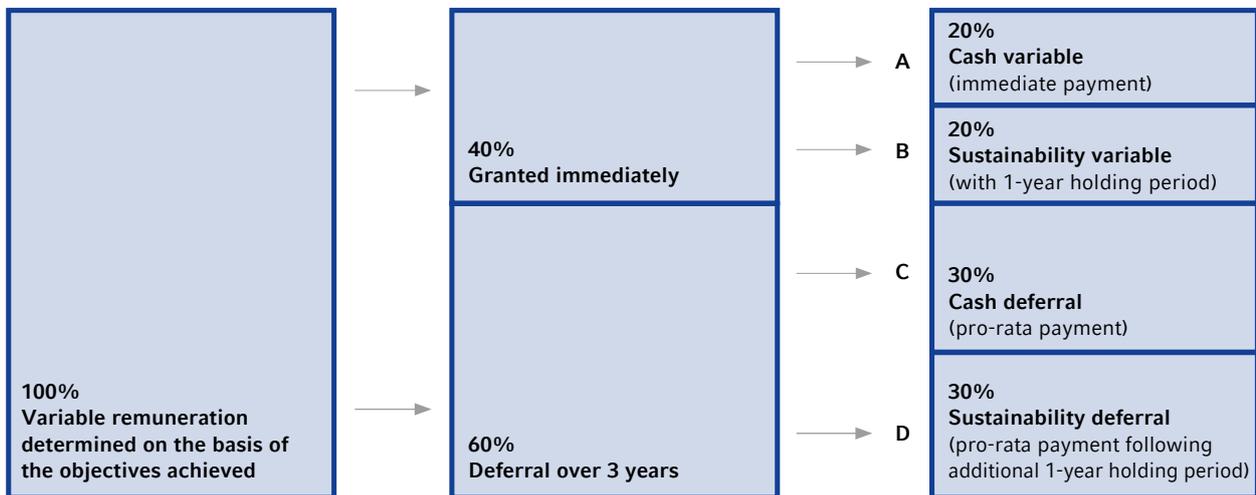
These quantitative parameters are complemented by the targets agreed between the Executive Committee and the Managing Board as well as by a qualitative assessment of the overall risk situation. Based on a resolution by the Managing Board, the weighted three-year average of the above total performance ratios are relevant for determining the total performance pursuant to Section 5 para. 2 No. 3 InstitutsVergV for all employees.

5.2.3 Payment Conditions of the Variable Remuneration Pursuant to Section 5 Para. 2 Nos. 4 and 5 (in conjunction with No. 6) InstitutsVergV of October 6, 2010

For the Managing Board as well as for all "risk takers", NRW.BANK has defined

- a deferral period of 3 years for 60% of the variable component pursuant to Section 5 para. 2 No. 4 InstitutsVergV (see C + D in chart below); pursuant to Section 5 para. 2 No. 6, these deferred amounts are subject to a malus regulation, which may lead to a reduced variable remuneration within the deferral period,
- a one-year period for assessing the sustainable value increase of the Bank for 50% each of the directly granted variable remuneration and the deferred variable remuneration pursuant to Section 5 para. 2 No. 5 InstitutsVergV (see B + D in chart below).

The chart below shows the distribution of the individual components:



5.2.4 Remuneration Committee ("Vergütungsausschuss" Pursuant to Section 6 InstitutsVergV of October 6, 2010)

In the past reporting year, the Remuneration Committee of NRW.BANK again consisted of the following voting members:

- Head of Human Resources (Chairperson)
- Head of Capital Markets
- Head of Risk Management (Vice Chairperson)
- Head of Social Housing Promotion
- Head of Finance.

The

- Head of Auditing
- Head of Legal
- Head of IT/Organisation/Internal Services

as well as

- the Managing Board member in charge of risk management

are involved in the work of the Remuneration Committee in an advisory capacity in the context of their tasks.

The Remuneration Committee held two meetings in the reporting year 2013. The Remuneration Committee performs the following tasks:

- Monitoring of the remuneration systems of NRW.BANK with regard to their appropriateness and compliance with applicable regulatory requirements
- Advising the Managing Board on the appropriateness of the remuneration systems of NRW.BANK as well as the applicable regulatory requirements
- Reporting to the Managing Board and the Supervisory Board on the appropriateness of the remuneration systems of NRW.BANK at least once a year; if necessary, additional reports on given occasion
- Information duties towards the Chairperson of the Supervisory Board

At its meeting on February 4, 2013, the Remuneration Committee confirmed the maximum distributable volume on the basis of the total performance ratios I – III, the risk-oriented assessment of the total performance and the objectives agreed between the Executive Committee and the Managing Board. As the sustainability conditions were met and there were no reasons for a malus related deduction, the Remuneration Committee additionally recommended to the Managing Board and the Supervisory Board to pay out as well the deferred remuneration components that were due for payment in 2013.

At its meeting on October 18, 2013, the Remuneration Committee reviewed the appropriateness of the remuneration systems for the employees and the Managing Board of NRW.BANK for 2013 and confirmed it in its remuneration report.

After each of the two meetings of the Remuneration Committee, a report was submitted to both the Managing Board and the Supervisory Board.

In accordance with Section 15 of the amended InstitutsVergV of December 19, 2013, the Remuneration Control Committee to be established as of 2014 will assist the Supervisory Board in designing appropriate remuneration systems for the members of the Managing Board and in monitoring the appropriateness of the remuneration systems for the employees.

The Remuneration Committee in its present composition will hold its last meeting in the first quarter of 2014 to finally assess the appropriateness of the remuneration of the year 2013 and the payment conditions for amounts deferred from prior years.

5.3 Remuneration at NRW.BANK

Ever since its inception, NRW.BANK has, in agreement with its guarantor, geared its remuneration systems and parameters towards its promotion tasks. Against the background of its promotion-oriented character, the Bank bases its remuneration structure exclusively on regionally and/or nationally used remuneration parameters.

In accordance with Section 5 para. 2 No. 3 InstitutsVergV of October 6, 2010, the amount of the provisions for the variable remuneration to be paid out in April for the previous reporting year is defined by the Managing Board on the basis of a ratio system that reflects the sustainable total performance of NRW.BANK. This quantitative assessment is complemented by the targets agreed between the Executive Committee and the full Managing Board as well as by a qualitative assessment of the overall risk situation (see information under 5.2.2 above). The variable remuneration is paid out only after the respective financial statements have been discussed by the Supervisory Board and adopted by the Board of Guarantors.

5.4 Consistency between Strategic Corporate Objectives and Remuneration Structures

The necessary connection between the strategic corporate objectives agreed with the owner and the remuneration system of NRW.BANK is ensured by a systematic planning and assessment process. A consistent top-down process ensures that the corporate objectives are communicated to employees at the down-stream levels. For this purpose, the individual requirements derived from the strategic corporate objectives are documented in writing in the context of a tasks and objectives planning process at the beginning of the year. The achievement of these objectives is reviewed in an annual feedback process and summarised in a written performance assessment. This process applies equally to all employees of NRW.BANK.

5.5 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. In 2013, this comparison covered the market data of 23 of Germany's top 30 banks, which were complemented by additional information taken from 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 ranges between the first quartile and the median. As NRW.BANK is the only development bank in Germany that is classified as a significant institution as defined in the InstitutsVergV and has adjusted its remuneration systems accordingly, a direct comparison

with other development banks is not meaningful. Adjusted for the resulting effects, the Managing Board remuneration is within the range of other development banks.

In accordance with the InstitutsVergV, the actual variable remuneration of the Managing Board – similar to the variable remuneration of the risk takers – for the past reporting year is defined on the basis of the Bank's total performance ratios, a qualitative overall risk assessment and the achievement of the complementary objectives agreed with the Executive Committee and limited by a cap for variable payments defined by the Bank.

The objectives agreed with the Executive Committee reflect the special demands made on a development bank and take into account that the generation of profits is not the main business purpose. In accordance with the corporate policy, which is geared to the sustainable development of the North Rhine-Westphalian economy, the local municipalities and the people in the state, the agreed objectives are divided into superordinate objectives to be achieved over a long to medium term and objectives to be achieved within one year. Both the long/medium-term objectives and the short-term objectives are derived from the bank strategy. They reflect the "principles of the business, promotion and risk policy" adopted by the Board of Guarantors and the regulatory requirements.

In the past reporting year, the variable payments for the previous year were, in accordance with Section 5 para. 2 Nos. 4 and 5 InstitutsVergV of October 6, 2010, again subject to the Bank's sustainable total performance. Payment of these amounts will be deferred over a period of four years (deferral and sustainability component).

The partial amounts of the variable remuneration for the reporting years 2011 and 2012 that are subject to the sustainability and malus arrangement reserve and due in April 2014 will be paid out following the respective review and decision by the Bank's responsible bodies in the first quarter of 2014.

For a detailed presentation of the remuneration received by the individual Managing Board members, refer to page 113 in the notes.

In the past reporting year, the Supervisory Board decided to renew the contract of Mr. Stölting with effect from July 1, 2014 and implemented the contractually agreed purchasing power adjustment, which must be effected no later than three years following the coming into force of the contract, for Mr. Suhlrie.

In the event of accident or illness and in the event of premature termination or non-renewal of the contractual relationship before reaching the age of 62 (exception: Mr. Binkowska from the age of 63), all members of the Managing Board are entitled to the following benefits:

In the event of an inability to work caused by an accident or illness, the fixed annual salary will continue to be paid for an unlimited time but no longer than the end of the employment relationship. After the end of the employment relationship, all members of the Managing Board receive a life-long pension, in analogy to the pension granted in the event of invalidity.

Members of the Managing Board are not entitled to pension if the Bank terminates the employment relationship for reasons attributable to the Managing Board member.

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.

Mr. Binkowska is entitled to a fixed pension taking into account pension payments from the public pension system. In the event of invalidity and when taking advantage of the old-age pension, the amount of the fixed pension is approx. 54% of the fixed annual salary before taking into account the pension under the statutory pension insurance. Early old-age pension may be received from the age of 63.

In the event of invalidity and when reaching the age of retirement, Mr. Neuhaus benefits from a pension similar to those for civil-servants in Germany. This warrants 75% of the pensionable salary, taking into account the pension from the statutory pension insurance as well as the pension from an additional pension insurance. The pensionable salary is 69% of the fixed annual salary.

Mr. Stölting benefits from a pension commitment pursuant to the German Civil Servant's Pension Act (Beamtenversorgungsgesetz). 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. 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 no earlier than from the time they are granted.

Mr. Suhlrie benefits 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 him, 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. The pension account carries an interest rate of 6%. 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.

After the death of a Managing Board member, their dependants receive a reduced pension. Widows receive up to 60% of the pension. The children of the Managing Board members are entitled to 20% of the pension if they are orphans and to 12% of the pension if they have lost one parent.

While any pension benefits paid out to Mr. Binkowska, Mr. Neuhaus and Mr. Stölting will be adjusted in accordance with the linear changes applicable to pensions paid by the state of North Rhine-Westphalia, the pension paid to Mr. Suhlrie will be increased by 2.0% p. a.

As Mr. Neuhaus and Mr. Stölting benefit from commitments that are similar to those for civil servants, they are exempted from statutory pension insurance but receive benefits as defined in the North Rhine-Westphalian "Beihilfeverordnung" in the event of illness. The expenses for the pensions of the Managing Board members and the present values of the obligations are shown in the notes on page 114.

5.6 Composition of the Remuneration for Employees

The fixed salaries and the variable remuneration are determined according to comparable principles for all employees. Under the InstitutsVergV, the variable remuneration for the Managing Board and the risk takers must be linked to the sustainable total performance; NRW.BANK applies this principle to all employees.

The fixed salaries are paid monthly, while the variable remuneration is paid once a year at the beginning of the second quarter following the approval of the annual financial statements by the Board of Guarantors.

5.7 Employees Not Covered by Collective Agreements

5.7.1 Fixed Remuneration

NRW.BANK sets the remuneration of its employees who are not covered by collective agreements in accordance with the salaries paid for the respective function by comparable German banks. Since 2004, NRW.BANK has therefore participated in a regular market comparison carried out by an external remuneration consulting firm.

5.7.2 Variable Remuneration

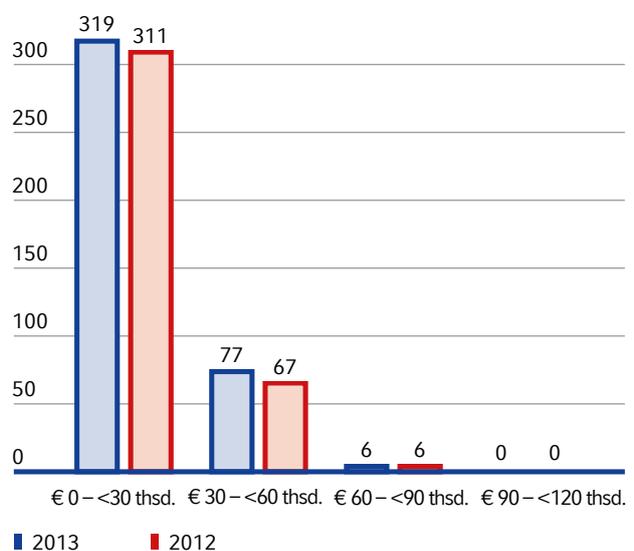
Based on the procedure described above, the Managing Board defines the available maximum bonus amount for each year and its allocation to the individual departments corresponding to the total of employees' fixed salaries and the respective department's performance. This pool model ensures that the maximum bonus amount defined by the Managing Board for the Bank as a whole is not exceeded. Each individual's share in the bonus pool is calculated on the basis of the amount of the fixed salary, the assessment of the achievement of objectives and the performance-relevant behaviour as determined in the annual planning and assessment process described above.

As part of the implementation of the InstitutsVergV, the Bank has put a cap for the variable remuneration at 40% of the total remuneration (i.e. max. two thirds of the fixed remuneration).

The chart below shows the frequency distribution for the employees not covered by collective agreements in 2013:

Number of Employees per Bonus Cluster

The analysis covers 402 (384) employees not covered by collective agreements (excl. Managing Board) who received a bonus in 2013 (2012) for the reporting year 2012 (2011)¹⁾.



¹⁾ Note: For reasons of comparability, the chart above shows the promised variable remuneration of the risk takers and not the remuneration actually paid out.

79% (2012: 81%) of the employees not covered by collective agreements received a bonus of max. € 30,000 in the reporting year 2013. As in the previous year, the average bonus amounted to 21% of the annual salary, while the maximum bonus amounted to € 80,800 (2012: € 78,100).

Given NRW.BANK's function as the development bank of North Rhine-Westphalia, there is an appropriate relation between the fixed salary and the variable remuneration. The amount of the variable remuneration rules out a significant dependence of employees on this payment. Nevertheless, the individual amounts are high enough to provide the required effective incentives as defined in the bank strategy.

5.8 Employees Covered by Collective Agreements

5.8.1 Fixed Remuneration

The scope for the fixed remuneration of employees covered by collective agreements is defined in the "Manteltarifvertrag für das private Bankgewerbe und die öffentlichen Banken" (basic collective agreement for private-sector and public-sector banks) as well as complementary internal regulations.

5.8.2 Variable Remuneration

NRW.BANK's employees covered by collective agreements participate in a bonus programme whose general features are comparable with that for the employees

not covered by collective agreements. The available total amount is defined each year as a function of the business result. A bonus of approximately 5.7% (2012: 5.4%) of the annual salary was paid out in 2013.

5.9 Disclosure Pursuant to Section 7 Para. 2 No. 2 and Section 8 Nos. 1 – 5 InstitutsVergV of October 6, 2010

Section 7 para. 2 No. 2 InstitutsVergV: The total amount of all remuneration for employees not covered by collective agreements is stated on the basis of the Bank's segment report. It is divided into fixed and variable components as well as the number of beneficiaries receiving variable remuneration:

Department/Segment ¹⁾	Employees not covered by collective agreements, who received a bonus ²⁾	Fixed	Variable
		remuneration ³⁾	remuneration ⁴⁾
		€ thousands	€ thousands
Programme-based Promotion	110	9,308.9	2,302.7
Other Promotion/Liquidity Management	35	3,653.4	1,394.0
Staff/Services	257	20,269.3	5,061.8

¹⁾ Assignment of employees to the segments as of December 31, 2013 or at the time of departure (changes vs. the previous year due to organisational changes in 2013).

²⁾ All employees not covered by collective agreements incl. staff changes in the course of the year (departures, retirements).

³⁾ Paid in reporting 2013; incl. non-monetary benefits.

⁴⁾ Received in 2013 for 2012.

In addition, third-party benefits for mandates exercised in the total amount of € 20.5 thousand were paid to five employees in the Programme-based Promotion segment and in the amount of € 3.0 thousand to three employees in the Staff/Services segment.

Section 8 para. 3 No. 1: Presentation of the total amount of all remuneration paid to Managing Board members and risk takers, broken down into fixed and variable components and the number of beneficiaries:

	Number	Fixed	Variable	Other	Total
		remuneration	remuneration		remuneration ¹⁾
		2013	awarded		incl. variable
		€ thousands	in 2013	€ thousands	remuneration
		€ thousands	€ thousands	€ thousands	€ thousands
Managing Board	4	2,113.2	564.0	123.3	2,800.5
Risk takers ^{2), 3)}	17	3,017.2	837.7	178.3	4,033.2

¹⁾ Other non-monetary benefits.

²⁾ Including (variable) payments to two risk takers who left the Bank in 2013.

³⁾ Due to the small number of risk takers, the remuneration was not broken down by business units in order to comply with the principle of protection and confidentiality.

In addition, third-party benefits for mandates exercised in the amount of € 185.2 thousand and € 17.6 thousand, respectively, were paid to Managing Board members and risk takers.

■ Section 8 para. 3 No. 3 InstitutsVergV: Presentation of the total amount of the variable remuneration of the Managing Board and the risk takers divided into paid-out and deferred components:

	Number	Variable remuneration awarded in 2013 € thousands	Thereof deferred € thousands	Thereof paid-out in 2013 € thousands	Reduction pursuant to Section 5 para 2 No. 6 InstitutsVerg € thousands
Managing Board	4	564.0	451.2	112.8	0
Risk takers ^{1), 2)}	17	837.7	670.2	167.5	0

¹⁾ Including (variable) payments to two risk takers who left the Bank in 2013.

²⁾ Due to the small number of risk takers, the remuneration was not broken down by business units in order to comply with the principle of protection and confidentiality.

■ Section 8 para. 3 No. 4 InstitutsVergV: Presentation of the total amount of the variable remuneration of the Managing Board and the risk takers with separate presentation of the sustainability component:

	Number	Variable remuneration awarded in 2013 € thousands	Thereof dependent on the value increase of NRW.BANK as defined in Sec. 5 para. 2 No. 5 InstitutsVerg € thousands
Managing Board	4	564.0	282.0
Risk takers ^{1), 2)}	17	837.7	418.9

¹⁾ Including (variable) payments to two risk takers who left the Bank in 2013.

²⁾ Due to the small number of risk takers, the remuneration was not broken down by business units in order to comply with the principle of protection and confidentiality.

Remuneration as defined in Section 8 para. 3 sentence 2 and sentence 5 InstitutsVergV was paid neither to Managing Board members nor to risk takers in the past reporting year.

A presentation for the individual members of the Managing Board is provided in the notes to the Financial Report (page 113).

Report of the Supervisory Board

To fulfil the tasks imposed on it by law and the statutes, the Supervisory Board held four meetings in 2013. Another 16 meetings were held by the Committees composed of the members of the Supervisory Board. These included four meetings of the Executive Committee, which also held one written vote. The Promotion Committee held four meetings as well as one written vote. The Risk Committee held five meetings including one extraordinary meeting. In addition, the Promotion Committee and the Risk Committee held one joint meeting.

Due to amendments to the German Banking Act, which were caused by the CRD IV Implementation Act and came into force on January 1, 2014, the Supervisory Board decided to set up a Nomination Committee as well as a Remuneration Committee and decided the respective rules of procedure with effect from January 1, 2014 for the fiscal year 2014 as well as the adjustment of the existing rules of procedure of NRW.BANK.

Regular reports kept the Supervisory Board apprised of the Bank's situation and of all essential business events during the period. The Supervisory Board discussed and approved all transactions requiring its approval in accordance with legal or statutory provisions and addressed important matters of business policy in detail.

In accordance with regulatory requirements and the provisions in the statutes, the Supervisory Board addressed the business, promotion and risk strategy for the years 2014 to 2017, which had previously been discussed by the Promotion Committee and the Risk Committee. The principles of the business, promotion and risk policies were submitted for approval to the Board of Guarantors, which is the competent body under the Bank's statutes. The Board of Guarantors approved the proposed strategy at its meeting on December 4, 2013.

Moreover, the Supervisory Board renewed the appointment of Managing Board member Michael Stölting for another five years.

KPMG AG Wirtschaftsprüfungsgesellschaft carried out the audit of the financial statements for 2013 and the statement of financial condition of NRW.BANK and issued an unqualified audit opinion. The Supervisory Board and the Audit Committee formed from among its members discussed in detail the report of the external auditors on the results of their audits. Following the final result of the audit, they raised no objections.

At its meeting on March 13, 2014, the Supervisory Board approved the financial statements and the statements of financial condition established by the Managing Board and proposed that the Board of Guarantors approve the financial statements for the year 2013. As in the previous years, no consolidated financial statements were prepared, as the Bank is not obliged to do so under commercial law.

Düsseldorf/Münster, March 13, 2014



Garrelt Duin
Chairman of the Supervisory Board

Management Report

of NRW.BANK for the Fiscal Year 2013

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

NRW.BANK is the state development bank of North Rhine-Westphalia (NRW). It has the public mission to support its guarantor, the state of North Rhine-Westphalia, in the completion of its structural and economic policy tasks. NRW.BANK is competition-neutral and provides the full range of lending tools while at the same time contributing its banking expertise to promotion and development processes. The Bank pools the promotion and development programmes of the state of North Rhine-Westphalia, the Federal Republic of Germany and the European Union and combines them with its own equity and debt products and advisory services.

1.1 Business Model

The business model of NRW.BANK is that of a largely budget-independent development bank with an integrated promotion and development policy. According to the "Verständigung II" agreement of March 1, 2002 between the EU Commission and the German government, NRW.BANK is a legally independent development bank engaging in competition-neutral structural and development business which permanently benefits from institutional and guarantor liability as well as from an explicit funding guarantee from its guarantor. To complete its mission, the Bank uses the resulting possibilities for funding in the international capital market, where the Bank has established itself as a reliable

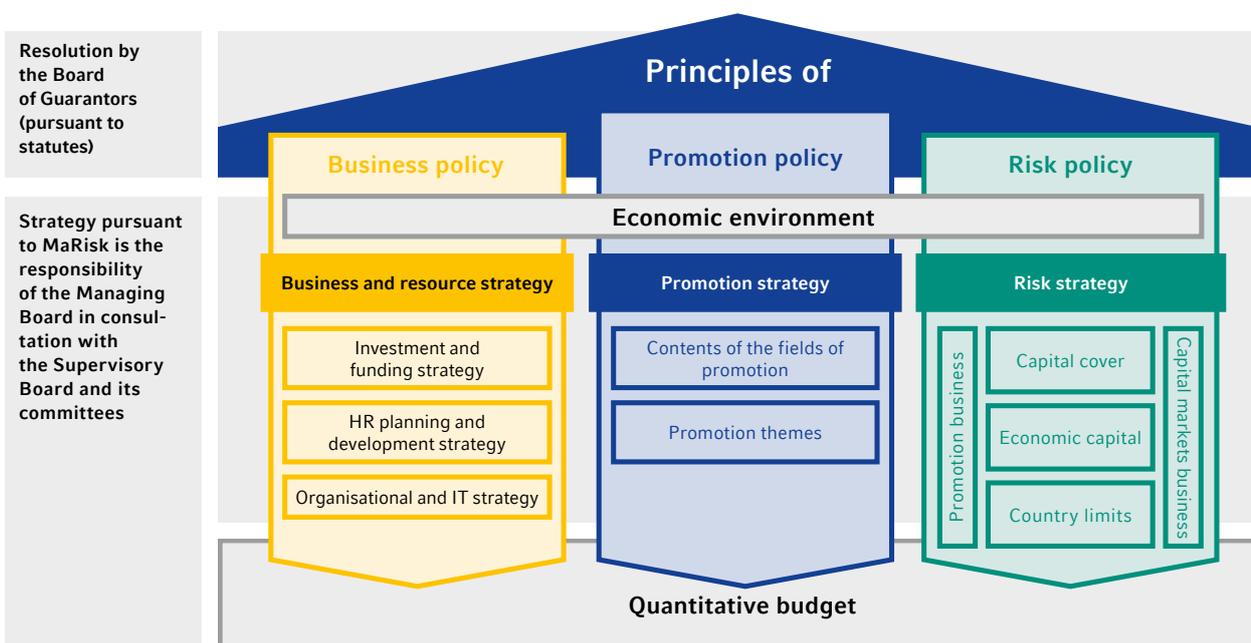
market participant. NRW.BANK generates its own income within the parameters of its conservative investment strategy. This income is used to finance its development and promotion activities, to secure the long-term viability of the Bank, also with regard to the creation of its own, non-interest-bearing provisions and reserves, and to finance the banking operations. To fulfil its public mission, the Bank uses all standard financing instruments. For this purpose, it primarily grants loans, underwrites guarantees and makes equity investments.

1.2 Objectives and Strategies

The Bank's activities are geared towards sustainability. For details, refer to the "Principles of Corporate Responsibility at NRW.BANK".

NRW.BANK liaises closely and constantly with its executive bodies and ensures the appropriate degree of transparency in implementing and refining its tasks.

The overall bank strategy is structured into two levels: The first level consists of principles, which, according to the statutes, are adopted by the Board of Guarantors; the second level is the strategy level, which, according to the Minimum Requirements on Risk Management (MaRisk), is the responsibility of the Managing Board. The principles of the business, promotion and risk policy define the framework of strategic action. The



business, promotion 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 focus of the overall bank strategy is on the promotion strategy, which reflects the special importance of the promotion business. The business strategy defines the orientation of the investment strategy and the funding activities 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 integrated with the promotion and business strategies.

The overall bank strategy is geared to NRW.BANK's public mission to support the federal state and its local and regional governments in completing their public tasks. Material business activities as defined in the Minimum Requirements on Risk Management (MaRisk) are the promotion business and the capital market business.

The current strategy continues the proven business model of a largely budget-independent development bank. Focal points of the promotion strategy include support in the move towards green energy, social housing promotion as well as assistance to North Rhine-Westphalia's municipalities in completing their tasks. Moreover, NRW.BANK remains committed to constantly refining its development and promotion products and processes with a view to increasing the efficiency of its development and promotion activities.

In the context of its highly qualitative and theme-oriented promotion business, NRW.BANK operates in three fields of promotion: Housing & Living, Seed & Growth and Development & Protection. These fields of promotion are divided into promotion themes, for which qualitative objectives and measures are defined. The measures result in specific promotion products. The promotion instruments used by NRW.BANK mainly include lending products, equity investments and advisory services.

In the year 2013, NRW.BANK extended promotion funds totalling approx. € 9.2 billion (2012: € 9.5 billion) to support some 41,600 projects (2012: 43,300). The use of own resources, e. g. to reduce the interest rates on promotion loans, is a key aspect of NRW.BANK's business model.

The promotion strategy is implemented in the "Programme-based Promotion" segment and the "Other Promotion/Liquidity Management" segment. The Programme-based Promotion segment comprises the Promotion Programmes, Housing Promotion, Public Infrastructure Finance from the Corporate Strategy / Public Infrastructure Finance Department as well as the equity investments managed as part of the NRW.BANK's mission as a development bank and the Syndicated SME Loans from the Corporate Finance Department. The Other Promotion/Liquidity Management segment consists of Capital Markets including Municipal Financing.

With regard to the capital market business, NRW.BANK continues to adapt its activities to the changed environment resulting from the financial market crisis and is reducing its business volume and total assets as planned. While portfolio investments continue to be held with the intention of being held permanently, the capital market business is being scaled down primarily through maturing investments as well as through portfolio-enhancing and risk-reducing measures such as the selective wind-down of certain risk assets and limit cuts. In 2013, the business volume was reduced by a total of € 5.5 billion to € 164.0 billion (2012: € 169.5 billion).

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 and targets are primarily geared to providing its guarantor, the state of North Rhine-Westphalia, with long-term support in performing its structural and economic tasks.

Due to NRW.BANK's public mission as the development bank of North Rhine-Westphalia, development and promotion is the primary business objective.

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

In keeping with the public development mission, the volume of new development and promotion business is an important control variable. Other parameters include total assets, business volume, operating income, general administrative expenses as well as economic capital as determined in context of the calculation of the risk-bearing capacity. For all key performance indicators, there are defined targets which are regularly subjected to plan/actual comparisons as well as scenario and forecast analyses in order to provide appropriate control stimuli.

To manage the performance and the future strategic growth steps in the promotion business, NRW.BANK determines the volume of new business separately for the fields of promotion and the promotion themes. The volume of new business includes all new commitments made.

Other important indicators for internal management in the banking business are total assets and the business volume. Besides total assets, the business volume comprises contingent liabilities, other commitments as well as administered funds. As NRW.BANK continues to adjust its capital market activities to the changed environment resulting from the financial market crisis, its total assets and its business volume are reduced according to plan.

Operating income comprises net interest income and net commission income as well as net income from trading operations and the other operating result. Internal management is performed at department level. Due to its status as a development bank, generating profits is not the key objective of NRW.BANK. Instead, profits generated are used to finance the development and promotion activities and to maintain the banking operations as well as to establish allowance reserves.

Economic capital as determined in the context of the calculation of the risk-bearing capacity is NRW.BANK's key risk management parameter.

2 Report on Economic Position

2.1 Economic Climate

2.1.1 The German Economy

According to a first official estimate, the German economy grew by an average 0.4% in 2013. The low momentum is primarily attributable to external factors such as the slow growth in the world economy as well as the ongoing recession in some European countries. But the domestic economy was also characterised by divergent trends. In particular, gross capital formation in machinery and equipment fell short of the expectations announced at the beginning of the year. In spite of very low interest rates and a low credit hurdle, companies remained cautious especially with regard to spending on plant and equipment. Construction spending also declined moderately. By contrast, private and government consumption continued to support the Germany economy. Total government net lending/borrowing (including social insurance) showed a minor deficit, which means that the government's accounts for 2013 is almost balanced. At 1.5%, German inflation increased at a lower rate than in the previous year due to the favourable price trend.

2.1.2 The North Rhine-Westphalian Economy

North Rhine-Westphalia remains the federal state with the largest economy and accounts for a good one fifth of Germany's aggregate economic output. North Rhine-Westphalia's GDP growth in 2013 is expected to be slightly positive, which would be in line with the Germany-wide trend. As a result of the moderate growth posted by the chemicals and metals industry, which is important for North Rhine-Westphalia's industry, North Rhine-Westphalia's growth rate was probably a little below the nationwide average.

The mixed economic developments are also reflected in the NRW.BANK.ifo Business Climate. After a strong start to the year, it deteriorated as the year progressed, only to surge to its highest levels since spring 2012 towards the end of the year – in sync with the Germany-wide trend – thus indicating a notable economic recovery in North Rhine-Westphalia.

Sentiment in the construction sector was subdued for the better part of the year. While the situation differed from region to region, positive signals again came primarily from private housing construction. However, social housing promotion was adversely affected by the generally favourable interest rates, which prevented a recovery.

The labour market remained stable. Employment continued to grow and reached a new high. In spite of the slightly better economic trend, the unemployment rate picked up moderately to 8.3%. This simultaneous growth in employment and unemployment is due to an increase in the labour force resulting from growing part-time work and increased immigration.

2.1.3 Financial Markets

2013 saw the turmoil in the financial markets subside notably compared to the two previous years. The announcement by the European Central Bank (ECB) to buy unlimited amounts of European government bonds if necessary has proved especially effective. Moreover, several European countries took steps to consolidate their budgets, albeit to different extents. At the same time, the ECB intensified its expansionary monetary policy in 2013. By announcing its intention to leave interest rates at a very low level for an extended time, the central bank communicated a concrete medium to long-term outlook for its monetary policy for the first time in its history. In addition, the ECB took important steps towards the introduction of the Single Supervisory Mechanism.

In the past year, the banking sector's regulatory environment was primarily influenced by the European Parliament's adoption of the Directive on prudential requirements for credit institutions and investment firms, which puts the framework developed by the Basle Committee into practice throughout Europe. Its key elements include much stricter requirements regarding institutions' equity capital and liquidity.

In spite of the success of the ECB's measures in helping to stabilise the markets, there remain certain risks to financial market stability in the eurozone. These include potential political crises as well as the fact that no direct solution for the fragmented credit market in

the eurozone seems to have been found. The banking union may successively reduce this fragmentation in future. However, the banking sector is not expected to be cured quickly as banks' profitability will probably decline as a result of the future regulation. Also, with regard to the German market there seem to be over-capacities in some segments, especially the SME lending business, which will probably be reduced only slowly. The structurally poor profitability of Germany's banks is additionally affected by the current low interest rates. Net interest income has traditionally been the most important source of income for the German banking sector.

2.2 Course of Business

2013 was a successful fiscal year for NRW.BANK.

As demand for promotion products remained strong, the new business volume was much higher than planned, although the unusually high demand of the previous year was not repeated, which had been expected. Among the promotion loans extended in accordance with the house bank principle, the NRW.BANK.Mittelstandskredit attracted particularly strong demand, as in the previous years. The programmes in the Environment/Climate/Energy promotion theme also showed a positive trend. The situation in the social housing promotion segment was more differentiated, with demand for the promotion of rented dwellings picking up, while demand for promotion funds for owner-occupied housing declined.

Total assets amounted to € 145.3 billion on December 31, 2013 (2012: € 148.8 billion). The business volume stood at € 164.0 billion (2012: € 169.5 billion).

Thanks to its good credit worthiness and active investor service, in conjunction with low interest rates, NRW.BANK was able to issue its bonds at favourable conditions, thus further strengthening its long-term funding base.

In the context of the business, promotion and risk strategy, NRW.BANK continued to consolidate its capital market portfolio. While portfolio investments continue to be held with the intention of being held permanently, the portfolio was reduced primarily in the

context of maturities as well as through portfolio-enhancing and risk-reducing measures such as the selective wind-down of certain risk assets and limit cuts.

At € 400.7 million (2012: € 445.0 million), operating income before risk provisions/valuation adjustments exceeded the earnings projections for the fiscal year 2013. The Bank used its very good operating result almost entirely to strengthen its regulatory equity capital and its risk-bearing capacity.

In the fiscal year 2013 an agreement was reached between Portigon AG and NRW.BANK regarding the final settlement of the compensation for pension obligations for Portigon AG employees who are entitled to a pension.

The 2002 asset spin-off from Westdeutsche Landesbank Girozentrale (today's Portigon AG) to Landesbank Nordrhein-Westfalen (today's NRW.BANK) included a number of employment contracts of employees who are entitled to a pension under the laws relating to civil servants (Redefining Act (Neuregelungsgesetz) of July 2, 2002).

The regulations provided for Portigon AG to make a compensation for the pension obligations transferred in the context of the spin-off. This resulted in a compensation claim for NRW.BANK towards Portigon AG in the amount of the pension obligation recognised. The actual payments to pensioners were refunded by Portigon AG on an ongoing basis.

Pursuant to the regulations of the assessment dated August 1, 2002, Portigon AG and NRW.BANK agreed to finally settle NRW.BANK's claims, with the exception of the future service cost, by a one-time payment. With this one-time payment, responsibility for managing and handling the pension payments has passed to NRW.BANK. The difference between the claim in the amount of € 1,071 million, which had so far been recognised according to German HGB, and the one-time payment of € 1,347 million was recognised as deferred income and will be released upon future reductions in the HGB actuarial rate.

NRW.BANK's earnings in the fiscal year were composed as follows:

	Programme-based Promotion		Other Promotion/ Liquidity Management		Staff/Services		NRW.BANK Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
Net interest income	209.7	227.7	255.1	235.3	28.3	78.3	493.1	541.3
Net commission income	18.6	12.4	51.0	64.9	-0.6	-0.8	69.0	76.5
Net income from trading operations	0.0	0.0	6.1	6.4	0.0	0.0	6.1	6.4
Other operating result	12.4	15.4	0.1	0.2	17.6	6.2	30.1	21.8
Administrative expenses	-76.7	-79.8	-27.7	-29.0	-93.2	-92.2	-197.6	-201.0
- Personnel expenses	-39.9	-43.0	-6.3	-6.1	-69.8	-65.1	-116.0	-114.2
- Operating expenditure	-36.8	-36.8	-21.4	-22.9	-23.4	-27.1	-81.6	-86.8
Operating income before risk provisions/ revaluation adjustments	164.0	175.7	284.6	277.8	-47.9	-8.5	400.7	445.0
Risk provisions/ revaluation adjustments thereof: allocation to fund for general banking risks	-104.6	-111.5	-109.3	-65.3	-161.7	-246.6	-375.6	-423.4
	0.0	0.0	0.0	0.0	-135.0	-225.0	-135.0	-225.0
Taxes on income and revenues	-1.4	-0.3	0.0	0.0	-7.0	-2.7	-8.4	-3.0
Net income/ loss for the year	58.0	63.9	175.3	212.5	-216.6	-257.8	16.7	18.6
Average risk-weighted assets (in € billion)	25.5	18.6	14.2	15.1	0.3	0.3	40.0	34.0
Active Employees (number)	529	558	47	46	680	654	1,256	1,258

The Programme-based Promotion segment comprises the departments Promotion Programmes, Housing Promotion, Public Infrastructure Finance from the Corporate Strategy/Public Infrastructure Finance Department as well as the equity investments made as part of NRW.BANK's mission as a development bank and the Syndicated Loans Midcap from the Corporate Finance Department.

The Other Promotion/Liquidity Management segment consists of Capital Markets including the Municipal Financing unit.

The Staff/Services segment comprises the Service and Staff Departments such as IT/Organisation/Internal Services, Risk Management and Finance as well as the Strategic Equity Investments held as part of the public mission.

2.3 Net Assets, Financial Position and Results of Operations

2.3.1 Results of Operations

Net Interest and Net Commission Income

At € 562.1 million (2012: € 617.8 million), net interest and net commission income showed a very successful trend and clearly exceeded expectations. Due to one-time effects, it remained just below the very good level of the previous year.

Net interest income declined by € 48.2 million to € 493.1 million (2012: € 541.3 million).

At € 209.7 million, the result in the Programme-based Promotion segment was slightly below the prior year level (2012: € 227.7 million) and, hence, below expectations. The segment result is greatly influenced by net interest income in the Housing Promotion Department, which was down by € 19.2 million on the previous year to € 187.4 million (2012: € 206.6 million). Due to the low interest rates, many borrowers made unscheduled repayments. The liquidity received was used for the early repayment of internal long-term funding liabilities. While the resulting prepayment penalties led to increased interest expenses in 2013, the segment's interest burden in the following years will be reduced commensurately.

Due to the good new business development, the trend in the other promotion segments was mostly positive and was characterised by moderate growth.

Net interest income in the Other Promotion/Liquidity Management segment increased by € 19.8 million to € 255.1 million (2012: € 235.3 million), although the business volume was lower than in the previous year. The decline in earnings anticipated because of the consolidation of the international capital market business did not materialise thanks to one-time effects, primarily related to liquidity management. Moreover, short-term money-market transactions made on the basis of the applicable overall strategy generated earnings that were comparable with last year's.

Net interest income in the Staff/Services segment declined to € 28.3 million (2012: € 78.3 million). This was primarily due to the accumulation for the pension obligations taken over from Portigon AG in the fiscal year, which, for the first time, shaved off € 52.7 million from the result after the pro-rated release of the deferred income of € 24.2 million.

Net commission income declined by € 7.5 million to € 69.0 million (2012: 76.5 million).

Net commission income in the Programme-based Promotion segment increased by € 6.2 million to € 18.6 million (2012: € 12.4 million). Apart from the gratifying development in the promotion business, the increase in the promotion programme business mainly reflects instalment payments for the year 2012 amounting to EUR 3.7 million related to service fees in the grants business.

In the Other Promotion/Liquidity Management segment, net commission income declined sharply by € 13.9 million to € 51.0 million (2012: € 64.9 million) primarily due to the reduction in surrogate loan transactions.

Net Income from Trading Operations

NRW.BANK's trading book contains short-term trading transactions with interest rate products undertaken by the Other Promotion/Liquidity Management segment. In the fiscal year 2013, net income from trading operations amounted to € 6.1 million (2012: € 6.4 million).

Other Operating Income

Other operating income amounted to € 30.1 million (2012: € 21.8 million) and was mainly influenced by the release of provisions that were no longer needed as well as by the reimbursement of the service cost for employees entitled to pension by Portigon AG.

Administrative Expenses

At € -197.6 million (2012: € -201.0 million), NRW.BANK's administrative expenses were lower than in the previous year and lower than projected.

Personnel expenses rose by € 1.8 million in 2013 to a total of € -116.0 million (2012: € -114.2 million). The increase was mainly attributable to higher expenses for old-age provisions in the amount of € 3.3 million, which was offset by a decline in wages and salaries of € 1.7 million to € -92.8 million (2012: € -94.5 million). While the collective pay rises of 2.9% effective July 1, 2012 and of 2.5% effective July 1, 2013 in conjunction with an almost unchanged number of active employees led to rising wage costs, the expenses for employees with limited employment contracts was lower than in the previous year due to declining employment figures.

Operating expenditure decreased by € 5.2 million to € -81.6 million (2012: € -86.8 million). The reduction is mainly attributable to lower depreciation of office equipment as well as software purchased.

Risk Provisions/Revaluation Adjustments

Risk provisions/revaluation adjustments amounted to € -375.6 million in the fiscal year 2013, which was down by € 47.8 million on the previous year's € -423.4 million.

NRW.BANK again used its good operating result to strengthen its risk-bearing capacity in accordance with its strategy. An amount of € 345.1 million (2012: € 414.7 million) was allocated to allowance reserves. Of this amount, € 210.1 million (2012: € 189.7 million) related to allowance reserves as defined in section 340f HGB, while € 135.0 million (2012: € 225.0 million) related to the fund for general banking risks pursuant to section 340g HGB.

Part of the allocation to allowance reserves pursuant to section 340f HGB related to general allowance reserves in an amount of € 190.6 million (€ 174.3 million) for counterparty risks from loan and securities transactions. As the actual defaults in the fiscal year were much lower than the defaults anticipated on a long-term average based on statistical assumptions, the Bank was able to make the respective allocations for precautionary reasons. The increase in the allocations is primarily due to the introduction of differentiated and, accordingly, higher calculated losses given defaults.

The Programme-based Promotion segment posted a result of € -104.6 million (2012: € -111.5 million). In addition to risk provisions for the lending business as well as amortisation and expenses in conjunction with investments held as part of the public mission, the Bank allocated a total of € 90.3 million (2012: € 92.1 million) to the allowance reserves for the promotion segments in 2013.

Risk provisions/revaluation adjustments in the Other Promotion/Liquidity Management segment amounted to € -109.3 million (2012: € -65.3 million) and were primarily influenced by the allocation to allowance reserves for the capital market business in the amount of € 99.5 million (2012: € 81.8 million). In addition, a net negative result in the amount of € -9.8 million was posted as a result of the following effects. As in the previous years, NRW.BANK withdrew and repaid certain outstanding securities at the request and the initiative of the final investors. In the long term, this will improve the Bank's funding base, as the final investors usually invest in new issues of NRW.BANK. As a result, funding expenses will be reduced in future. The withdrawal resulted in net losses on securities sales of € -118.1 million. These net losses were largely offset by contrary developments in the prices and valuations of securities and derivatives from the total portfolio in the amount of € 108.3 million.

The Staff/Services segment's risk provisions/valuation adjustments of € -161.7 million (2012: -246.6 million) were primarily influenced by allocations to the fund for general banking risks.

Net Income

NRW.BANK posted net income of € 16.7 million for the fiscal year 2013 (2012: € 18.6 million), which will be paid out towards federal interest expenses pursuant to section 14 of the Act on NRW.BANK (NRW.BANKG).

2.3.2 Financial Position

Being the state's development 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 in the previous years, Fitch Ratings, Moody's and Standard & Poor's reviewed NRW.BANK's credit ratings in 2013. The Bank's good ratings were once again confirmed by all three agencies.

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	negative*	stable

* Outlook for Germany and North Rhine-Westphalia applied to NRW.BANK due to close guarantee and support mechanisms.

The Other Promotion/Liquidity Management segment is responsible for the funding of NRW.BANK. As a development bank benefiting from a state guarantee, NRW.BANK continued to experience strong demand for its debt. NRW.BANK catered to investors' need for state-guaranteed, liquid bonds and again consolidated its market presence with further benchmark issues in euros and US dollars in 2013. During the fiscal year NRW.BANK placed debt in a net amount of € 9.9 billion (2012: € 13.4 billion) with a wide international investor base. To optimise its funding, NRW.BANK continues to use its funding programmes, which essentially consist of the Global Commercial Paper Programme to cover maturities of up to twelve months and the Debt Issuance Programme to cover medium and long maturities as well as tap issuance programmes. Euro-denominated issues attracted the highest demand, followed by the US dollar and the British pound. Short-term funding under the Global Commercial Paper Programme, especially in US dollars, again met with high demand in 2013 and was again the most favourable source of funding for NRW.BANK over the course of 2013.

At € 40.7 billion, liabilities to banks remained almost unchanged (2012: € 40.6 billion). The promotion loans funded through KfW Bankengruppe, which are paid out on the assets side primarily in the form of the NRW.BANK.Mittelstandskredit and NRW.BANK.Gründungskredit according to the house bank principle, showed a very positive trend and increased by € 0.4 billion on the previous year to € 22.2 billion. The largely programme-driven lending business is also funded to a lesser degree through Landwirtschaftliche Rentenbank, the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

Liabilities to customers decreased by € 0.7 billion to € 20.4 billion (2012: € 21.1 billion). This item primarily comprises registered instruments and note loans. At € 18.2 billion, the portfolio of registered instruments was down by € 0.4 billion on the previous year (2012: € 18.6 billion). Note loans declined by € 0.2 billion to € 1.4 billion.

Certificated liabilities decreased by € 3.9 billion to € 58.1 billion (2012: € 62.0 billion). Commercial papers issued were down by € 2.7 billion on the previous year to € 8.6 billion as of the reporting date. Bearer bonds declined by € 1.3 billion to € 21.5 billion, whereas the portfolio of medium-term notes was almost unchanged at € 28.0 billion.

Equity capital as defined in the German Commercial Code (HGB) increased moderately to € 17.9 billion (2012: € 17.8 billion) due to allocations to the capital reserve.

The table below shows the equity capital as defined in the German Banking Act (KWG) and the equity requirements pursuant to the Solvency Regulation (SolvV) as of December 31, 2013:

Capital requirements and capital ratios

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Capital requirements for the standardised approach to credit risk (KSA)	3,009.3	3,245.6
Capital requirements for market risk positions	5.8	3.0
Capital requirements for operational risk	91.3	88.2
Capital requirements (total)	3,106.4	3,336.8
Capital for solvency purposes	19,124.4	18,488.7
Core capital for solvency purposes	17,091.1	16,655.1
Overall capital ratio	49.25%	44.33%
Core capital ratio	44.02%	39.93%

The regulatory capital requirements were complied with at all times in the fiscal year 2013. The overall capital ratio and the core capital ratio reflect the Bank's high capitalisation, which is indispensable for the development and promotion business and serves to fund the development and promotion loans.

2.3.3 Net Assets

As of December 31, 2013, NRW.BANK's total assets were down by € 3.5 billion to € 145.3 billion (2012: € 148.8 billion).

At € 34.3 billion, receivables from banks were up by € 1.3 billion on the previous year (2012: € 33.0 billion). The promotion business handled according to the house bank principle is included in this balance sheet item. Under this method, customers file an application

for promotion 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. In 2013, the NRW.Bank.Mittelstandskredit loan remained NRW.Bank's highest-volume development programme handled according to the house bank principle.

Receivables from customers decreased by € 2.6 billion to € 60.9 billion (2012: € 63.5 billion). In the securities business, the portfolio of registered securities declined by € 0.5 billion to € 6.8 billion, while the portfolio of note loans was reduced by € 1.4 billion to € 11.8 billion. Social housing promotion loans amounted to € 20.8 billion. As a result of the unscheduled repayments, they were € 0.7 billion lower than in the previous year (2012: € 21.5 billion).

As a result of the scheduled reduction, the balance sheet item “bonds and other interest-bearing securities” declined by € 1.8 billion to € 43.9 billion (2012: € 45.7 billion). NRW.BANK essentially reduced the portfolio of instruments issued by banks by € 1.1 billion to € 17.6 billion. The portfolio of instruments from public sector issuers was reduced by € 0.5 billion to € 21.0 billion. The portfolio of bonds and notes from customers also declined moderately by € 0.2 billion to € 5.3 billion.

At € 2.4 billion, the book values of NRW.BANK’s equity investments in non-affiliated and affiliated companies remained nearly unchanged.

Trust assets and trust liabilities declined by € 0.1 billion to € 1.7 billion (2012: € 1.8 billion) due to the reduced importance of the “trustee” promotion activities.

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 Anticipated Developments contains forward-looking statements relating to the overall economic environment as well as to NRW.BANK’s business, net assets, financial position 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

While the outlook for 2014 has lately improved considerably, it remains only moderate overall. Being an export-driven country, Germany should benefit from the brighter global economy to a disproportionate extent. In particular, the recovery in the eurozone should additionally stimulate Germany’s exports. Due to the strength in the domestic economy, however, imports will probably grow ahead of exports. As a result, net exports will have a slightly adverse impact

on GDP growth in 2014. It is therefore highly likely that growth will be driven almost entirely by the domestic economy. There are justified hopes that the spending propensity of Germany’s corporate sector will improve. According to the latest results of the Ifo Business Survey, overall capacity utilisation is good. Corporate sentiment has improved as well, with incoming orders for capital goods on the increase. This trend should continue in 2014, although the uncertainty about the economic trend in general and the sovereign debt crisis in particular will probably not be entirely eliminated in 2014. Capital formation in machinery and equipment will therefore grow only at a low single-digit rate, which should be sufficient, however, to ensure solid demand for investment loans. Generally speaking, the spending environment should – just like in 2013 – be characterised by low interest rates and a good credit supply. Not only the corporate sector is expected to make relevant contributions to growth; private consumption and housing construction activity are also likely to reach a high level in 2014 as a result of rising incomes and low interest rates. The labour market should show a robust trend, with job creation set to continue. Due to migration primarily within the eurozone but also because of increased labour participation in Germany, the unemployment rate will probably not improve notably, though.

High employment and the economic recovery should be reflected in growing government revenues. On the other hand, spending is bound to pick up as well due, among other things, to rising wages and salaries. Moreover, additional spending will be directly politically induced. In this respect, government spending is expected to exceed the prior year level. Overall, the government budget should be almost balanced. This would be in line with the provisions of the new debt regulation in Article 109 of the German Constitution (“Debt Brake”), which came into force in 2011. According to the latter, the federal government and the federal states are obliged to post an essentially balanced budget. Since 2013, the European Fiscal Pact has additionally applied. It forms the contractual basis for more effective coordination of fiscal and economic policies within the EU. The Fiscal Pact provides for an automatic corrective mechanism whenever targets are missed by a wide margin. As a result, control over the national fiscal policy will partly be shifted to the European level in future.

NRW.BANK expects the real gross domestic product to grow by approximately 1.5% in 2014. Because of the moderate upward economic trend, Germany's rate of inflation should exceed the prior year level slightly in 2014.

The economy in North Rhine-Westphalia is likely to recover in a similar fashion as the nationwide economy. Incoming orders in the manufacturing sector, which serve as a leading indicator, have shown a positive trend lately, and the chemicals industry has also reported a growing order intake. Business expectations have clearly improved according to the latest surveys. By contrast, the situation in the metal producing industry has brightened only moderately. On balance, growth should be close to or slightly below the Germany-wide average in 2014. Should the metal producing industry experience a turnaround in the course of 2014, this could provide an additional boost to the North Rhine-Westphalian economy.

4.3 Development of the Bank

By developing and marketing efficient development and promotion products, NRW.BANK will continue to support the economic and structural development of North Rhine-Westphalia, especially in implementing the move towards green energy.

The Bank expects to participate in a growing number of long-term, high-volume financings, e.g. to support growth investments by larger SMEs as well as infrastructure projects in North Rhine-Westphalia. As a result, income in the Programme-based Promotion segment is expected to increase slightly in conjunction with moderately growing portfolios.

In the Municipal Financing unit, NRW.BANK will continue its integrated approach. NRW.BANK is the largest provider of municipal finance in North Rhine-Westphalia. In keeping with its mission, the Bank will continue to focus on financing and promoting the municipalities and communities in North Rhine-Westphalia and thus remain a strong partner of the municipalities.

NRW.BANK expects total operating income to decline markedly in 2014. Repayments from the international capital market business will be re-invested only to a moderate extent. The portfolio, which makes an

important contribution to earnings, will thus be further reduced. It is planned to partly offset this effect with income from the investment of non-interest-bearing reserves, whose volume will grow.

NRW.BANK assumes that administrative expenses will increase moderately in 2014. The efficiency potential leveraged in the past will partly be offset by new requirements arising from the regulatory environment. The size criteria that have been defined suggest that NRW.BANK will fall under European supervision by the ECB in future. While the exact amount of the required investments in information technology and human resources cannot be quantified at this stage, it may well amount to a high million euro amount.

NRW.BANK therefore expects its operating income before risk provisions/revaluation adjustments in 2014 to be much lower than in the past fiscal year. Risk provisions/revaluation adjustments should again be influenced by general allowances in 2014.

In future, possible rating downgrades in the Other Promotion/Liquidity Management segment could cause higher general allowance reserves for counterparty risks from loan and securities transactions. Upon request by the state government, 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 104 a, sub-section 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. The remaining net income for the year will be allocated to the reserves. Further profit distributions are not permitted under NRW.BANK's Statutes.

NRW.BANK anticipates a continuation of the moderate decline in both its total assets and its business volume as the consolidation of its international capital markets business progresses.

This portfolio reduction and the ongoing allocation to allowance reserves will further strengthen the Bank's risk-bearing capacity provided that the market environment remains stable and barring any unforeseen events that would require a completely new risk assessment.

5 Risk and Opportunity Report

Due to its specialised business model as a development bank, NRW.BANK does not engage in all lines of banking business. The Bank takes on risks only within clearly delineated bounds. As a state development bank, NRW.BANK is subject to all regulatory risk management requirements.

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.

5.1 Organisation of Risk Management

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

The Supervisory Board monitors the Managing Board's conduct of the Bank's affairs. The Risk Committee, a committee of the Supervisory Board, 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, in the context of the annual strategy process, on the principles of the business, promotion and risk policies and on the release of liability of the members of the Supervisory Board and the Managing Board.

The committees in charge of risk management are the Asset Liability Committee (ALCO), the two Credit Committees for the promotion business and the capital market business as well as the Strategy Committee.

The Asset Liability Committee, which is composed of all members of the Managing Board and four divisional heads, is responsible for issues relating to market risks and liquidity risks. It also addresses general topics such as capital allocation, profit management and balance sheet structure management. Through active capital management, the ALCO ensures that the Bank-wide risk limit is met at all times.

There is one committee each for the promotion 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 their limits and level of competence. In addition, they address issues of a general nature relating to counterparty risks.

The Strategy Committee addresses issues of strategic relevance. The main focus is on refining the overall Bank strategy and on assessing the consistency of sub-strategies and the overall Bank strategy with the business and risk policies and the components of the promotion policy objectives of the federal state.

Organisational Structure of Bank Steering



In accordance with the MaRisk requirements, risk monitoring and risk reporting are managed independently of the front-office units. While the front-office units are responsible for managing risks within the defined limits, the Risk Management back-office unit is in charge of risk monitoring, especially compliance with the limits defined by the Managing Board. Functional separation between the front office and the back office is ensured up to Board level.

The Bank has entrusted the Head of Risk Management with the risk controlling function as defined by the MaRisk. He is involved in important management decisions relating to the risk policy, especially through his voting rights on the ALCO and other committees.

Risk Management comprises the following departments: Credit Risk, Municipal and SME Financing, Bank-Wide Risk & Credit Portfolio Management, Market & Liquidity Risk, Restructuring as well as Compliance/ Money Laundering Prevention. The tasks of Risk

Management primarily include the development of the risk strategy, the determination of the risk-bearing capacity (incl. Bank-wide stress tests), the Bank-wide monitoring of limits, risk reporting, the daily valuation of trades, voting and credit processing in the promotion and capital market business, the preparation of the watch list (for high-risk exposures), responsibility for compliance, money laundering prevention and operational risks as well as the coordination of the processes for the launch of new products.

The effectiveness and appropriateness of the risk management structures and processes are subject to regular reviews by Internal Audit, which acts as an independent body on behalf of the Managing Board.

On balance, NRW.BANK's risk management instruments and processes again proved their worth in the past fiscal year. For instance, individual exposures with a deteriorating risk profile were identified and diminished at an early stage.

5.2 Risk Policy and Strategy

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

Together with the promotion and business strategy, the risk strategy is part of the overall strategy of NRW.BANK. It builds on the promotion and business strategies and aims to ensure balanced risk management within NRW.BANK. As part of the operational controlling process, it translates the risk strategy principles into appropriate limits. It covers a planning period of four years.

The Managing Board of NRW.BANK defines the strategy and submits them 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 counterparty and the market risk as well as the liquidity, operational and pension risk. The three latter risk types are less relevant for the Bank-wide risk and therefore rank behind the counterparty and the market risk.

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-bearing Capacity

Economic capital is the relevant risk management parameter of NRW.BANK across all risk types and departments. It forms the basis on which risks are comprised into a Bank-wide ratio using a consistent methodology.

NRW.BANK's risk-bearing capacity is controlled from a going concern and a gone concern perspective. They cover the risks defined as material in the risk inventory and additionally the business and cost risk to reflect a market standard becoming evident.

Institutional liability, guarantor liability and the explicit funding guarantee granted to NRW.BANK by its guarantor for the performance of its promotion tasks are not taken into account as risk-mitigating factors in either of the two perspectives.

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. The choice of the confidence level depends on the perspective taken.

The going concern perspective is taken for the direct management of the risk-bearing capacity. It is based on the German Commercial Code (HGB) in accordance with the Bank's accounting policy. The focus is on avoiding losses in the balance sheet in order to protect creditors and owners. Accordingly, those risks that could adversely affect a balance sheet under HGB are considered in economic capital. Economic capital is determined with a confidence level of 99%. This is to ensure that even rare losses up to a mid-range amount can be covered without materially disturbing the business activity.

As additional sub-condition, the gone concern perspective analyses the risk-bearing capacity with a confidence level of 99.96% to ensure that the Bank is able to cover even extreme risk situations with existing assets. Under this approach, the focus is on protecting the creditors in a fictitious liquidation case.

The counterparty risk is one of the key risks taken at a Bank-wide level. Differences between the going concern and the gone concern perspective primarily result from the confidence level used in the Credit VaR model.

Under the going concern perspective, the market risk is determined on the basis of a "HGB-VaR". In this context, the market risks that may have an adverse impact on the income statement prepared according to HGB are taken into account. By contrast, the gone concern perspective addresses the market risks on a mark-to-market basis.

The liquidity risk under the going concern perspective 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. Liquidity risks are not part of the gone concern perspective but are limited by the amount of the available liquid funds (liquidity buffer).

Economic capital for the operational risk is determined based on the Basle basic indicator approach. Differences between the going concern and the gone concern perspective result exclusively from scaling to the confidence level used.

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. Differences between the going concern and the gone concern perspective result exclusively from different interest rates used to discount the cash flows. 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. Differences between the going concern perspective and the gone concern perspective result exclusively from the scaling to the confidence level used.

More detailed information on the individual risk types and the methods used for their calculation is provided on the following pages of the risk and opportunity report.

Under the going concern perspective, Bank-wide economic capital is determined by way of a simple addition of the economic capital of the risk types without taking diversification effects into account. This is due to the fact that the overall bank risk is largely determined by the counterparty risk, which means that no material diversification effects exist. Under the gone concern perspective, material diversification effects exist between the counterparty risk and the market risk, therefore they are taken into account when determining the economic capital at a Bank-wide level to avoid overstating the overall bank risk. The correlation used is estimated conservatively on the basis of bank-specific data in such a way that it can be considered to be sufficiently stable even in an economic downturn as well as under market conditions that are unfavourable for the Bank's business and risk structure. The reliability of the diversification assumptions and the stability of the correlation are reviewed regularly and whenever required on special occasions.

The table below shows the composition of economic capital from both the going concern and the gone concern perspective.

Bank-wide Economic Capital in € millions

	Dec. 31, 2013		Dec. 31, 2012	
	Going concern	Gone concern	Going concern	Gone concern
Counterparty risk	1,453	4,771	1,599	5,131
Market risk	124	4,963	34	4,624
Liquidity risk	13	–	14	–
Operational risk	35	140	35	140
Pension risk	50	80	–	–
Business and Cost Risk	50	65	–	–
Diversification effect	–	–759	–	–759
Total economic capital	1,724	9,260	1,681	9,136

Material changes compared to the previous year include the integration of the business and cost risk as well as the pension risk in the risk-bearing capacity concept. For these risks, economic capital is shown for the first time. While the counterparty risk has declined moderately, the market risk increased primarily because of the assumption of a longer holding period. This means that the moderate increase in Bank-wide economic capital is essentially attributable to methodological adjustments.

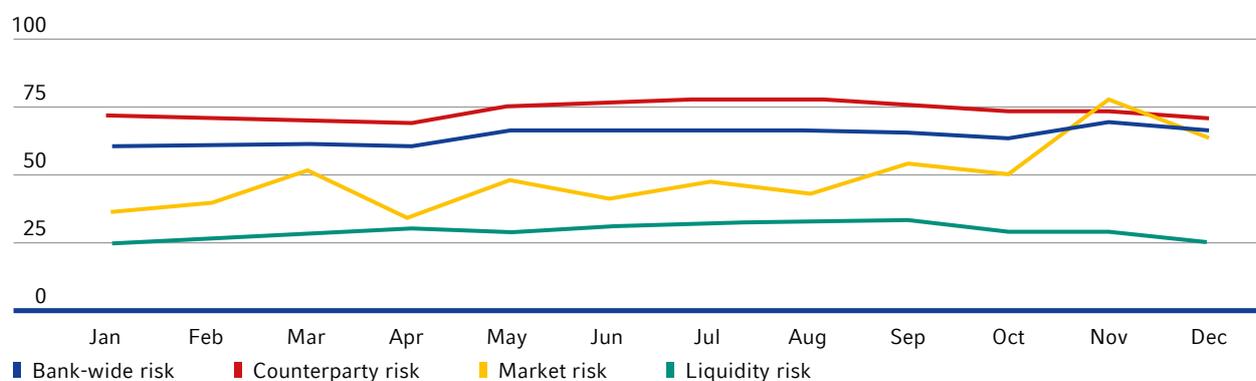
The economic capital is compared with the maximum capital cover that is available to cover risks. Just like the economic capital, the capital cover is calculated in accordance with the respective perspective taking into account regulatory and balance sheet equity components, adjusted for specific corrections. Under the going concern perspective, for instance, the capital components tied up in accordance with the Solvency Regulation are deducted. Under the gone concern perspective, 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. As of the reporting date, the capital cover amounts to € 13.9 billion (2012: € 13.2 billion) under the going

concern perspective and to € 15.0 billion (2012: € 13.1 billion) on the gone concern perspective. These amounts include the allocations to allowance reserves made in the fiscal year.

For the direct management of risks under the going concern perspective, the Bank-wide economic capital limit is defined and allocated to the material risk types and departments in the context of the annual strategy process. 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 on the basis of the economic capital. As an additional condition, the economic capital shall not exceed the capital cover under the gone concern perspective.

The chart below shows the limit utilisation for the counterparty, market and liquidity risk in the course of the year. Economic capital for the operational risk, the business and cost risk and the pension risk is determined once a year. I.e. it remains constant throughout the year and the Bank makes no distinction between limit and utilisation. Therefore, the mentioned risk types are not shown in the limit utilisation chart.

Limit utilisation in the course of 2013 in %



The risk types and the overall bank risk stayed within the limits defined for the going concern perspective at all times. The increase in limit utilisation for the market risk in November 2013 was primarily due to the integration of the strategic interest rate risks from pension obligations. The Bank's risk-bearing capacity was intact at all times throughout the fiscal year.

In addition, the regulatory equity requirements under the Solvency Regulation were met at all times. NRW.BANK has very comfortable capital ratios. For information on the regulatory equity requirements, the equity capital and the capital ratios, please refer to paragraph 2.3.2 Financial Position.

In order to minimise the uncertainties resulting from 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, regular stress tests are performed.

5.5 Stress Tests

The risk management concept is complemented by Bank-wide stress and scenario analyses. The Bank takes an integrated approach which takes into account effects on the material risk types, the HGB income statement and the capital cover.

The stress tests are performed at a Bank-wide level on a quarterly basis and due to single events occurring. Similar to the risk-bearing capacity concept, separate

stress tests are performed under the going concern perspective and the gone concern perspective. Both historical and hypothetical scenarios are analysed.

Historical scenarios translate past crises to the current portfolio. Examples include a scenario reflecting the height of the financial crisis at the time of the Lehman bankruptcy in 2008.

Hypothetical scenarios are developed by the Bank on the basis of market analyses and expert estimates. For instance, a scenario entitled "Deterioration of the sovereign and financial institution crisis" assumes a further increase in the risk factors that are relevant for the sovereign portfolio.

The stress scenarios examine the combined effects of a deterioration in exposures (increases in probabilities of default and loss given default) and of changes in market data (interest rates, credit spreads).

In addition, inverse stress tests are performed on a regular basis. Inverse stress tests examine which events could potentially jeopardise the Bank's ability to survive.

Under the going concern perspective, the stress tests are dominated by changes in the field of counterparty risks. The assumed defaults of borrowers and rating migrations lead to a reduction in the capital cover and/or to an increase in the economic capital for counterparty risks.

Under the gone concern perspective, counterparty risks and market risks play an equally important role in the stress tests. Under this perspective, the capital cover reacts much more sensitively to changes in market data under stress.

The stress tests confirm the adequacy of the capital situation under the going concern perspective.

5.6 Counterparty Risk

5.6.1 Definition

The counterparty 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 credit, counterparty and country risks as well as risks resulting from equity holdings.

NRW.BANK defines the credit risk as the risk of a contractual partner failing to meet its obligations to repay liquid funds (loans) granted or securities. The credit risk thus also includes issuer risks arising from securities.

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) or that the Bank will face increased replacement costs if the market conditions have changed in the meantime.

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).

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 primarily comprise investments which are held as part of the public mission and were transferred to the Bank upon its inception as well as investments made as part of the Bank's mission as a development bank.

5.6.2 Methods

Factors playing a key role in the calculation of the counterparty 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 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 (counterparty 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 Solvency Regulation. 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 awarded in particular to 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 24-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 counterparty risk on the basis of a credit value-at-risk. The risk horizon is one year, the confidence level is 99% under the going concern perspective and 99.96% under the gone concern perspective.

The credit value-at-risk is calculated according to the formula of the IRB approach under the Solvency Regulation. Methodologically, a difference is initially made only between default and non-default of a debtor. As maturities are adjusted, rating migrations that may lead to additional capital requirements are 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 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 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 counterparty risks, to identify unbalanced portfolio developments and risk concentrations and to take any measures that may be required at an early stage.

5.6.3 Validation

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

Besides the ratings and the loss given defaults, 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.

5.6.4 Risk Assessment and Limitation

NRW.BANK uses suitable limits and processes to ensure that the counterparty risk is limited. On the one hand, there are limits which limit the exposures at individual debtor level, Group level and at country level. Limit utilisation is determined by the amount of the exposure. New transactions are immediately counted against the limits. On the other hand, there is a Bank-wide and a 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 units as part of the strategy process.

Key elements used to monitor the counterparty risk:

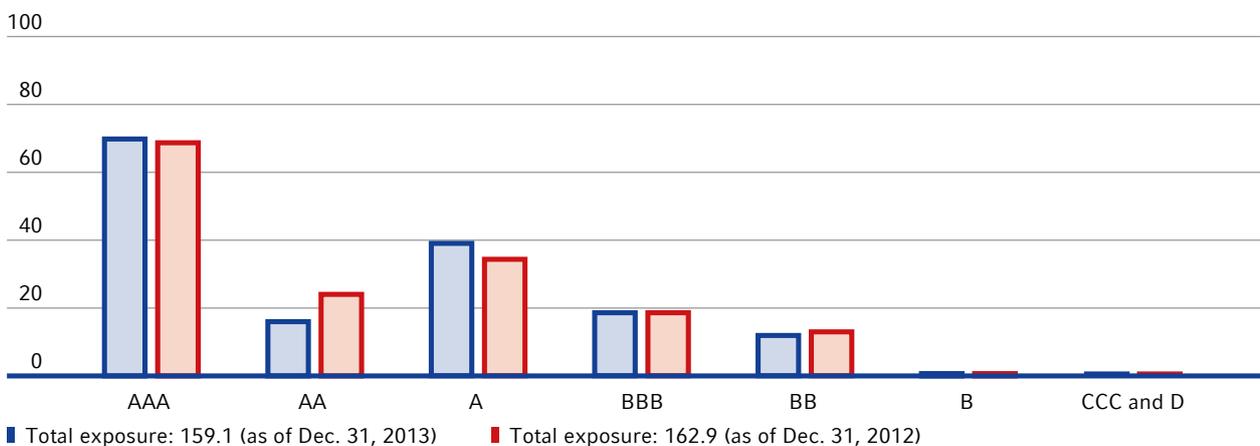
- Event-related bad news process incl. immediate analysis and decision on individual measures (e.g. rating review, limit adjustments)
- Daily monitoring of single name, group and country limits
- Daily monitoring of capital market investments in the context of an early warning system (e.g. changes in credit spreads and ratings)
- Monthly monitoring of economic capital limits
- At least annual monitoring of individual credit exposures
- Ongoing monitoring of the watch list, which contains intensive care and problem exposures

Where limits are exceeded, reasons must be given in each case; if these deviations are material – according to clearly defined criteria – they must be decided by the Managing Board and be submitted to the executive bodies for information.

The development and promotion 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 development mission, e.g. in the promotion of small and medium enterprises and social housing promotion.

In addition, the Bank holds a portfolio of securities/ receivables and loans 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.

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



NRW.BANK's total exposure amounts to € 159.1 billion, which represents a decline by € 3.8 billion from the previous year's € 162.9 billion.

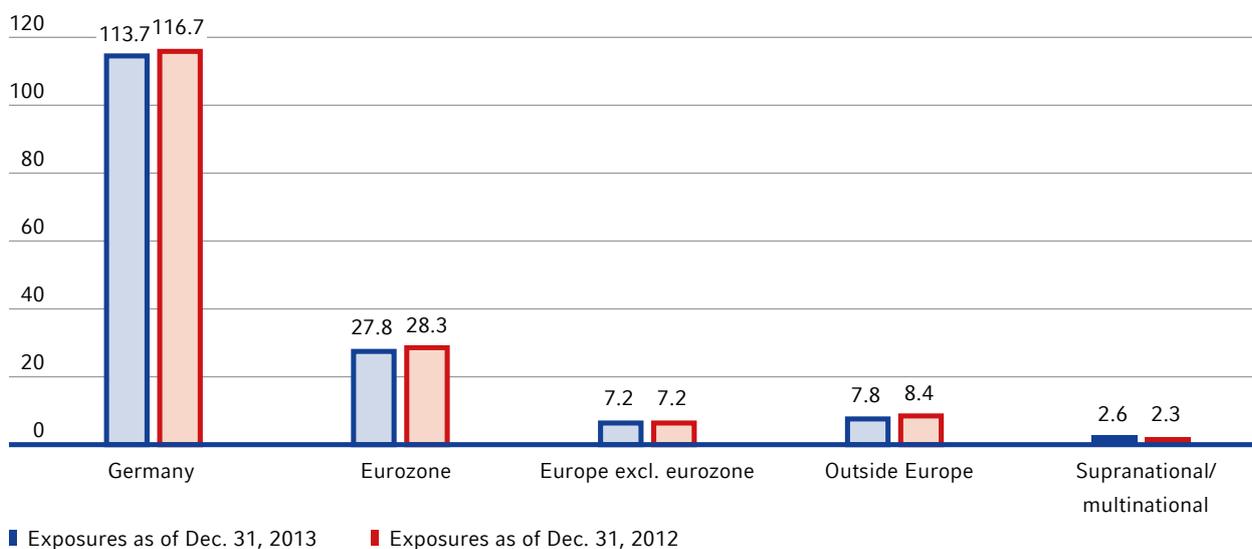
Due to the high proportion of government and municipal loans, most of the ratings belong to the internal rating class AAA. The investment-grade quota amounts to 91.1% (2012: 90.4%) (which represents the internal rating classes AAA to BBB). Changes in the rating composition of the portfolio compared to the previous year primarily result from rating downgrades of existing positions, methodologically-induced rating shifts in the field of social housing promotion and covered securities as well as the reduction in international capital market exposures.

NRW.BANK's portfolio is focused on Germany, which accounts for € 113.7 billion (2012: € 116.7 billion) or 71.5% of the total exposure (2012: 71.7%). At € 79.6 billion (2012: € 78.4 billion), the main emphasis is on North Rhine-Westphalia; this amount includes direct exposures to municipalities of € 14.8 billion. This concentration is the result of the public development mission, because of which the Bank has a special responsibility towards the municipalities and provides them with reliable funding.

As a largely independent development bank, NRW.BANK uses the income from its international exposures to fulfil its development mission. The international exposure totals € 45.4 billion (28.5% of the total exposure; 2012: € 46.2 billion) and is composed of exposures to European countries in the amount of € 35.0 billion (2012: € 35.4 billion) and of exposures to non-European countries as well as supranational and multinational organisations in the amount of € 10.4 billion (2012: € 10.7 billion). The international exposure is focused almost exclusively (93.6%; 2012: 93.5%) on investment-grade countries.

The European exposure comprises investments in the eurozone in the amount of € 27.8 billion (2012: € 28.3 billion) and investments outside the eurozone of € 7.2 billion (2012: € 7.2 billion). The non-European exposures focus on North America with € 5.6 billion (2012: € 6.2 billion) and Asia with € 1.0 billion (2012: € 1.3 billion). Supranational organisations and multinational exposures account for a total of € 2.6 billion (2012: € 2.3 billion).

Geographic breakdown of exposures incl. derivatives, in € billions



NRW.BANK closely monitors the exposure to the eurozone periphery countries, which comprise Portugal, Spain, Ireland, Italy and Greece. New exposures to these countries are not permitted as a general rule.

The table below shows the Bank's total exposure to these countries as of December 31, 2013.

Exposures to selected eurozone countries incl. derivatives, in € millions, prior-year figures in parentheses

	Public sector		Private sector	
	Governments	Government- enterprises/ Financial institutions	Financial institutions*	Corporates/ Other
	€ millions	€ millions	€ millions	€ millions
Spain	3,712 (3,811)	708 (724)	1,726 (1,950)	82 (124)
Italy	3,475 (3,506)	- (-)	87 (167)	73 (124)
Portugal	1,131 (1,248)	212 (231)	36 (72)	- (9)
Ireland	862 (864)	- (-)	418 (435)	- (4)
Greece	- (-)	33 (70)	- (-)	- (-)
Cyprus	- (37)	- (-)	- (-)	- (-)

* mostly covered exposures such as Pfandbriefe

Of these countries, Portugal and Greece have an internal sub-investment-grade rating. Such sub-investment-grade ratings result exclusively from rating downgrades of investments that were already contained in the portfolio. In the course of the fiscal year, the exposures to these countries were reduced, in particular through maturing investments that were not re-invested. The remaining Greek exposure was fully eliminated in early 2014 as had been planned.

As a result of the sovereign debt crisis, foreign governments suffered further rating downgrades. In response to this, the Bank continued to refine its risk strategy and took portfolio-optimising and risk-mitigating measures such as limit cuts and the liquidation of risk assets also in 2013. New burdens faced by the governments or a more pronounced economic slowdown could put the ratings under further pressure.

Where securitisation exposures are concerned, NRW.BANK constantly monitors the counterparty risk associated with the underlying reference pools. The exposure declined by € 349.0 million in the fiscal year, mainly due to repayments. As of the balance sheet date, the securitisation exposures – mostly of investment-grade quality – amounted to € 5.1 billion (2012:

€ 5.5 billion). A major portion of the portfolio (66.4%) additionally benefits from a comprehensive state guarantee (e. g. from the US Department of Education).

The equity investment business comprises investments which are primarily held on behalf of the federal state of North Rhine-Westphalia and were transferred to the Bank upon its inception as well as investments entered into as part of the Bank's development mission. The counterparty 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. Controlling for these companies includes continuous monitoring of profits and losses and of conformity to projections. In the case of major equity holdings, the quarterly report also includes a review of risk-relevant developments. As such, risk management is a systematic and continuous process that enables rapid adaptation to changing conditions. At some of these investments, the Bank's position as shareholder 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 counterparty risk is reduced due to a strong direct or indirect involvement of the public sector. In the case of seven participation funds in the promotion business (e. g. NRW.BANK. Mittelstandsfonds) with a total exposure of € 120.5 million (2012: € 94.6 million), the counterparty risk is reduced by a guarantee from the State of North Rhine-Westphalia which covers 49% of the respective fund's total investment.

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

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

5.6.5 Economic Capital

As of the reporting date, the economic capital set aside for counterparty risks amounted to € 1.5 billion (2012: € 1.6 billion) under the going concern perspective and to € 4.8 billion (2012: € 5.1 billion) under the gone concern perspective. Differences between the two perspectives result primarily from the confidence level used. For both perspectives, the economic capital was slightly lower than in the previous year. Risk-increasing effects resulting from rating downgrades in the sovereign portfolio as well as methodologically induced rating shifts were offset by a reduction in risk assets.

5.6.6 Risk Provisions

Defined criteria are used to determine whether risk provisions need to be established for credit claims. Where they are needed, the amount of the required individual allowances 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 social housing promotion loans. The result is reduced by a discount calculated on the basis of historical data. By contrast, general provisions are established for exposures to volume business in social housing promotion (remaining capital of less than € 750 thsd.).

A general provision is formed for latent counterparty 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 using common methods to determine the value of the investment.

5.6.7 Opportunities

NRW.BANK takes risks in accordance with its business model and the risk strategy principles 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 mean that less rating-related economic capital needs to be set aside for counterparty 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 an opportunity that the actual defaults are lower than the anticipated losses. At the end of the fiscal year 2013, for instance, an amount of € 190.6 million (2012: € 174.3 million) was allocated to reserves, which helped to strengthen the capital cover and the risk-bearing capacity.

Opportunities also arise from the equity investments entered into as part of the promotion activities. If these perform positively, there is a possibility to sell them at a profit.

5.7 Market Risk

5.7.1 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 option 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).

5.7.2 Methods

The Bank controls and monitors its market risk using a value-at-risk (VaR) methodology. 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.

Market risks are primarily managed on the basis of a VaR concept (HGB VaR going concern perspective and earnings-at-risk approach, respectively). Under this approach, all market risks which may influence the HGB income statement are taken into account. In the investment portfolio, this may be potentially unmatched interest or foreign exchange rate positions which result from different fixed interest periods or currencies of assets and liabilities 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 risks types are additionally measured on a mark-to-market basis. Accordingly, temporary market value changes, e.g. from specific interest rate risks (credit spreads), are counted under the HGB perspective for the trading portfolio and the liquidity reserve. The HGB-VaR calculation is based on the sensitivity of the HGB income statement towards changes in market prices ("HGB sensitivities"). In contrast to a mark-to-market VaR concept, the focus is not on the mark-to-market sensitivities but on the

sensitivity of the HGB result. The HGB-VaR is calculated for the current and for the next two fiscal years as well as generally for all future periods using a variance-covariance approach.

In addition, the VaR is examined on a mark-to-market basis (MtM-VaR gone concern perspective). The (mark-to-market) sensitivities used to calculate the VaR take into account general and specific interest rate risks, exchange rate risks and volatility risks. Under this approach, 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 volatilities and correlations needed to determine the VaR figures are identical for both perspectives. The historical observation period is 250 days, with a greater weight placed on incidents in the more recent past.

Above and beyond this day-to-day management of the interest-bearing business, strategic interest rate risks from pension obligations are also considered in the economic capital. They 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 of the pension obligations. 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.

The calculation of VaR 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 the identified 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.

5.7.3 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. In accordance with the two perspectives, backtesting is performed for both HGB losses and mark-to-market losses.

If the regulatory traffic-light model for internal models (for the calculation of the equity capital needed to back market risks in the trading book) is applied to NRW.BANK’s backtesting with a confidence level of 95% and 250 backtesting observations, the model is “in the green” for both perspectives (going concern and gone concern perspective). This means that the validity of the model is confirmed also by backtesting.

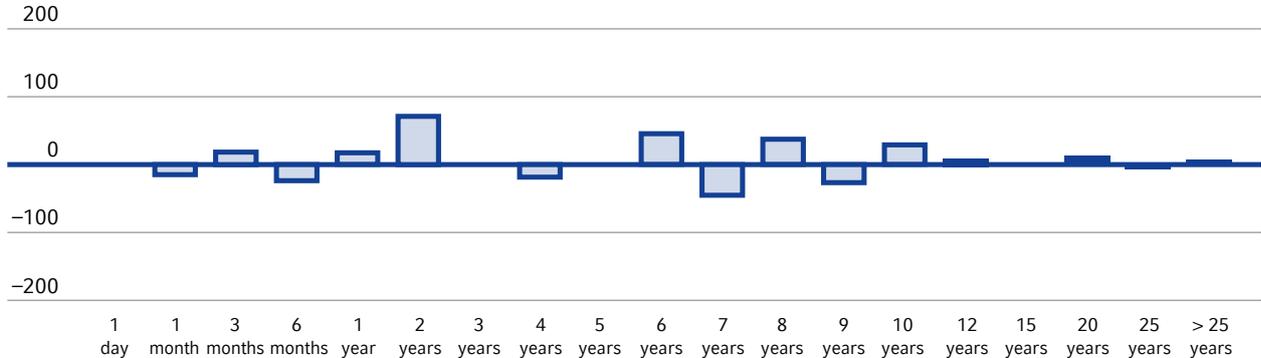
In addition, the parameters and assumptions of the model are regularly reviewed in the context of various daily, monthly and annual processes.

5.7.4 Risk Assessment and Limitation

The focus of the market risk under the gone concern perspective is on general and specific interest rate risks in the investment portfolio. The resulting market value fluctuations are not reflected in profit/loss under the HGB-oriented going concern perspective, provided there is no permanent impairment. As investments in the investment portfolio are made with the intention of being held permanently, the hedges used by the Bank relate to the nominal value at maturity. Accordingly, there are only negligible fixed-interest-period and currency mismatches under the HGB-oriented going concern perspective, which are limited by the HGB-VaR for the risks of all future fiscal years as well as for the current and the next two fiscal years. In addition, the Bank has minor active positions in the trading portfolio. These are limited by a separate limit for the trading portfolio. Compliance with the limits is monitored on a daily basis; all limits were met at all times in the fiscal year.

Due to the hedges used, there are no material fixed-interest-period mismatches at Bank-wide level under the HGB-oriented going concern perspective.

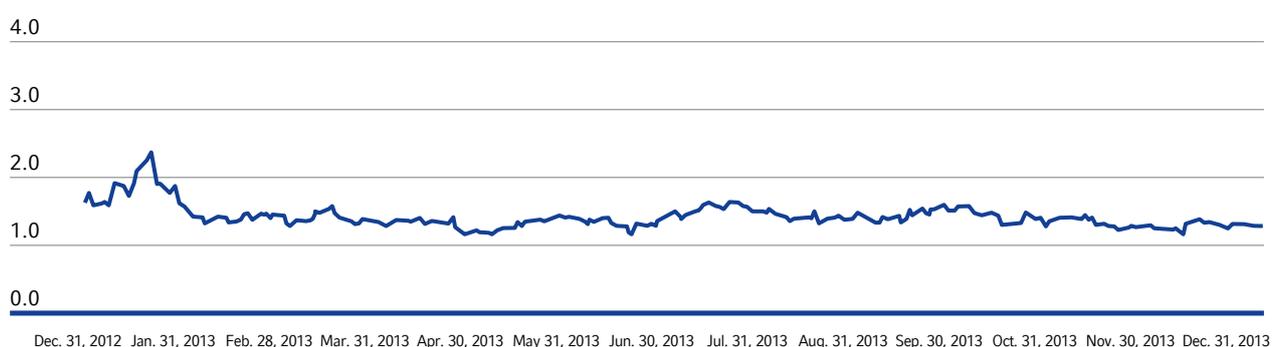
HGB interest rate sensitivities (Bank-wide day-to-day management, all periods) to a 1 bp interest rate hike in € thsd. as of Dec. 31, 2013



Currency risks also play only a minor role under the HGB-oriented going concern perspective. They are largely hedged using derivatives, which means that the HGB result is essentially exposed only to the currency risk on the interest margin generated.

Reflecting the low interest rate and exchange rate risks, the Bank-wide HGB-VaR for market risks for all future fiscal years amounted to € 1.3 million as of December 31, 2013 (2012: € 1.1 million).

HGB-VaR going concern (Bank-wide day-to-day management, all periods) in € million



The average HGB-VaR for market risks in the fiscal year was € 1.4 million. The minimum was € 1.2 million on December 5, 2013 and the maximum was € 2.4 million on January 22, 2013.

The allocation of the HGB-VaR to the risk types confirms the relatively low overall market risks taken, which, as described above, are largely closed by hedges and limited additionally. Against this background, the main risk types are the interest rate risk and the exchange rate risk (focus on future USD interest margins).

HGB-VaR going concern (Bank-wide day-to-day management, all periods) in € millions

	March 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
Interest rate risk	0.7	0.8	0.9	0.4
Foreign exchange rate risk	1.4	1.2	1.2	1.1
Credit spread risk	0.3	0.4	0.3	0.3
Interest rate volatility risk	0.0	0.0	0.0	0.0
Diversification	-1.0	-1.0	-0.7	-0.5
Total VaR	1.4	1.4	1.6	1.3

No material positions were held in the trading portfolio in the fiscal year. Accordingly, the maximum VaR in the fiscal year was € 1.2 million (2012: € 1.1 million).

5.7.5 Economic Capital

For strategic management of economic capital, the Bank uses a confidence level of 99% under the going concern perspective and of 99.96% under the gone concern perspective. A risk horizon of one year with a shorter holding period of 90 days is analysed, which results from the differentiated analysis of different holding periods per asset class and liquidity. The latter reflects the possibility to exercise influence, e.g. by reducing risk positions in the event of an unfavourable market trend. The economic capital for market risks is determined conservatively 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. Accordingly, the economic capital remains relatively constant.

Under the going concern perspective, the economic capital for market risks including strategic interest rate risks amounted to € 123.8 million (including € 70 million for strategic interest rate risks) as of the reporting date.

The economic capital for market risks under the gone concern perspective primarily includes general interest rate risks from the social housing promotion loans. These are primarily 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. 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 rates 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 of the reporting date, the economic capital set aside for market risk amounted to € 5.0 billion (2012: € 4.6 billion) under the gone concern perspective.

5.7.6 KWG Interest Rate Shock

The effect of the sudden and unexpected interest rate change in the investment book defined by BaFin circular 11/2011 – currently +/-200 basis points – is dominated by the above-mentioned assumption based interest position of the housing promotion loans. As of December 31, 2013, the negative change in the present value of the Bank's investment book resulting from a +/-200 bp interest rate shock amounted to 10.6% of the regulatory equity capital (2012: 13.6%). 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 going concern perspective. As the positions in the Bank's investment portfolio are held with a hold to maturity intention, this perspective is in accordance with the Bank's primary risk management approach. The interest rate risks under the going concern perspective are much lower than the risks under the present value perspective, which is influenced by the particularities of social housing promotion as outlined above.

5.7.7 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 contracted rates 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 outside the strategic interest rate risks from pension obligations play only a minor role. The current low interest rates mean that when it comes to investing pension provisions, opportunities arise from the possibility to re-invest at higher interest rates. 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. Accordingly, net gains in the investment portfolio result from portfolio-enhancing measures.

5.8 Liquidity Risk

5.8.1 Definition

The liquidity risk 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).

5.8.2 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 optional (stochastic) cash flows (e.g. termination rights or early redemption), conservative assumptions are made in such a way that negative effects are assumed for NRW.BANK. Moreover, no (fictitious) new business is reflected or modelled in the liquidity gap analysis; e.g. there is no prolongation of unsecured and secured funding.

The funding risk, as the income risk for the HGB result, is determined on the basis of the planned issuance volume of the next 12 months and the volatility of the own fund spread and limited in the context of the risk-bearing capacity in the going concern perspective. In addition, the funding base is diversified in terms of investor groups, regions and products, which helps to minimise the funding risk.

The market liquidity risk is of minor importance for NRW.BANK, as the investment portfolio essentially consists of positions held with a hold to maturity intention. 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. Moreover, the positions of the trading portfolio are liquid.

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.

5.8.3 Risk Assessment and Limitation

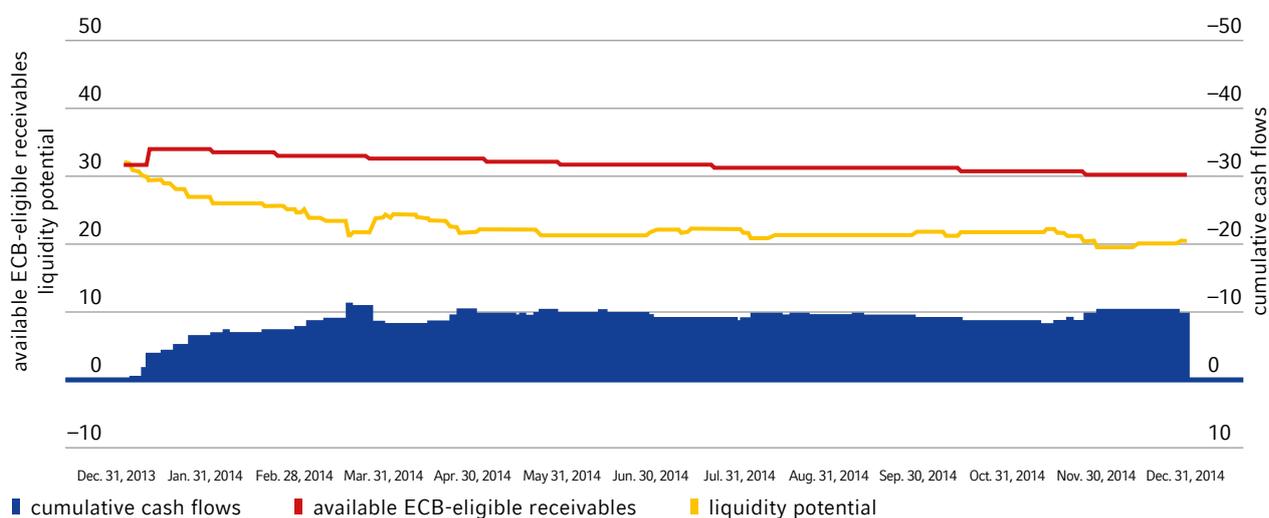
Because of the explicit funding guarantee extended by NRW.BANK's guarantor and its correspondingly good rating, the Bank can generate the required liquidity at short notice at any time. The Bank usually funds itself in the money and capital markets. NRW.BANK continues to benefit from a very favourable 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. Regardless of the hold to maturity intention, 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 the liquidity risk, a liquidity risk limit system exists for the entire period covered by the liquidity gap analysis. This system is based on the MaRisk requirements for assets to be held as liquidity buffer. The limit system also requires liquid securities for observation periods of more than one month. 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 primary 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.

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 EUR/USD FX swaps.

Liquidity risk management also incorporates compliance with the German Liquidity Regulation. The liquidity ratio as of the reporting date was 3.5 (2012: 3.6) and thus well above the regulatory required minimum of 1.0, which was met at all times throughout the year.

5.8.4 Economic Capital

As of the reporting date, the economic capital for liquidity risks under the going concern perspective (income risks of the HGB result for the issuance volume planned for the next 12 months) was € 12.6 million (2012: € 13.7 million).

The parameters and assumptions of the liquidity risk model (especially liquidity gap analysis, limit system and stress tests) are reviewed regularly.

5.8.5 Funding Structure

As a state-guaranteed development bank, NRW.BANK again saw strong demand for funding instruments in the past fiscal year. The Bank met investors' demand for state-guaranteed liquid bonds and strengthened its market presence through further EUR and USD benchmark issues (total volume of benchmark issues in 2013: € 1.8 billion). The issues were placed with a broad investor base.

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

NRW.BANK also used its international funding programmes. 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 12 months. The GCP Programme constituted a particularly favourable source of funding for NRW.BANK throughout the fiscal year.

The funding structure of NRW.BANK primarily comprises certificated liabilities in the amount of € 58.2 billion (mostly bearer instruments (€ 28.0 billion), bearer bonds (€ 21.5 billion) and commercial paper (€ 8.6 billion)), liabilities to banks of € 40.8 billion (mostly on-lending (€ 22.0 billion), promissory loans (€ 9.7 billion) and registered bonds (€ 4.6 billion)) as well as liabilities to customers of € 20.3 billion (mostly registered bonds (€ 18.2 billion)).

5.8.6 Opportunities

NRW.BANK continues to attract strong demand from investors thanks to its status as a development bank and the funding guarantee granted by the federal state of North Rhine-Westphalia. This is reflected in a favourable funding environment for the Bank – even in times of tight financial markets. But even in case of a further reduction in the Bank's own funding spread, there are no plans to increase the funding volume materially. Additional opportunities may arise, however, for the coverage of short-term liquidity, which may take place in different money market segments, depending on the financial markets.

5.9 Operational Risk

5.9.1 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.

5.9.2 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 the monitoring of risk indicators are also included in the overall assessment of the risk situation.

Prior to each product launch, a detailed analysis regarding potential operational risks is carried out in the context of a standardised process.

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 its appropriateness.

NRW.BANK uses standardised contracts to minimise legal risks from transactions. Deviations from standardised contracts and individual transactions are approved by the legal department. 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.

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 departments and the Human Resources Department. 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.

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 risks related to compliance, money laundering and financing terrorism as well as potential risks arising from other criminal acts. For this purpose, the processes and procedures were subjected to a thorough review in 2013. Bank-wide security procedures, processes for the reporting of suspicions, regular hazard analyses as well as self-assessments serve to manage and limit the potential risks arising in conjunction with these topics.

5.9.3 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 countermeasures can be taken at an early stage if similar events occur.

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

Neither the losses and loss-free risk events identified in 2013 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.

5.9.4 Economic Capital

With regard to the economic capital for operational risks derived from the regulatory basic indicator approach, differences between the going concern perspective and the gone concern perspective result exclusively from scaling to the respective confidence level. As of the reporting date, the economic capital set aside for operational risks amounted to € 35 million under the going concern perspective and to € 140 million under the gone concern perspective. No changes have occurred compared to the previous year.

5.10 Pension Risk

5.10.1 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.

5.10.2 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 using actuarial Heubeck mortality tables, 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.

5.10.3 Risk Assessment and Limitation

Due to the agreement reached between NRW.BANK and Portigon AG regarding the final settlement of the pension compensation for employees of Portigon AG who are entitled to a pension under the laws relating to civil servants, pension risks have now been classified as material risks in the 2013 risk inventory.

Economic capital is determined once a year, i.e. it is constant throughout the year, the Bank makes thus no distinction between limit and utilisation.

5.10.4 Economic Capital

The economic capital set aside for pension risks as of the reporting date amounted to € 50 million under the going concern perspective and to € 80 million under the gone concern perspective (differences result exclusively from different interest rates used to discount the cash flows). As 2013 is the first year for which the economic capital for pension risks is stated, no figures for the previous year are shown.

5.11 Business and Cost Risk

5.11.1 Definition

Business risk describes the risk of changes in the economic environment (market and/or demand) or the legal environment. 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 in accordance with an emerging market standard.

5.11.2 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.

5.11.3 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.

5.11.4 Economic Capital

As of the reporting date, the economic capital set aside for the business and cost risk amounted to € 50 million under the going concern perspective and to € 65 million under the gone concern perspective (differences result exclusively from different interest rates used to discount the cash flows). As 2013 is the first year for which the economic capital for pension risks is stated, no figures for the previous year are shown.

5.12 Reporting

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

Daily reports are produced for the entire 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, counterparty 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.

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 and earnings position 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 unit in cooperation with Business Support and Risk Management.

Accounting-related business events are mostly handled locally. All accounting-relevant events are initiated in IT systems. The respective units are responsible for full and proper capture and for implementing and documenting the required controls. Bank-wide functional responsibility for the accounting rules, the booking system, accounting and the definition of the valuation principles rests with the Finance unit. This ensures that consistent accounting and valuation principles are applied within NRW.BANK even where business transactions are recorded locally. Risk Management 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 and budgeting process is 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 unit and drawn up by the Managing Board. In accordance with the statutes, the Board of Guarantors of NRW.BANK approves and endorses the financial statements, which are published in the electronic Federal Gazette within the statutory deadlines.

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 manuals via NRW.BANK's intranet.

The Finance 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 Risk Management in a standardised process. In this context, an accounting-related analysis of the financial instruments and the associated risks is carried out with a view to ensuring accurate accounting.

The front-office units are functionally and organisationally separated from the units responsible for settlement, monitoring and control. 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 departments. 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 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 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 audit 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, 2013

Assets

see Notes No.

Dec. 31, 2012

	€	€	€ thousands
1. Cash			
a) cash on hand	13,110.17		15
b) balances with central banks	608,491,099.93		408,497
thereof:			
with Deutsche Bundesbank			
€ 608,491,099.93			(408,497)
		608,504,210.10	408,512
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		22,948,648.84	22,179
thereof:			
eligible for refinancing with Deutsche Bundesbank € 22,948,648.84			(22,179)
3. Receivables from banks 1, 12, 24, 28			
a) payable on demand	928,289,579.22		2,033,401
b) other	33,358,861,208.90		30,980,664
		34,287,150,788.12	33,014,065
4. Receivables from customers 2, 12, 24, 28		60,898,246,157.66	63,452,093
thereof:			
secured by mortgages € 42,122,029.47			(75,705)
loans to public authorities and entities under public law € 36,664,991,498.65			(37,952,096)
		95,816,849,804.72	96,896,849
	To be carried forward:		

Liabilities

see Notes No.			Dec. 31, 2012
		€	€ thousands
1. Liabilities to banks	14, 24, 27, 28		
a) payable on demand		690,267,398.59	1,095,123
b) with agreed maturity or period of notice		40,037,127,034.25	39,456,759
		40,727,394,432.84	40,551,882
2. Liabilities to customers	15, 24, 28		
a) other liabilities			
aa) payable on demand		135,760,476.81	123,263
ab) with agreed maturity or period of notice		20,225,314,386.66	20,947,052
		20,361,074,863.47	21,070,315
3. Certificated liabilities	16, 24, 28		
a) bonds and notes issued by the bank		58,068,364,989.83	61,972,263
		58,068,364,989.83	61,972,263
3a. Trading portfolio	17		
		146,334,274.72	107,209
4. Trust liabilities	18		
thereof:			
trust loans € 1,747,851,480.45			(1,826,225)
5. Other liabilities	19, 24		
		782,942,807.19	295,817
6. Deferred items	20, 24		
		637,424,857.01	266,422
7. Provisions	21		
a) for pensions and similar obligations		1,514,335,581.00	1,433,237
b) tax reserves		7,226,791.50	5,861
c) for interest rate subsidies		94,830,941.90	83,321
d) other		353,816,717.63	440,195
		1,970,210,032.03	1,962,614
8. Subordinated liabilities	22		
thereof:			
due in less than two years € 329,000,000.00			(276,000)
		126,828,817,944.54	130,540,667
		To be carried forward:	

Liabilities

see Notes No.		Dec. 31, 2012	
	€	€	€ thousands
	To be carried forward:	126,828,817,944.54	130,540,667
9. Capital with participation rights	22	11,000,000.00	11,000
thereof:			
due in less than two years	€ 11,000,000.00		(0)
10. Fund for general banking risks		626,740,000.00	491,060
thereof: special item pursuant to Section 340e (4) of the German Commercial Code (HGB)	€ 1,740,000.00		(1,060)
11. Equity capital	23		
a) subscribed capital	17,000,000,000.00		17,000,000
b) capital reserves	627,659,749.39		537,385
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
		17,883,406,877.81	17,793,132
Total liabilities		145,349,964,822.35	148,835,859
1. Contingent liabilities	24, 25		
liabilities from guarantees and indemnity agreements		15,388,364,271.10	17,051,173
2. Other commitments	24, 25		
irrevocable loan commitments		3,105,980,600.91	3,492,338
3. Administered funds		130,033,272.49	166,870

Profit and Loss Account

of NRW.BANK for the Period January 1–December 31, 2013

		see Notes No.		Jan. 1 – Dec. 31, 2012	
		€	€	€	€ thousands
1. Interest income from					
a) lending and money market transactions		4,453,215,148.36			4,543,876
b) interest-bearing securities and book-entry securities		1,534,173,502.30			1,738,329
			5,987,388,650.66		6,282,205
2. Interest expenses			5,509,462,407.04		5,755,825
				477,926,243.62	526,380
3. Income from					
a) equity investments in non-affiliated companies		3,281,055.81			3,274
b) equity investments in affiliated companies		10,176,572.94			10,177
				13,457,628.75	13,451
4. Income from profit pooling, profit transfer and partial profit transfer agreements				1,683,288.88	1,476
5. Commission income	29		81,508,865.71		85,019
6. Commission expenses			12,520,227.22		8,542
				68,988,638.49	76,477
7. Net profit from trading portfolio				6,096,917.93	6,411
8. Other operating income	30			39,321,482.27	22,350
9. General administrative expenses					
a) personnel expenses					
aa) wages and salaries		92,787,395.10			94,473
ab) social security contributions and expenses for pensions and other employee benefits		23,194,175.11			19,682
thereof:			115,981,570.21		114,155
for pensions € 11,391,420.25					(8,279)
b) other administrative expenses	31		73,209,183.09		73,062
				189,190,753.30	187,217
10. Depreciation and value adjustments on intangible and tangible fixed assets				8,410,315.35	13,757
11. Other operating expenses	30			9,087,237.58	384
			To be carried forward:	400,785,893.71	445,187

see Notes No.	€	€	Jan. 1 – Dec. 31, 2012 € thousands
To be carried forward:		400,785,893.71	445,187
12. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions		557,039,270.79	590,353
thereof: allocation to fund for general banking risks € 135,000,000.00			(225,000)
13. Write-downs and value adjustments on equity investments in non-affiliated companies, equity investments in affiliated companies and securities treated as tangible fixed assets		183,215,853.67	166,943
14. Expenses from the assumption of losses		1,699,000.00	0
15. Result from normal operations		25,263,476.59	21,777
16. Taxes on income and revenues 8,400,403.40			3,016
17. Other taxes not shown under other operating expenses 128,388.52		8,528,791.92	3,194
18. Net income		16,734,684.67	18,583
19. Designated payout due to legal requirements		16,734,684.67	18,583
20. Profit for the year		0.00	0

Notes

of NRW.BANK for the Fiscal Year 2013

Preparation of NRW.BANK's Annual Accounts

The annual accounts of NRW.BANK were prepared in accordance with the provisions of the German Commercial Code (HGB) and the Ordinance Regarding Accounting for Banks and Financial Services Institutions (RechKredV). 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 have been recognised at amortised cost in accordance with Section 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 Section 340 et seq. HGB in conjunction with Section 252 et seq. HGB.

1. General

Receivables are reported at their amortised cost less any discounts where appropriate. Premiums and discounts from notes and bonds were released by the end of the term. Liabilities are carried at their repayment amounts, with any related discounts reported under deferred items. Premiums on receivables or liabilities are reported under deferred items as an asset or liability, respectively. 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. These items are valued according to the effective interest method. 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.

2. Corrections in Current Accounts

In the past fiscal year, NRW.BANK changed the disclosure of interest from swap contracts from general accounting to itemised accounting per swap contract. Besides the changed presentation in the statement of income, this change also affects the disclosure of the corresponding balance sheet items receivables from banks and receivables from customers as well as liabilities to banks and liabilities to customers. In the balance sheet, the change in disclosure for the fiscal year 2013 leads to a reduction in total assets in the amount of € 147.2 million (2012: € 218.9 million) because of the gross presentation method used here already. In the statement of income, the change leads to an increase in interest income and interest expenses of € 1,968.4 million each. The prior year figures have been adjusted accordingly.

In the fiscal year, the accounting of bespoke CDOs (Collateralised Debt Obligations) restructured in 2008 and 2009 was corrected in the current accounts. The respective restructurings were made in such a way that a hedge in the form of a purchased hedge CDS (Credit Default Swap) was taken out for the reference portfolio of existing CDOs, while the new structure of the reference portfolio was achieved by way of a sold CDS.

For accounting purposes, the CDOs and the two CDS were each treated as a hedge relationship and the net amount paid for the restructuring (premium paid for the hedge CDS less premium received for the new CDS) was recognised as a deferred item. For those restructurings for which the margin was negative assuming refinancing at market rates, a provision in the respective amount was established (negative margin provision). In addition, a provision for anticipated losses was established for the CDO portfolio, whose amount is based on scenario analyses regarding creditworthiness and remaining maturity.

The counterparty risk-related closed CDO positions and the hedge CDS positions were sold in the fiscal years 2009 and 2010. Only the CDS with the new risk structure remained in the portfolio. The transactions sold were derecognised against the compensation payment not affecting net income through profit loss. The deferred item on the assets-side and the provisions remained unchanged.

In the context of the correction, the assets-side deferred item (€ 34.4 million) relating to the transactions and the negative margin provision (€ 23.6 million) were released in profit/loss with effect from December 31, 2013. In addition, the provision for anticipated losses was derecognised (€ 62.4 million) and a deferred item was recognised on the liabilities side, which reflects the upfront fee of the CDS sold (€ 89.2 million). In the fiscal year 2013, the corrective entries reduced the result by a net amount of € 37.6 million, which will be offset by positive effects from the scheduled release of the liabilities-side deferred item (€ 89.2 million) in future fiscal years (until 2017). At the bottom line, the corrective entries lead to a different accounting periodisation for expenses and income but did not entail any additional burdens.

3. Receivables

The Housing Promotion Department's promotion 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 quite predominantly 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 promotion loans granted by the Housing Promotion Department 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 Department 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.

Discernible risks in the lending business were adequately covered by individual value adjustments and provisions. A global provision was 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.

4. Securities

Securities are valued at cost; any difference between the cost and the repayment amount is recognised on a pro rata basis as income. Securities held in the financial investment portfolio are valued according to the mitigated lower of cost or market principle. If their carrying amount is higher than their current market value, these securities are shown in the notes as "valued as fixed assets". This information is subject to change over time due to portfolio changes as well as interest rate-induced movements and/or market price-induced movements.

Securities held in the liquidity reserve are valued strictly at the lower of cost or market principle.

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 (e.g. 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 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 Management Department.

NRW.BANK incorporated the principles of the IDW statement on accounting (IDW RS HFA 22) (IDW: Institut der Wirtschaftsprüfer / Institute of Public Auditors in Germany, Incorporated Association) of September 2, 2008 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 results of operations, such recognition is applied.

5. Derivatives

Derivatives and other structured products are valued on the basis of generally accepted models (Black 76, Black 76 with extension for CMS spread instruments, One, Two and Three Factor Model of Interest Rates, Hazard Rate Model, One Factor Gauss Copula Model). Here, too, valuation parameters based on standard market data sources are used (e.g. Reuters, 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.

6. Equity Investments in Affiliated and Non-Affiliated Companies

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

With regard to the equity investment in Portigon AG, the State of North Rhine-Westphalia has issued an indefinite value guarantee to NRW.BANK to hedge the equity investment risk arising from the equity investment. 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, 2013.

7. Tangible and Intangible Assets

Tangible and 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.

8. Provisions

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

Provisions 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 remaining maturities.

Pension, benefit and 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 2005 G tables of Heubeck-Richttafeln-GmbH in Cologne, average wage and salary rises of 2.5% were applied for this purpose.

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 4.89% used for discounting was stipulated by Deutsche Bundesbank.

The accumulation for pension, benefit and personnel provisions was recognised in interest expense in an amount of € 93.8 million (2012: € 34.3 million).

The assessment of the provisions for benefit payments were again calculated using an annual cost increase of 3% for healthcare benefits. The average rate of the benefit payments over the past three years was taken as the basis.

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

In accordance with Article 67 para. 1 sentence 2 EGHGB (Introductory Act to the Commercial Code), the option was used insofar as the existing provisions are maintained due to excess cover, as the required release would have to be reallocated by December 31, 2024 at the latest. As of December 31, 2013, excess cover of € 0.1 million exists for these provisions.

9. Loss-Free Valuation of the Banking Book

On October 8, 2012, the IDW's Specialist Committee on Banking published its statement RS BFA 3 "Einzelfragen der verlustfreien Bewertung von zinsbezogenen Geschäften des Bankbuchs" (Individual Aspects of the Loss-Free Valuation of Interest-Related Transactions in the Banking Book). According to the statement, 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 2013 financial statements, for which a periodic (P&L-oriented) view was taken. The present value of the future interest result of the banking book was reduced by 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.

Revaluation adjustments relating to derivative transactions in the financial investment portfolio are not recognised. These derivatives are macrohedges in the form of interest rate and currency derivatives, which serve to manage the Bank's overall exposure to interest rate risk, as well as credit default swaps, which are used as credit substitute transactions.

For securities held in the financial investment portfolio with a carrying value of € 7,749,704,814.97, an aggregate market value of € 7,480,328,728.12 was determined. These securities include a portfolio of Euro-zone countries with a carrying value of € 474,481,551.93 and a market value of € 454,378,721.92 and non-EMU EU countries with a carrying value of € 6,664,640,932.66 and a market value of € 6,449,799,726.31.

Because these securities have been funded 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 value.

10. Hedge Relationships of the Liquidity Reserve

To hedge against interest rate risks, assets with a carrying amount of € 438.1 million and derivatives with a nominal volume of € 442.1 million were combined into a hedge relationship using the net hedge presentation method. The hedge relationship hedges interest rate risks in an amount of € 11.3 million.

The transactions covered have a maximum remaining maturity until September 21, 2022.

The respective transactions in the derivatives portfolios are hedges for the securities portfolios. Interest-induced movements in the market values of the hedged items and the hedges will be mutually off-setting in future. Effectiveness is measured retrospectively on the basis of the dollar offset method. Interest rate risks are managed on the basis of sensitivities.

11. Financial Instruments of the Trading Portfolio

In accordance with Section 340e para. 3 HGB, instruments in the trading portfolio (securities, financial instruments) are measured at fair value less a risk discount of € 1.5 million (2012: € 4.6 million).

The risk discount was calculated on the basis of the value-at-risk (VaR) model, which the Risk Management Department 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 10 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.

In order to comply with the distribution restriction for unrealised gains required pursuant to Section 340e para. 4 HGB, an amount of € 680,000.00 (2012: € 720,000.00) of the net result of the trading portfolio was allocated to the "fund for general banking risks" pursuant to Section 340g HGB.

12. Currency Translation

Foreign currency amounts are translated in accordance with Section 340h HGB in conjunction with Section 256a HGB and statement RS BFA 4 of the IDW. Assets, liabilities and pending transactions denominated in foreign currencies were translated using the spot exchange rate on December 31, 2013. In this context, NRW.BANK uses the reference rates of the European System of Central Banks (ESCB).

In accordance with Section 340h HGB in conjunction with Section 256a HGB, foreign-currency balance sheet items and pending transactions of NRW.BANK are classified and valued as being specifically covered in all currencies.

Balance Sheet

Receivables from Banks (1)

Breakdown by Maturity	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Payable on demand	928.3	2,033.4
Other receivables		
– up to 3 months	3,219.2	1,753.3
– between 3 months and 1 year	2,664.9	2,373.9
– between 1 and 5 years	11,624.6	11,193.9
– more than 5 years	15,850.2	15,659.6
Total receivables from banks	34,287.2	33,014.1

As in the previous year, receivables from banks do not include receivables from affiliated companies. The receivables from other companies in which equity investments are held totalled € 17.5 million (2012: € 21.4 million).

Receivables from Customers (2)

Breakdown by Maturity	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
– up to 3 months	3,611.8	4,277.5
– between 3 months and 1 year	2,781.5	2,327.3
– between 1 and 5 years	14,580.8	13,663.6
– more than 5 years	39,924.1	43,183.7
Total receivables from customers	60,898.2	63,452.1

As in the previous year, receivables from customers do not include receivables from affiliated companies. The receivables from other companies in which equity investments are held totalled € 0.8 million (2012: € 0.8 million).

Bonds and Other Interest-Bearing Securities (3)

Marketability	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Bonds and other interest-bearing securities		
– listed on a stock exchange	40,191.1	42,212.0
– not listed on a stock exchange	3,691.6	3,488.3
Total bonds and other interest-bearing securities	43,882.7	45,700.3

Of the bonds and other interest-bearing securities, an amount of € 4,615.7 million (2012: € 4,823.0 million) is due in the following year.

As in the previous year, bonds and other interest-bearing securities do not include securities from affiliated companies or companies in which equity investments are held.

Of the total bonds and other interest-bearing securities € 449.2 million (2012: € 431.4 million) are held as part of the liquidity reserve and € 43,433.5 million (2012: € 45,268.9 million) are held in the financial investment portfolio.

Shares and Other Non-Interest-Bearing Securities (4)

Shares and other non-interest-bearing securities include marketable securities in the amount of € 1.9 million (2012: € 1.9 million).

Marketability	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Shares and other non-interest-bearing securities		
– listed on a stock exchange	0.0	0.0
– not listed on a stock exchange	1.9	1.9
Total shares and other non-interest-bearing securities	1.9	1.9

All shares and other non-interest-bearing securities are held in the financial investment portfolio.

Trading Portfolio (Assets) (5)

Breakdown of Trading Portfolio

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Derivative financial instruments	0.0	0.0
Receivables	20.0	116.3
Bonds and other interest-bearing securities	235.0	85.8
Risk discount pursuant to Section 340e para. 3 sentence 1 HGB	-1.5	-4.6
Total trading portfolio	253.5	197.5

Derivative financial instruments include futures with a positive market value of € 1.4 million (2012: € 0.0 million). This market value is offset against the opposite variation margin received from futures.

Equity Investments in Non-Affiliated and Affiliated Companies (6)

NRW.BANK holds € 2,268.1 million (2012: € 2,262.2 million) in equity investments in non-affiliated companies and € 154.8 million (2012: € 134.7 million) in equity investments in affiliated companies. Of the equity investments in non-affiliated companies, € 2,190.8 million (2012: € 2,190.8 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 these Notes.

NRW.BANK holds more than 5% of the voting rights in the following major corporations (disclosure pursuant to Section 340a para. 4 No. 2 HGB):

- Portigon AG
- Investitionsbank des Landes Brandenburg (ILB)

Trust Assets (7)

Trust assets comprise the following:

Breakdown of Trust Assets

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Receivables from banks	115.7	123.8
Receivables from customers	1,632.2	1,702.4
Total trust assets	1,747.9	1,826.2

Other Assets (8)

The total figure of € 968.2 million (2012: € 1,493.8 million) contains, among other things, interest receivables from the State of North Rhine-Westphalia under the value guarantee for the equity investment in Portigon AG in the amount of € 486.6 million (2012: € 386.6 million), option premiums in the amount of € 221.8 million (2012: € 0.3 million), option premiums not yet received in the amount of € 206.9 million (2012: € 0.0 million) as well as receivables from Helaba Landesbank Hessen-Thüringen for reimbursement of pension obligations in the amount of € 20.4 million (2012: € 17.8. million).

Fixed Assets (9)

Schedule of Fixed Assets	Acquisition Cost/ Production Cost	Additions	Retirements	Total Depreciation and Amortisation	Net Book Value	Depreciation and Amortisation in the Fiscal Year
	Jan. 1, 2013				Dec. 31, 2013	
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
Bonds and other interest-bearing securities forming part of fixed assets	44,387.6				42,646.7	0.0
Shares and other non-interest-bearing securities forming part of fixed assets	1.9	Net change pursuant to Section 34 para. 3 sentence 2 RechKredV: € 3,329.0 million			1.9	0.0
Equity investments in non-affiliated companies	3,834.1				2,268.1	0.0
Equity investments in affiliated companies	176.9				154.8	6.9
Intangible assets	67.5	1.1	0.0	55.2	13.4	5.0
Land and buildings	64.5	1.6	0.3	6.1	59.7	1.1
Office equipment	24.5	0.8	0.2	16.6	8.5	2.3

€ 59.6 million (2012: € 58.9 million) of the amount shown under land and buildings represent land and buildings used for business purposes.

Deferred Items (Assets) (10)

Breakdown of Deferred Items	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Discounts from underwriting business	93.6	101.6
Prepaid swap fees	49.8	59.4
Prepaid CDS fees	19.6	54.4
Other	11.5	20.2
Total deferred items	174.5	235.6

Deferred Tax Assets (11)

Due to NRW.BANK's exemption from income tax, deferred taxes primarily 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.

Subordinated Assets (12)

Subordinated assets are included in:

Breakdown by Asset Type	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Receivables from banks	0.8	0.8
Receivables from customers	20.0	23.8
Bonds and other interest-bearing securities	20.4	20.4
Shares and other non-interest-bearing securities	1.9	1.9
Total subordinated assets	43.1	46.9

Pledged Assets (13)

Of the assets reported, NRW.BANK pledged € 140.6 million (2012: € 505.0 million) under repurchase agreements.

Liabilities to Banks (14)

Breakdown by Maturity	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Payable on demand	690.3	1,095.1
Other liabilities		
– up to 3 months	5,149.9	3,045.8
– between 3 months and 1 year	1,773.3	3,386.4
– between 1 and 5 years	15,658.2	14,144.5
– more than 5 years	17,455.7	18,880.1
Total liabilities to banks	40,727.4	40,551.9

As in the previous year, liabilities to banks do not include liabilities to affiliated companies. The liabilities to other companies in which equity investments are held totalled € 8.6 million (2012: € 10.6 million).

Liabilities to Customers (15)**Breakdown by Maturity**

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Payable on demand	135.8	123.3
Other liabilities		
– up to 3 months	1,023.6	1,153.6
– between 3 months and 1 year	881.3	1,265.6
– between 1 and 5 years	3,828.9	4,285.7
– more than 5 years	14,491.5	14,242.1
Total liabilities to customers	20,361.1	21,070.3

Liabilities to customers include liabilities to affiliated companies in the amount of € 15.3 million (2012: € 13.2 million). As in the previous year, liabilities to customers do not include liabilities to other companies in which equity investments are held.

Certificated Liabilities (16)**Breakdown of Certificated Liabilities**

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Notes issued		
– mortgage bonds	0.6	0.6
– municipal bonds	339.1	424.1
– other bonds	57,728.7	61,547.6
Total certificated liabilities	58,068.4	61,972.3

€ 21,242.1 million (2012: € 21,717.7 million) of the notes issued is due in the following year.

Trading Portfolio (Liabilities) (17)**Breakdown of Trading Portfolio**

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Derivative financial instruments	0.0	13.2
Liabilities	146.3	94.0
Total trading portfolio	146.3	107.2

Derivative financial instruments include futures with a negative market value of € 0.4 million (2012: € 0.0 million). This market value is offset against the opposite variation margin paid on futures.

Trust Liabilities (18)

Trust liabilities comprise the following:

Breakdown of Trust Liabilities

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Liabilities to banks	11.9	16.5
Liabilities to customers	1,736.0	1,244.5
Other liabilities	0.0	565.2
Total trust liabilities	1,747.9	1,826.2

Other Liabilities (19)

The total figure of € 782.9 million (2012: € 295.8 million) contains, among other things, an adjustment item from currency translation (in accordance with Section 340h HGB) in the amount of € 304.4 million (2012: € 245.4 million), option premiums in the amount of € 221.5 million (2012: € 0.0 million), option premiums not yet paid in the amount of € 206.9 million (2012: € 0.0 million), liabilities owed to the State of North Rhine-Westphalia in the amount of € 16.7 million (2012: € 18.6 million), liabilities owed to the Tax Office in the amount of € 5.1 million (2012: € 6.4 million), interest to be paid on existing profit participation rights and subordinated liabilities once the annual accounts have been approved in the amount of € 3.3 million (2012: € 3.4 million) and unpaid premiums from credit default swaps in the amount of € 1.0 million (2012: € 1.0 million).

Deferred Items (Liabilities) (20)

Breakdown of Deferred Items

	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Transfer of Portigon AG "dual contract holders"	251.5	0.0
Swap fees received in advance	168.5	188.4
CDS fees received in advance	119.7	16.6
Premiums from underwriting business	97.3	61.0
Other	0.4	0.4
Total deferred items	637.4	266.4

The deferred item "Transfer of Portigon AG 'dual contract holders'" results from the compensation claim for pension obligations of the Bank towards so-called "dual contract holders", which was settled in the fiscal year. For more information, please refer to the information provided under "Provisions".

Provisions (21)

The provisions for pensions include € 1,121.2 million (2012: € 1,071.7 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 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 finally settle NRW.BANK's claims resulting from the compensation entitlement, 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 difference between the claim in the amount of € 1,071.7 million, which had so far been recognised according to HGB principles, and the one-time payment of € 1,347.4 million was recognised as deferred income and will be released upon future reductions in the HGB actuarial rate.

The provisions for pensions additionally include pension obligations in the amount of € 20.4 million (2012: € 17.8 million) towards employees of Helaba Landesbank Hessen-Thüringen who also have contractual claims or are entitled to a pension under the laws relating to civil servants. NRW.BANK is entitled to reimbursement from Helaba Landesbank Hessen-Thüringen in the same amount, which is shown in other assets.

NRW.BANK's provisions for additional benefits are at € 213.8 million (2012: € 211.1 million). This amount includes € 181.8 million (2012: € 180.8 million) in obligations to persons covered under the former pension agreement of Westdeutsche Landesbank Girozentrale, for which NRW.BANK has assumed the additional benefit payments since the spin-off from Westdeutsche Landesbank Girozentrale. An additional € 32.0 million (2012: € 30.3 million) has been set aside for claims to additional benefits that employees of NRW.BANK have for their retirement.

Provisions in an amount of € 76.7 million (2012: 76.7 million) exist for potential compensation claims under the value guarantee.

Subordinated Liabilities and Capital with Participation Rights (22)

The subordinated liability as described below exceeds 10% of the total subordinated liabilities of € 2,387.2 million (2012: € 2,487.9 million).

The State of North Rhine-Westphalia has to make repayments towards the federal government in conjunction with the use of house promotion loans granted by the federal government. Under applicable federal state law, NRW.BANK has to transfer the required funds from the repayment of housing promotion 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 € 1,982.2 million as of December 31, 2013.

The remaining subordinated liabilities of € 405.0 million carry an average interest rate of 3.8% (2012: 3.8%) and have original maturities between ten and thirty years. There is no early redemption obligation.

Subordinated liabilities include liabilities with a remaining term of less than two years in an amount of € 329.0 million (2012: € 276.0 million).

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

Interest expenses of € 9.8 million (2012: € 11.2 million) were incurred for subordinated liabilities.

The subordinated liabilities carried by NRW.BANK comply with the requirements of Section 10 para. 5a KWG (German Banking Act); a right to terminate without notice has not been agreed.

In 2013, no capital with participation rights matured, and no new capital with participation rights was issued. Hence, the total capital with participation rights was € 11.0 million (2012: € 11.0 million).

Equity Capital (23)

As of December 31, 2013, NRW.BANK's subscribed capital was € 17,000.0 million (2012: € 17,000.0 million). The reserves totalled € 883.4 million (2012: € 793.1 million).

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

Commercial Law Equity	Dec. 31, 2013	Dec. 31, 2012
	€ millions	€ millions
Subscribed capital	17,000.0	17,000.0
Capital reserves	627.7	537.4
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	0.0	0.0
Total equity capital	17,883.4	17,793.1

Once the annual accounts are approved, the capital of NRW.BANK required for regulatory purposes under Section 10 KWG will total € 19,503.0 million (2012: € 18,935.0 million).

Foreign Currency Assets/Foreign Currency Liabilities (24)

At year-end, NRW.BANK had foreign currency assets valued at € 10,218.4 million (2012: € 9,729.2 million) and foreign currency liabilities valued at € 17,608.4 million (2012: € 21,488.2 million). Contingent liabilities and other commitments denominated in foreign currencies totalled € 4,024.8 million (2012: € 3,638.5 million).

Contingent Liabilities and Other Commitments (25)

Contingent liabilities totalled € 15,388.4 million (2012: € 17,051.2 million) and incorporate € 14,689.8 million (2012: € 16,514.8 million) for credit derivatives (thereof € 352.7 million for embedded derivatives [2012: € 361.8 million]) and € 698.6 million (2012: € 536.4 million) for other guarantees and indemnity agreements.

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

The guarantees and indemnity agreements primarily comprise liability releases for house banks for promotion loans granted in the context of the development of sports facilities as well as global guarantees, guarantee lines and 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. As there were no indications of such events as of the balance sheet date, there are currently no signs of future claims being raised under these guarantees.

Other commitments comprise irrevocable credit commitments in an amount of € 3,106.0 million (2012: € 3,492.3 million). Of this total, € 666.5 million (2012: € 740.6 million) relates to commitments in conjunction with the housing promotion business.

The irrevocable credit 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. Based on historical experience from the previous years, it is expected that the irrevocable credit commitments will be utilised with a probability of almost 100%.

Assets Used as Collateral (26)

Bonds and notes in a nominal amount of € 5,236.4 million (2012: € 3,406.0 million) were pledged to the Deutsche Bundesbank and notes in a nominal amount of € 5,235.8 million (2012: € 6,310.3 million) were submitted to the Deutsche Bundesbank in the context of the "KEV" process (KEV: Kreditforderungen – Einreichung und Verwaltung/credit claims – submission and administration) as collateral for funding facilities. Securities in a nominal amount of € 22.7 million (2012: € 22.7 million) were deposited with the Eurex (electronic futures and options exchange) as collateral for forward transactions. In addition, securities in a nominal amount of € 4,007.0 million (2012: € 4,388.4 million) were transferred in the past fiscal year to secure off-exchange derivatives; these securities were deposited as collateral with the counterparty. Furthermore, an amount of € 269.9 million (2012: € 243.8 million) was transferred as collateral for repo transactions (repo: sale and repurchase agreement) and securities in an amount of € 2.0 million (2012: € 2.0 million) were assigned as rent deposit.

Collateral for Own Liabilities (27)

Collateral for registered municipal bonds and notes totalled € 2.2 million (2012: € 2.2 million).

Cover (28)

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, 2013, the nominal amounts of the cover were as follows:

Cover	Dec. 31, 2013	Dec. 31, 2012
	Municipal bonds (cover register II) € millions	Municipal bonds (cover register II) € millions
Municipal bonds issued	2,847.1	4,365.0
Loans raised secured with registered municipal bonds and notes	2.2	2.2
Liabilities requiring cover	2,849.3	4,367.2
Municipal loans	17,253.1	17,935.5
Other ordinary cover (securities)	66.2	100.2
Excess cover	240.0	240.0
Cover funds	17,559.3	18,275.7
Excess cover	14,710.0	13,908.5

The cover register for mortgage bonds (cover register I) was closed with effect from June 29, 2012, as NRW.BANK will issue no more mortgage bonds for the time being. Accordingly, the cover only includes the cover register for municipal bonds (cover register II).

Statement of Income

Services Rendered for Third Parties (29)

The net commission income includes € 12.7 million (2012: € 9.0 million) resulting from the administration of loans and subsidies held in trust.

Other Operating Income and Expenses (30)

The principal contributions towards other operating income are composed of € 16.2 million (2012: € 15.9 million) in income from the write-back of other provisions as well as € 15.0 million (2012: € 0.0 million) in income from the reimbursement of the service cost of Portigon AG.

Other operating expenses include an amount of € 6.8 million (2012: € 0.2 million) in addition to the provisions for additional benefits established for employees of Portigon AG.

Fee Paid to Auditor of the Annual Accounts (31)

In the fiscal year 2013, the auditor charged a total fee of € 1.5 million (2012: € 1.8 million). € 1.2 million (2012: € 1.4 million) of which accounted for the auditing of the annual accounts, € 0.2 million (2012: € 0.1 million) for other auditing services and € 0.1 million (2012: € 0.3 million) for other services.

Miscellaneous

Other Financial Obligations

NRW.BANK has long-term obligations in the amount of € 127.4 million up to the end of the contractual term. These include obligations in the amount of € 0.2 million with a remaining term of up to one year, obligations in the amount of € 2.4 million with a remaining term of up to three years, obligations in the amount of € 3.6 million with a remaining term of up to five years as well as obligations in the amount of € 121.2 million with a remaining term of more than five years. In addition, there are other financial obligations with an indefinite remaining term in the amount of € 2.0 million. Other financial obligations primarily result from rental, maintenance and IT service agreements.

There is an obligation to make additional contributions in the amount of € 8.0 million (2012: € 8.0 million) to the European Investment Fund.

Other Obligations

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

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

Deposit Insurance

The state bank of the State of North Rhine-Westphalia became the development bank for North Rhine-Westphalia and was renamed NRW.BANK pursuant to the "Act on the Reorganisation of the State Bank of the State of North Rhine-Westphalia into the Development Bank of North Rhine-Westphalia and on the Amendment of Other Laws" (Gesetz zur Umstrukturierung der Landesbank Nordrhein-Westfalen zur Förderbank des Landes Nordrhein-Westfalen und zur Änderung anderer Gesetze). Owing to these developments, as of January 1, 2005 NRW.BANK was made a member of the compensation scheme of the Association of German Public Sector Banks in Berlin (VÖB Entschädigungseinrichtung) by order of the Federal Financial Supervisory Authority (BaFin).

Derivative Transactions

As of December 31, 2013, the total nominal value of derivative transactions was € 186,781 million (2012: € 195,173 million).

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

Banking book	Nominal values		Market values positive	Market values negative
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
Interest rate risks				
Interest rate swaps	152,357	140,036	5,818	-9,002
Interest rate options				
– bought (long)	2,145	4,378	248	–
– written (short)	2,816	5,228	–	-188
Caps, floors	–	–	–	–
Stock market contracts				
– bought (long)	–	17	–	0
– written (short)	–	35	0	–
Forward rate agreements	–	–	–	–
Other interest rate forwards	423	275	–	-14
Total interest rate risks	157,741	149,969	6,066	-9,204
Currency risks				
Foreign exchange forwards, swaps	7,208	7,362	5	-59
Currency swaps/ interest rate currency swaps	12,179	11,974	173	-951
Total currency risks	19,387	19,336	178	-1,010
Credit derivatives				
– bought (long) ¹⁾	1,445	899	14	-23
– written (short) ²⁾	16,515	14,690	62	-218
Total credit derivatives	17,960	15,589	76	-241
Total banking book	195,088	184,894	6,320	-10,455

¹⁾ includes € 250 million (2012: € 260 million) in embedded derivative instruments which have to be separated (HFA 22)

²⁾ includes € 353 million (2012: € 362 million) in embedded derivative instruments which have to be separated (HFA 22)

Trading book	Nominal values		Market values positive	Market values negative
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
Interest rate risks				
Interest rate swaps	81	352	0	0
Interest rate options	-	-	-	-
Stock market contracts				
– bought (long)	4	725	0	-
– written (short)	-	810	1	0
Forward rate agreements	-	-	-	-
Other interest rate forwards	-	-	-	-
Total interest rate risks	85	1,887	1	0
Total currency risks	-	-	-	-
Total credit derivatives	-	-	-	-
Total trading book	85	1,887	1	0

Banking book and trading book	Nominal values		Market values positive	Market values negative
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
Total interest rate risks	157,826	151,856	6,067	-9,204
Total currency risks	19,387	19,336	178	-1,010
Total credit derivatives	17,960	15,589	76	-241
Total banking book and trading book	195,173	186,781	6,321	-10,455

The presentation of derivative transactions also reflects embedded derivative instruments that have to be separated of a nominal value of € 5,739 million (2012: € 3,325 million). The item also includes interest rate derivatives from a hedge relationship as defined in Section 254 HGB with a nominal volume of € 442 million (2012: € 440 million) with positive market values of € 1 million (2012: € 0 million) and with negative market values of € -10 million (2012: € -19 million).

The average nominal value of the derivative transactions and other forward transactions entered into by NRW.BANK for the period from January 1, 2013 to December 31, 2013 was € 202,070 million (2012: € 216,632 million).

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

To the extent available, market prices are used for valuing the derivative financial instruments. If 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 shown under 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:

Banking book	Nominal values		Market values positive	Market values negative
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
OECD banks	168,557	170,698	5,353	-8,827
Non-OECD banks	-	-	-	-
OECD public-sector entities	13,794	11,554	888	-1,558
Other counterparties	12,737	2,642	79	-70
Total banking book	195,088	184,894	6,320	-10,455

Trading book	Nominal values		Market values positive	Market values negative
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
OECD banks	85	398	1	0
Non-OECD banks	-	-	-	-
OECD public-sector entities	-	-	-	-
Other counterparties	-	1,489	0	0
Total trading book	85	1,887	1	0

Banking book and trading book	Nominal values		Market values positive	Market values negative
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions
Total banking book and trading book	195,173	186,781	6,321	-10,455

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

The interest rate contracts are spread across the entire spectrum of maturities, with approx. 46% (2012: 43%) of the interest rate contracts having a remaining time to maturity of more than five years.

Banking book	Interest rate risks		Currency risks		Credit derivatives	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
Residual maturity						
– up to 3 months	9,747	6,389	7,570	7,513	777	285
– more than 3 months to 1 year	17,058	13,964	2,618	1,998	763	676
– more than 1 to 5 years	63,165	60,476	6,560	7,452	11,122	12,936
– more than 5 years	67,771	69,140	2,639	2,373	5,298	1,692
Total banking book	157,741	149,969	19,387	19,336	17,960	15,589

Trading book	Interest rate risks		Currency risks		Credit derivatives	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
Residual maturity						
– up to 3 months	4	274	–	–	–	–
– more than 3 months to 1 year	0	888	–	–	–	–
– more than 1 to 5 years	11	725	–	–	–	–
– more than 5 years	70	0	–	–	–	–
Total trading book	85	1,887	–	–	–	–

Banking book and trading book	Interest rate risks		Currency risks		Credit derivatives	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
	€ millions	€ millions	€ millions	€ millions	€ millions	€ millions
Total banking book and trading book	157,826	151,856	19,387	19,336	17,960	15,589

Number of Employees

The average number of female staff employed by NRW.BANK in 2013 was 704 (2012: 695), and the average number of male staff, including the Managing Board, employed over the year was 620 (2012: 629). At the end of the year, there were 1,201 (2012: 1,198) active employees and 55 (2012: 60) trainees/apprentices, which results in a total headcount of 1,256 (2012: 1,258).

Managing Board Remuneration

Non-performance-linked and performance-linked components of the Managing Board remuneration paid in 2013 and 2012:

In € thsd.	Fixed remuneration		Variable remuneration ¹⁾		Other remuneration ²⁾		Total remuneration ¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012
Dietmar P. Binkowska	703.5	703.5	83.7	33.4	36.2	28.6	823.4	765.5
Klaus Neuhaus	476.0	476.0	66.0	26.4	28.9	27.8	570.9	530.2
Michael Stölting	465.0	455.5	66.0	26.4	42.4	36.2	573.4	518.1
Dietrich Suhlrie	468.7	456.0	66.0	26.4	15.8	15.4	550.5	497.8
Total Managing Board	2,113.2	2,091.0	281.7	112.6	123.3	108.0	2,518.2	2,311.6

¹⁾ Variable remuneration for 2012 and 2013 is not fully comparable, as shares retained from prior year bonuses were paid out for the first time in 2013.

²⁾ Other taxable, non-performance-linked non-monetary benefits – in particular benefit in money's worth from the use of a company car, partly with driver.

Benefits from third parties for mandates fulfilled were received by two Managing Board members in the fiscal year: Mr Binkowska received an amount of € 112.5 thousand and Mr Stölting received an amount of € 72.7 thousand.

Breakdown of the variable Managing Board remuneration granted in 2013 into components paid-out immediately and components retained over several years:

In € thsd.	Variable remuneration granted in 2013	thereof retained	thereof paid out in 2013	Reduction pursuant to Section 5 para. 2 No. 6 InstitutsVergV
Dietmar P. Binkowska	168.0	134.4	33.6	0
Klaus Neuhaus	132.0	105.6	26.4	0
Michael Stölting	132.0	105.6	26.4	0
Dietrich Suhlrie	132.0	105.6	26.4	0
Total Managing Board	564.0	451.2	112.8	0

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

In case of a premature resignation not attributable to an extraordinary termination for serious cause, the Managing Board members will receive the agreed remuneration until the end of their contractual term. Thereafter, they receive an early pension based on the pension that would be paid in case of invalidity until they reach the age of retirement.

The members of the Managing Board are entitled to pension benefits as they reach the age of retirement or in case of invalidity. In the event of their death their dependants are also entitled to benefits. All commitments are contractually unforfeitable or unforfeitable by law because of the number of years served. Mr Binkowska

is entitled to a fixed pension taking into account pension payments from the public pension system. As a result of their previous employments, Mr Neuhaus and Mr Stölting have entitlements to civil-service-type pensions taking into account entitlements from the public pension scheme as well as entitlements under a pension enhancement policy. Mr Suhlrie benefits 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 him, into which annual pension components are paid.

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

In € thsd.	Expenses ¹⁾		Present value of the obligation ²⁾	
	2013	2012	2013	2012
Dietmar P. Binkowska	627.9 ³⁾	385.5	2,990.4	2,362.5
Klaus Neuhaus	297.7	273.6	4,468.9	4,171.1
Michael Stölting	243.1	237.8	2,434.5	2,191.5
Dietrich Suhlrie	213.6	198.1	711.8	498.2
Total Managing Board	1,382.3	1,095.0	10,605.6	9,223.3

¹⁾ The expenses shown here comprise personnel and interest expenses. In particular, they comprise the portion of the interest expenses that results from the change in the interest rate used for calculation (reduced from 5.05% on December 31, 2012 to 4.89% on December 31, 2013).

²⁾ Where applicable, incl. values transferred by previous employers.

³⁾ Expenses have increased – because of the contract renewal – due to an actuarial effect.

In the fiscal year 2013, there were no changes in the commitments for old-age/invalidity and dependants' pension for the Managing Board members of NRW.BANK.

Payments to and present values of the old-age benefits of retired and resigned Managing Board members:

In € thsd.	Payments		Present value of the obligation ¹⁾	
	2013	2012	2013	2012
Former Managing Board members	527.4	528.7	11,205.9	11,057.6

¹⁾ Where applicable, incl. values transferred by previous employers.

As no member of the Managing Board resigned in 2013, no commitments or payments were made in conjunction with a resignation.

Remuneration of the Members of the Supervisory Board and its Committees, the Board of Guarantors as well as the Advisory Board

The tables below show the remuneration of the members of the Supervisory Board and its committees, the Board of Guarantors 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 Supervisory Board and Its Committees

	Total remuneration		Total remuneration
	€		€
Members Pursuant to Section 12 Para. 1 Letters a to c of the Statutes		Permanent Representatives Pursuant to Section 12 Para. 2 of the Statutes	
Garrelt Duin Minister for Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	26,300	Dieter Krell (until February 28, 2013) Assistant Secretary Ministry of Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	3,333
Michael Groschek Minister for Building, Housing, City Development and Transport of the State of North Rhine-Westphalia	15,100	Wulf Noll (since March 1, 2013) Assistant Secretary Ministry of Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	20,267
Dr. Norbert Walter-Borjans Minister of Finance of the State of North Rhine-Westphalia	26,600	Annett Fischer Assistant Secretary Ministry for Building, Housing, City Development and Transport of the State of North Rhine-Westphalia	12,400
		Gerhard Heiligenberg Assistant Secretary Ministry of Finance of the State of North Rhine-Westphalia	23,300
Members Pursuant to Section 12 Para. 1 Letter d of the Statutes		Members Pursuant to Section 12 Para. 1 Letter e of the Statutes	
Horst Becker, MdL Parliamentary State Secretary Ministry for Climate Protection, Environment, Agriculture, Conservation and Consumer Affairs of the State of North Rhine-Westphalia	5,600	Iris Aichinger (until June 30, 2013) Staff representative NRW.BANK Düsseldorf	6,200
Lutz Lienenkämper, MdL Parliamentary Director of the CDU Parliamentary Group NRW State Assembly of North Rhine-Westphalia	18,300	Martin Bösenberg Staff representative NRW.BANK Münster	18,000
Johannes Rimmel Minister for Climate Protection, Environment, Agriculture, Conservation and Consumer Affairs of the State of North Rhine-Westphalia	18,300	Matthias Elzinga (since July 1, 2013) Staff representative NRW.BANK Münster	5,900
Norbert Römer, MdL Chairman of the SPD Parliamentary Group NRW State Assembly of North Rhine-Westphalia	17,700	Frank Lill Staff representative NRW.BANK Düsseldorf	16,600
Svenja Schulze, MdL Minister for Innovation, Science and Research of the State of North Rhine-Westphalia	17,400	Thomas Stausberg (since July 1, 2013) Director NRW.BANK Düsseldorf	9,600
		Michael Tellmann (until June 30, 2013) Staff representative NRW.BANK Düsseldorf	9,000

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 remuneration for members of the Supervisory Board joining or leaving the company in the course of 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 Board of Guarantors

	Total remuneration		Total remuneration
	€		€
Members Pursuant to Section 8 Para. 1 Letters a to c of the Statutes		Members Pursuant to Section 8 Para. 1 Letter d of the Statutes	
Garrelt Duin Minister for Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	5,000	Sylvia Löhrmann Minister for School and Further Education of the State of North Rhine-Westphalia	5,300
Michael Groschek Minister for Building, Housing, City Development and Transport of the State of North Rhine-Westphalia	5,600	Dr. Rüdiger Messal State Secretary Ministry of Finance of the State of North Rhine-Westphalia	5,300
Dr. Norbert Walter-Borjans Minister of Finance of the State of North Rhine-Westphalia	5,000	Udo Paschedag (until February 22, 2013) State Secretary Ministry for Climate Protection, Environment, Agriculture, Conservation and Consumer Affairs of the State of North Rhine-Westphalia	833
Members Pursuant to Section 8 Para. 1 Letter d of the Statutes		Dr. Wilhelm D. Schäffer State Secretary Ministry of Work, Social Integration and Welfare of the State of North Rhine-Westphalia	5,300
Helmut Dockter State Secretary Ministry of Innovation, Science and Research of the State of North Rhine-Westphalia	5,600	Permanent guests	
Dr. Günther Horzetzky State Secretary Ministry of Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	5,000	Martin Bösenberg (since July 1, 2013) Staff representative NRW.BANK Münster	300
Peter Knitsch (since March 7, 2013) State Secretary Ministry for Climate Protection, Environment, Agriculture, Conservation and Consumer Affairs of the State of North Rhine-Westphalia	4,767	Frank Lill Staff representative NRW.BANK Düsseldorf	600
Thomas Kutschaty, MdL Minister of Justice of the State of North Rhine-Westphalia	5,600	Michael Tellmann (until June 30, 2013) Staff representative NRW.BANK Düsseldorf	300
Franz-Josef Lersch-Mense Cabinet Secretary Head of the Premier's Department of the State of North Rhine-Westphalia	5,600		

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 remuneration for members of the Board of Guarantors joining or leaving the company in the course of 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		Total remuneration
	€		€
Members Pursuant to Section 23 of the Statutes		Members Pursuant to Section 23 of the Statutes	
Garrelt Duin Minister for Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	2,000	Prof. Dr. Reinhard Klenke District President Münster Regional Government	2,000
Michael Ackermann Managing Director Klinikum Bielefeld gem. GmbH	2,000	Norbert Kleyboldt Permanent Delegate of the Apostolic Administrator of Bischöfliches Generalvikariat Münster	2,000
Prof. Dr. Achim Bachem Chairman of the Managing Board Forschungszentrum Jülich GmbH	2,000	Thomas Kubendorff (until March 31, 2013) District Administrator Vice President Landkreistag Nordrhein-Westfalen e. V.	500
Frank Baranowski Lord Mayor City of Gelsenkirchen	2,000	Dr. Thomas A. Lange Chairman of the Managing Board Bankenvereinigung Nordrhein-Westfalen e. V.	2,000
Paul Bauwens-Adenauer President Chamber of Industry and Commerce in North Rhine-Westphalia	0	Markus Lewe Lord Mayor City of Münster	2,000
Werner Böhnke (until October 31, 2013) Member of the Supervisory Board WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank	1,667	Ulrike Lubek Director of LVR Regional Association of the Rhineland	2,000
Prof. Dr. Gerd Bollermann District President Arnsberg Regional Government	2,000	Wolfgang Lubert Managing Director EnjoyVenture Management GmbH	2,000
Michael Breuer President Savings Banks and Giro Association of the Rhineland	2,000	Anne Lütkes District President Düsseldorf Regional Government	2,000
Norbert Bude Lord Mayor Chairman Städtetag Nordrhein-Westfalen	2,000	Andreas Meyer-Lauber District Chairman Deutscher Gewerkschaftsbund NRW	2,000
Heinrich Otto Deichmann Chairman of the Supervisory Board Deichmann SE	2,000	Dr. Paul-Josef Patt Chairman of the Managing Board eCAPITAL entrepreneurial Partners AG	2,000
Andreas Feicht (since April 1, 2013) Chairman Verband kommunaler Unternehmen e. V. – Regional Group North Rhine-Westphalia –	1,500	Jürgen Roters Lord Mayor City of Cologne	2,000
Marcelino Fernández Verdes (since April 1, 2013) Chairman of the Executive Board HOCHTIEF AG	1,500	Roland Schäfer (since January 1, 2013) Mayor President Städte- und Gemeindebund Nordrhein-Westfalen	2,000

	Total remuneration		Total remuneration
	€		€
Members Pursuant to Section 23 of the Statutes		Members Pursuant to Section 23 of the Statutes	
Dr. Reinhold Festge Managing Partner HAVER & BOECKER OHG Drahtweberei und Maschinenfabrik	2,000	Prof. Dr. Uwe Schneidewind President and Academic Managing Director Wuppertaler Institut für Klima, Umwelt, Energie GmbH	2,000
Heinz Fiege FIEGE Logistik Holding Stiftung & Co. KG	2,000	Dr. Ottilie Scholz Lord Mayor City of Bochum	2,000
Otto Rudolf Fuchs Shareholder Otto Fuchs KG	1,000	Prof. Wolfgang Schulhoff President Düsseldorf Chamber of Handicrafts	2,000
Prof. Dr. Ursula Gather Chairwoman of the Directors Conference of the Universities in North Rhine-Westphalia	2,000	Dr. Jochen Stemplewski Chairman of the Managing Board EMSCHERGENOSSENSCHAFT und LIPPEVERBAND	2,000
Dieter Gebhard Chairman Regional Assembly of Westphalia-Lippe	2,000	Peter Terium Chairman of the Managing Board RWE AG	2,000
Dr. Rolf Gerlach President Savings Banks and Giro Association of Westphalia-Lippe	2,000	Marianne Thomann-Stahl District President Detmold Regional Government	2,000
Günter Gressler (until June 30, 2013) Director General 3M Deutschland GmbH	1,000	Reza Vaziri (since November 1, 2013) Managing Director 3M Deutschland GmbH	333
Dr. Axel Claus Heitmann Chairman of the Managing Board LANXESS AG	2,000	Hans-Josef Vogel Mayor City of Arnsberg	2,000
Thomas Hendele (since April 1, 2013) District Administrator President Landkreistag Nordrhein-Westfalen e. V.	1,500	Gisela Walsken District President Cologne Regional Government	2,000
Thomas Hunsteger-Petermann Lord Mayor City of Hamm	2,000	Prof. Dr. Jürgen Wilhelm Chairman Regional Assembly of the Rhineland	2,000
Arndt G. Kirchhoff Managing Partner KIRCHHOFF Holding GmbH & Co. KG	2,000	Klaus Winterhoff Legal Vice President Evangelical Church of Westphalia – Das Landeskirchenamt –	2,000
Dr. Wolfgang Kirsch Director of LWL Regional Association of Westphalia-Lippe	2,000	Hans-Bernd Wolberg (since November 1, 2013) Chairman of the Managing Board WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank	333
Dipl.-Ing. Hanspeter Klein Chairman of the Managing Board Verband Freier Berufe im Lande Nordrhein-Westfalen e. V.	2,000		

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 remuneration for members of the Advisory Board joining or leaving the company in the course of 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 Parliamentary Advisory Council of NRW.BANK

	Total remuneration		Total remuneration
	€		€
Members Pursuant to Section 24 of the Statutes		Members Pursuant to Section 24 of the Statutes	
Elisabeth Müller-Witt, MdL (since May 15, 2013) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125	Dr. Marcus Optendrenk, MdL (since May 15, 2013) Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	125
Mehrdad Mostofizadeh, MdL (since May 15, 2013) Member of the Bündnis 90/Die Grünen Parliamentary Group State Assembly of North Rhine-Westphalia	125	Dietmar Schulz, MdL (since December 18, 2013) Member of the Piraten Parliamentary Group State Assembly of North Rhine-Westphalia	0
Martin Börschel, MdL (since May 15, 2013) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125	Robert Stein, MdL (since May 15, 2013) (until December 18, 2013) Member of the Piraten Parliamentary Group (left in September 2013) State Assembly of North Rhine-Westphalia	0
Marc Herter, MdL (since May 15, 2013) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125	Ralf Witzel, MdL (since May 15, 2013) Member of the FDP Parliamentary Group State Assembly of North Rhine-Westphalia	125
Stefan Kämmerling, MdL (since May 15, 2013) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125	Hendrik Wüst, MdL (since May 15, 2013) Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	0
Gerda Kieninger, MdL (since May 15, 2013) Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	125	Gudrun Zentis, MdL (since May 15, 2013) Member of the Bündnis 90/Die Grünen Parliamentary Group State Assembly of North Rhine-Westphalia	125
Christian Möbius, MdL (since May 15, 2013) 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. The remuneration for members of the Parliamentary Advisory Council joining or leaving the company in the course of 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		Total remuneration
	€		€
Members Pursuant to Section 21 Para. 1 Letter a of the Statutes		Members Pursuant to Section 21 Para. 1 Letter c of the Statutes	
Michael Groschek Minister for Building, Housing, City Development and Transport of the State of North Rhine-Westphalia	3,600	Eva-Maria Voigt-Küppers, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Members Pursuant to Section 21 Para. 1 Letter b of the Statutes		Klaus Voussem, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Günther Bongartz Senior Principal Ministry of Finance of the State of North Rhine-Westphalia	3,300	Olaf Wegner, MdL Member of the Piraten Parliamentary Group State Assembly of North Rhine-Westphalia	3,600
Dr. Michael Henze Assistant Secretary Ministry for Economic Affairs, Energy and Industry of the State of North Rhine-Westphalia	3,300	Members Pursuant to Section 21 Para. 1 Letter d of the Statutes	
Hans Lauf Assistant Secretary Ministry of Work, Social Integration and Welfare of the State of North Rhine-Westphalia	3,600	Ingo Apel Vice President Haus & Grund Nordrhein-Westfalen e. V.	3,600
Members Pursuant to Section 21 Para. 1 Letter c of the Statutes		Dr. Werner Küpper BFW Landesverband Nordrhein-Westfalen e. V.	3,600
Martin Börschel, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,300	Alexander Rychter Association Director Verband der Wohnungswirtschaft Rheinland Westfalen e. V.	3,600
Holger Ellerbrock, MdL Member of the FDP Parliamentary Group State Assembly of North Rhine-Westphalia	3,600	Members Pursuant to Section 21 Para. 1 Letter e of the Statutes	
Dieter Hilser, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,600	Rudolf Graaff Deputy Mayor Städte- und Gemeindebund Nordrhein-Westfalen	3,600
Gerda Kieninger, MdL Member of the SPD Parliamentary Group State Assembly of North Rhine-Westphalia	3,600	Thomas Hendele District Administrator Kreis Mettmann	3,300
Bernhard Schemmer, MdL Member of the CDU Parliamentary Group State Assembly of North Rhine-Westphalia	3,600	Stefan Raetz Mayor City of Rheinbach	3,600
Daniela Schneckenburger, MdL Deputy Chairwoman of the Bündnis 90/Die Grünen Parliamentary Group State Assembly of North Rhine-Westphalia	3,600	Hilmar von Lojewski Deputy Mayor for Urban Development, Construction, Housing and Transport Städtetag Nordrhein-Westfalen	3,300

	Total remuneration		Total remuneration
	€		€
Members Pursuant to Section 21 Para. 1 Letter f of the Statutes		Permanent Representative of the Chairing Member Pursuant to Section 21 Para. 2 of the Statutes	
Hans-Jochem Witzke 1st Chairman Mieterverein Düsseldorf e.V. and Member of the Board of Deutscher Mieterbund Nordrhein-Westfalen e.V.	3,600	Sigrid Koeppinghoff (since January 15, 2013) Assistant Secretary Ministry for Building, Housing, City Development and Transport of the State of North Rhine-Westphalia	3,600
Members Pursuant to Section 21 Para. 1 Letter g of the Statutes			
Dipl.-Ing. Hartmut Miksch (since April 4, 2013) (until January 14, 2014) President (retired) Architektenkammer Nordrhein-Westfalen	2,550		
Dipl.-Ing. Ernst Uhing (since January 14, 2014) President Architektenkammer Nordrhein-Westfalen	0		

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 remuneration for members of the Advisory Board for Housing Promotion joining or leaving the company in the course of 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.

Advances and Loans

For members of the Supervisory Board of NRW.BANK loans totalling € 75 thousand (2012: € 28 thousand) exist whose interest rates range from 0% to 5.57%.

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

Seats Held by Members of the Managing Board

Dietmar P. Binkowska

Galeria Kaufhof GmbH
InCity Immobilien AG (until December 31, 2013)
Investitionsbank des Landes Brandenburg (ILB)
Portigon AG
Fiege Logistik (Schweiz) AG

Michael Stölting

Investitionsbank des Landes Brandenburg (ILB)
Erste Abwicklungsanstalt

Seats Held by Employees

Christiane Jansen

Investitionsbank des Landes Brandenburg (ILB)

Dr. Peter Güllmann

Investitionsbank des Landes Brandenburg (ILB)

Disclosure Pursuant to Section 26a Para. 1 Sentence 2 KWG in conjunction with Section 64r Para. 15 Sentence 1 KWG

NRW.BANK has dual head offices in Düsseldorf and Münster and has no branches performing banking activities outside the Federal Republic of Germany. All figures in the financial statements as defined in Section 26a para. 1 sentence 2 KWG therefore relate exclusively to the Federal Republic of Germany.

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 %	Equity in € thsd,	Net income/loss for the year in € thsd,	As at
1 Equity investments in affiliated companies					
1.1 Other companies					
Bremer Spielcasino GmbH & Co. KG, Bremen	D/I	51.00%	94	-857	Dec. 31, 2012
Casino Duisburg GmbH & Co. KG, Duisburg	I	100.00%	10,000	2,941	Dec. 31, 2012
Casino Erfurt GmbH & Co. KG, Erfurt	I	100.00%	-786	-501	Dec. 31, 2012
Life Science Inkubator Betriebs GmbH & Co. KG, Bonn	I	95.00%	348	-28	Dec. 31, 2012
Life Science Inkubator Sachsen GmbH & Co. KG, Dresden	I	100.00%			Dec. 31, 2013
LSI Pre-Seed-Fonds GmbH, Bonn	D	65.79%	6,630	-486	Dec. 31, 2012
Neue Deutsche Spielcasino GmbH & Co. KG, Berlin	I	100.00%	62	-157	Dec. 31, 2012
Nordwestlotto in Nordrhein-Westfalen GmbH, Münster	D	100.00%	156	0	Dec. 31, 2012
NRW.BANK.Kreativwirtschaftsfonds Beteiligungs-GmbH, Düsseldorf	D	100.00%	35	3	Dec. 31, 2012
NRW.BANK.Kreativwirtschaftsfonds GmbH & Co. KG, Düsseldorf	D	100.00%	2,614	-1,538	Dec. 31, 2012
NRW.BANK.Mittelstandsfonds Beteiligungs-GmbH, Düsseldorf	D	100.00%	25	0	Dec. 31, 2012
NRW.BANK.Mittelstandsfonds GmbH & Co. KG, Düsseldorf	D	100.00%	47,118	9,720	Dec. 31, 2012
NRW.BANK.Seed Fonds Beteiligungs-GmbH, Düsseldorf	D	100.00%	38	5	Dec. 31, 2012
NRW.BANK.Seed Fonds GmbH & Co. KG, Düsseldorf	D	100.00%	10,012	-3,512	Dec. 31, 2012
NRW.BANK.Seed Fonds Zwei GmbH & Co. KG, Düsseldorf	D	100.00%	418	-120	Dec. 31, 2012
NRW.BANK.Spezialfonds Beteiligungs-GmbH, Düsseldorf	D	100.00%	27	2	Dec. 31, 2012
NRW.BANK.Spezialfonds GmbH & Co. KG, Düsseldorf	D	100.00%	-7	-101	Dec. 31, 2012
NRW.BANK.Venture Fonds Beteiligungs-GmbH, Düsseldorf	D	100.00%	28	4	Dec. 31, 2012
NRW.BANK.Venture Fonds GmbH & Co. KG, Düsseldorf	D	100.00%	15,478	-4,326	Dec. 31, 2012
NRW.BANK.Venture Fonds Zwei GmbH & Co. KG, Düsseldorf	D	100.00%	11,807	-413	Dec. 31, 2012
Unterstützungseinrichtung GmbH der					
Westdeutsche Lotterie GmbH & Co. OHG, Münster	D/I	100.00%	26	0	Dec. 31, 2012
Westdeutsche Lotterie GmbH & Co. OHG, Münster	D	100.00%	99,364	17,241	Dec. 31, 2012
Westdeutsche Lotto-Vertriebs GmbH, Münster	I	100.00%	28	3	Dec. 31, 2012
Westdeutsche Spielbanken GmbH, Duisburg	D	100.00%	26	0	Dec. 31, 2012
Westdeutsche Spielbanken GmbH & Co. KG, Duisburg	D/I	100.00%	18,600	-10	Dec. 31, 2012
Westdeutsche Spielcasino Service GmbH, Duisburg	D	100.00%	9,525	0	Dec. 31, 2012

Name and head office of the company	Direct (D)/ Indirect (I)	Capital share %	Equity in € thsd,	Net income/loss for the year in € thsd,	As at
Westdeutsche Spielcasino Verwaltungs GmbH, Duisburg	I	100.00%	37	5	Dec. 31, 2012
WestEvent GmbH & Co. KG, Münster	D/I	100.00%	3,927	359	Dec. 31, 2012
WestSpiel Entertainment GmbH, Duisburg	I	100.00%	25	0	Dec. 31, 2012
2 Other equity investments					
2.1 Financial institutions					
Investitionsbank des Landes Brandenburg, Potsdam	D	50.00%	194,608	11,618	Dec. 31, 2012
Portigon AG, Düsseldorf	D	30.51%	2,359,000	-1,350,000	Dec. 31, 2012
2.2 Other companies					
abbino GmbH, Dortmund	I	35.15%	-2,239	-444	Mar. 3, 2011
AplaGen GmbH, Baesweiler	I	26.21%	-3,141	-2,015	Dec. 31, 2008
BGB Ges. Bankenkonsortium ZENIT GmbH, Mülheim	D	33.40%	2,304	18	Dec. 31, 2012
CAP-CMV GmbH, Köln	I	25.94%			Dec. 31, 2013
CellAct Pharma GmbH, Dortmund	I	38.15%	92	-638	Dec. 31, 2012
CEVEC Pharmaceuticals GmbH, Köln	I	25.59%	336	-3,122	Dec. 31, 2012
DIREVO Industrial Biotechnology GmbH, Köln	I	22.59%	1,170	-2,576	Dec. 31, 2012
ELS Fonds GmbH & Co. KG, Recklinghausen	I	32.30%	6,378	-310	Dec. 31, 2012
Epivios GmbH, Bonn	I	24.60%	1	-102	Dec. 31, 2012
Frimo Group GmbH, Lotte	I	49.00%	-9,708	227	Dec. 31, 2012
Gardeur Beteiligungs GmbH, Mönchengladbach	I	49.00%	-18,624	-7,358	Dec. 31, 2012
Gründerfonds Bielefeld-Ostwestfalen GmbH & Co. KG, Münster	I	38.42%	1,358	-132	Dec. 31, 2012
Gründerfonds Münsterland GmbH & Co. KG, Münster	I	37.81%	1,236	-180	Dec. 31, 2012
Kapitalbeteiligungsgesellschaft für die mittelständische					
Wirtschaft in NRW mbH, Neuss	D	49.63%	1,371	3	Dec. 31, 2012
Langendorf GmbH, Waltrop	I	37.00%			Dec. 31, 2013
Luxury Fashion Trade GmbH, Düsseldorf	I	20.26%	2,185	-488	Dec. 31, 2012
NRW.International GmbH, Düsseldorf	D	33.33%	20	-4	Dec. 31, 2012
ODS Oddset Deutschland Sportwetten GmbH, München	I	33.44%	4,357	-1,681	Dec. 31, 2012
Phenox GmbH, Bochum	I	27.61%	4,675	-58	Dec. 31, 2012
Reformhaus Bacher GmbH & Co. KG, Düsseldorf	I	45.00%	1,220	-285	Dec. 31, 2012
Rheinland Venture Capital GmbH & Co. KG, Köln	I	39.92%	3,365	-933	Dec. 31, 2012
saperatec GmbH, Bielefeld	I	23.49%	-98	-638	Dec. 31, 2012
Schnöring GmbH, Schalksmühle	I	39.00%	938	-105	Dec. 31, 2012
Scienion AG, Dortmund	I	23.50%	1,330	753	Dec. 31, 2012
Seed Capital Dortmund GmbH & Co. KG, Dortmund	I	46.51%	3,986	-1,279	Dec. 31, 2012
Seed Fonds für die Region Aachen GmbH & Co. KG, Aachen	I	46.95%	4,781	-856	Dec. 31, 2012
Seed Fonds II für die Region Aachen GmbH & Co. KG, Aachen	I	46.14%	866	-23	Dec. 31, 2012
Sirius Seedfonds Düsseldorf GmbH & Co. KG, Düsseldorf	I	44.61%	5,817	-2,174	Dec. 31, 2012
WINDTEST Grevenbroich GmbH, Hamburg	D	25.00%	272	132	Dec. 31, 2012

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

**Board of Guarantors/Supervisory Board/
Managing Board**

Board of Guarantors

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

Garrelt Duin

Chairman
Minister for Economic Affairs,
Energy and Industry
of the State of North Rhine-Westphalia
Düsseldorf

Michael Groschek

Deputy Chairman
Minister for Building, Housing,
City Development and Transport
of the State of North Rhine-Westphalia
Düsseldorf

Dr. Norbert Walter-Borjans

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

Members Appointed by the Board of Guarantors

Helmut Dockter

State Secretary
Ministry of Innovation, Science and Research
of the State of North Rhine-Westphalia
Düsseldorf

Dr. Günther Horzetzky

State Secretary
Ministry of Economic Affairs,
Energy and Industry
of the State of North Rhine-Westphalia
Düsseldorf

Peter Knitsch (since March 7, 2013)

State Secretary
Ministry for Climate Protection, Environment,
Agriculture, Conservation and Consumer Affairs
of the State of North Rhine-Westphalia
Düsseldorf

Thomas Kutschaty, MdL

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

Franz-Josef Lersch-Mense

Cabinet Secretary
Head of the Premier's Department
of the State of North Rhine-Westphalia
Düsseldorf

Sylvia Löhrmann

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

Dr. Rüdiger Messal

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

Udo Paschedag (until February 22, 2013)

State Secretary
Ministry for Climate Protection, Environment,
Agriculture, Conservation and Consumer Affairs
of the State of North Rhine-Westphalia
Düsseldorf

Dr. Wilhelm D. Schäffer

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

Supervisory Board

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

Garrelt Duin

Chairman
Minister for Economic Affairs,
Energy and Industry
of the State of North Rhine-Westphalia
Düsseldorf

Michael Groschek

Deputy Chairman
Minister for Building, Housing,
City Development and Transport
of the State of North Rhine-Westphalia
Düsseldorf

Dr. Norbert Walter-Borjans

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

Members Appointed by the Board of Guarantors**Horst Becker, MdL**

Parliamentary State Secretary
 Ministry for Climate Protection, Environment,
 Agriculture, Conservation and Consumer Affairs
 of the State of North Rhine-Westphalia
 Düsseldorf

Lutz Lienenkämper, MdL

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

Johannes Remmel

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

Norbert Römer, MdL

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

Svenja Schulze, MdL

Minister for Innovation, Science and Research
 of the State of North Rhine-Westphalia
 Düsseldorf

Representatives of the Bank's Staff**Iris Aichinger** (until June 30, 2013)

Staff representative
 NRW.BANK
 Düsseldorf

Martin Bösenberg

Staff representative
 NRW.BANK
 Münster

Matthias Elzinga (since July 1, 2013)

Staff representative
 NRW.BANK
 Münster

Frank Lill

Staff representative
 NRW.BANK
 Düsseldorf

Thomas Stausberg (since July 1, 2013)

Director
 NRW.BANK
 Düsseldorf

Michael Tellmann (until June 30, 2013)

Staff representative
 NRW.BANK
 Düsseldorf

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

Dieter Krell (until February 28, 2013)

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

Wulf Noll (since March 1, 2013)

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

Annett Fischer

Assistant Secretary
Ministry for Building, Housing,
City Development and Transport
of the State of North Rhine-Westphalia
Düsseldorf

Gerhard Heiligenberg

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

Managing Board

Dietmar P. Binkowska (Chairman)

Klaus Neuhaus

Michael Stölting

Dietrich Suhlrie

Düsseldorf/Münster, February 7, 2014

NRW.BANK

The Managing Board

Binkowska, Neuhaus, Stölting, Suhlrie

Cash Flow Statement

of NRW.BANK as of December 31, 2013

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. 2 (DRS 2), as supplemented by the bank-specific German Accounting Standard No. 2-10 (DRS 2-10).

	2013
	€ millions
1. Net income	
Reconciliation	16.7
2. Depreciation, write-downs and write-ups of claims, tangible and financial assets	-44.3
3. Changes in provisions	140.3
4. Changes in other non-cash items	213.3
5. Gain/loss on the sale of financial and tangible assets	
Losses	130.5
Gains	-226.0
6. Other adjustments	-483.0
7. Subtotal	-252.5
8. Changes in receivables	
a) from banks	-1,314.4
b) from customers	2,194.9
9. Changes in securities (with the exception of financial assets)	-76.5
10. Changes in other assets from operating activities	1,116.1
11. Changes in liabilities	
a) to banks	259.7
b) to customers	-705.9
12. Changes in certificated liabilities	-3,961.0
13. Changes in other liabilities from operating activities	411.5
14. Interest and dividends received	6,383.9
15. Interest paid	-5,687.7
16. Extraordinary cash received	0.0
17. Extraordinary cash disbursed	0.0
18. Income tax payments	-6.8
19. Cash flow from operating activities	-1,638.7

2013

	€ millions
20. Cash from the disposal of	
a) financial assets	1,905.8
b) tangible assets	0.3
21. Disbursements for investments in	
a) financial assets	-34.1
b) tangible assets	-2.4
22. Changes in cash from other investing activities	-1.1
23. Cash flow from investing activities	1,868.5
24. Cash from allocations to equity capital	90.3
25. Distributions on equity	
a) dividend payments	-18.6
b) other disbursements	0.0
26. Cash changes from other capital	-100.7
27. Cash flow from financing activities	-29.0
28. Cash and cash equivalents at the beginning of the period	430.7
29. Cash flow from operating activities	-1,638.7
30. Cash flow from investing activities	1,868.5
31. Cash flow from financing activities	-29.0
32. Other changes in cash and cash equivalents	0.0
33. Cash and cash equivalents at the end of the period	631.5

Equity Capital

	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, 2011	17,000.0	445.6	36.1	219.7	35.6	17,737.0
Distribution to the state of NRW					-35.6	-35.6
Compensation payments of the federal government for new promotion measures		91.7				91.7
Net income					18.6	18.6
Designated payout due to legal requirements					-18.6	-18.6
As of Dec. 31, 2012	17,000.0	537.3	36.1	219.7	0.0	17,793.1
Compensation payments of the federal government for new promotion measures		90.3				90.3
Net income					16.7	16.7
Designated payout due to legal requirements					-16.7	-16.7
As of Dec. 31, 2013	17,000.0	627.6	36.1	219.7	0.0	17,883.4

Reproduction of the Auditor's Report

We have issued the following unqualified Auditor's Report:

"Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement, the notes to the financial statements, the cash flow statement and the statement of changes in equity, together with the bookkeeping system, and the management report of the NRW.BANK, Duesseldorf and Muenster, for the business year from 1 January to 31 December 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the NRW.BANK and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements (and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the NRW.BANK in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the NRW.BANK's position and suitably presents the opportunities and risks of future development."

Düsseldorf, February 14, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bormann	Schulz
Wirtschaftsprüfer	Wirtschaftsprüfer

Responsibility Statement

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

Düsseldorf/Münster, February 7, 2014

NRW.BANK

The Managing Board



Dietmar P. Binkowska
Chairman of the Managing Board



Klaus Neuhaus
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

Members Pursuant to Section 21 Para. 1 Letter a of the Statute

Michael Groschek

Chairman
Minister for Building, Housing,
City Development and Transport
of the State of North Rhine-Westphalia
Düsseldorf

Members Pursuant to Section 21 Para. 1 Letter b of the Statute

Günther Bongartz

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

Dr. Michael Henze

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

Hans Lauf

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

Members Pursuant to Section 21 Para. 1 Letter c of the Statute

Martin Börschel, MdL

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

Holger Ellerbrock, MdL

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

Dieter Hilser, MdL

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

Gerda Kieninger, MdL

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

Bernhard Schemmer, MdL

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

Daniela Schneckenburger, MdL

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

Eva-Maria Voigt-Küppers, MdL

Member of the SPD 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

Olaf Wegner, MdL

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

**Members Pursuant to Section 21 Para. 1
Letter d of the Statute**

Ingo Apel

Vice President
Haus & Grund Nordrhein-Westfalen e. V.
Düsseldorf

Dr. Werner Küpper

BFW Landesverband Nordrhein-Westfalen e. V.
Bonn

Alexander Rychter

Association Director
Verband der Wohnungswirtschaft
Rheinland Westfalen e. V.
Düsseldorf

**Members Pursuant to Section 21 Para. 1
Letter e of the Statute**

Rudolf Graaff

Deputy Mayor
Städte- und Gemeindebund
Nordrhein-Westfalen
Düsseldorf

Thomas Hendele

District Administrator
Kreis Mettmann
Mettmann

Stefan Raetz

Mayor
City of Rheinbach
Rheinbach

Hilmar von Lojewski

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

**Members Pursuant to Section 21 Para. 1
Letter f of the Statute**

Hans-Jochem Witzke

1st Chairman Mieterverein Düsseldorf e. V. and
Member of the Board of Deutscher Mieterbund
Nordrhein-Westfalen e. V.
Düsseldorf

**Members Pursuant to Section 21 Para. 1
Letter g of the Statute**

Dipl.-Ing. Hartmut Miksch (since April 4, 2013)

(until January 14, 2014)
Retired President
Architektenkammer Nordrhein-Westfalen
Düsseldorf

Dipl.-Ing. Ernst Uhing (since January 14, 2014)

President
Architektenkammer Nordrhein-Westfalen
Düsseldorf

**Permanent Representatives of the Chairing Member
Pursuant to Section 21 Para. 2 of the Statute**

Sigrid Koeppinghoff (since January 15, 2013)

Assistant Secretary
Ministry for Building, Housing,
City Development and Transport
of the State of North Rhine-Westphalia
Düsseldorf

Members of the Parliamentary Advisory Board

Members Pursuant to Section 24 of the Statute

Elisabeth Müller-Witt, MdL (since May 15, 2013)
Chairwoman (since September 16, 2013)
Member of the SPD Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Mehrdad Mostofizadeh, MdL (since May 15, 2013)
Deputy Chairman (since September 16, 2013)
Member of the Bündnis 90/
Die Grünen Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Martin Börschel, MdL (since May 15, 2013)
Member of the SPD Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Marc Herter, MdL (since May 15, 2013)
Member of the SPD Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Stefan Kämmerling, MdL (since May 15, 2013)
Member of the SPD Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Gerda Kieninger, MdL (since May 15, 2013)
Member of the SPD Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Christian Möbius, MdL (since May 15, 2013)
Member of the CDU Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Dr. Marcus Optendrenk, MdL (since May 15, 2013)
Member of the CDU Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Dietmar Schulz, MdL (since December 18, 2013)
Member of the Piraten Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Robert Stein, MdL (since May 15, 2013)
(until December 18, 2013)
Member of the Piraten Parliamentary Group
(resigned 9/2013)
State Assembly of North Rhine-Westphalia
Düsseldorf

Ralf Witzel, MdL (since May 15, 2013)
Member of the FDP Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Hendrik Wüst, MdL (since May 15, 2013)
Member of the CDU Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Gudrun Zentis, MdL (since May 15, 2013)
Member of the Bündnis 90/Die Grünen
Parliamentary Group
State Assembly of North Rhine-Westphalia
Düsseldorf

Members of the Advisory Board

Members Pursuant to Section 23 of the Statute

Garrelt Duin

Chairman
Minister for Economic Affairs,
Energy and Industry
of the State of North Rhine-Westphalia
Düsseldorf

Michael Ackermann

Managing Director
Klinikum Bielefeld gem. GmbH
Bielefeld

Prof. Dr. Achim Bachem

Chairman of the Managing Board
Forschungszentrum Jülich GmbH
Jülich

Frank Baranowski

Lord Mayor
City of Gelsenkirchen
Gelsenkirchen

Paul Bauwens-Adenauer

President
Chamber of Industry and Commerce
in North Rhine-Westphalia
Düsseldorf

Werner Böhnke (until October 31, 2013)

Member of the Supervisory Board
WGZ BANK AG
Westdeutsche Genossenschafts-Zentralbank
Düsseldorf

Prof. Dr. Gerd Bollermann

District President
Arnsberg Regional Government
Arnsberg

Michael Breuer

President
Savings Banks and Giro Association
of the Rhineland
Düsseldorf

Norbert Bude

Lord Mayor and
Chairman
Städtetag Nordrhein-Westfalen
Düsseldorf

Heinrich Otto Deichmann

Chairman of the Supervisory Board
Deichmann SE
Essen

Andreas Feicht (since April 1, 2013)

Chairman
Verband kommunaler Unternehmen e. V.
– Regional Group North Rhine-Westphalia –
Cologne

Marcelino Fernández Verdes (since April 1, 2013)

Chairman of the Executive Board
HOCHTIEF AG
Essen

Dr. Reinhold Festge

Managing Partner
HAVER & BOECKER OHG
Drahtweberei und Maschinenfabrik
Oelde

Heinz Fiege

FIEGE Logistik Holding Stiftung & Co. KG
Greven

Otto Rudolf Fuchs

Shareholder
Otto Fuchs KG
Meinerzhagen

Prof. Dr. Ursula Gather

Chairwoman
Directors Conference
of the Universities in North Rhine-Westphalia
Dortmund

Dieter Gebhard

Chairman
Regional Assembly of Westphalia-Lippe
Münster

Dr. Rolf Gerlach

President
Savings Banks and Giro Association
of Westphalia-Lippe
Münster

Günter Gressler (until June 30, 2013)

Director General
3M Deutschland GmbH
Neuss

Dr. Axel Claus Heitmann

Chairman of the Managing Board
LANXESS AG
Leverkusen

Thomas Hendele (since April 1, 2013)

District Administrator and
President
Landkreistag Nordrhein-Westfalen e.V.
Düsseldorf

Thomas Hunsteger-Petermann

Lord Mayor
City of Hamm
Hamm

Arndt G. Kirchhoff

Managing Partner
KIRCHHOFF Holding GmbH & Co. KG
Iserlohn

Dr. Wolfgang Kirsch

Director of LWL
Regional Association of Westphalia-Lippe
Münster

Dipl.-Ing. Hanspeter Klein

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

Prof. Dr. Reinhard Klenke

District President
Münster Regional Government
Münster

Norbert Kleyboldt

Permanent Delegate
Apostolic Administrator of
Bischöfliches Generalvikariat
Münster

Thomas Kubendorff (until March 31, 2013)

District Administrator and
Vice President
Landkreistag Nordrhein-Westfalen e.V.
Düsseldorf

Dr. Thomas A. Lange

Chairman of the Managing Board
Bankenvereinigung Nordrhein-Westfalen e.V.
Düsseldorf

Markus Lewe

Lord Mayor
City of Münster
Münster

Ulrike Lubek

Director of LVR
Regional Association of the Rhineland
Cologne

Wolfgang Lubert

Managing Director
EnjoyVenture Management GmbH
Düsseldorf

Anne Lütkes

District President
Düsseldorf Regional Government
Düsseldorf

Andreas Meyer-Lauber

District Chairman
Deutscher Gewerkschaftsbund NRW
Düsseldorf

Dr. Paul-Josef Patt

Chairman of the Managing Board
eCAPITAL entrepreneurial Partners AG
Münster

Jürgen Roters

Lord Mayor
City of Cologne
Cologne

Roland Schäfer (since January 1, 2013)

Mayor and
President
Städte- und Gemeindebund Nordrhein-Westfalen
Düsseldorf

Prof. Dr. Uwe Schneidewind

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

Dr. Ottilie Scholz

Lord Mayor
City of Bochum
Bochum

Prof. Wolfgang Schulhoff

President
Düsseldorf Chamber of Handicrafts
Düsseldorf

Dr. Jochen Stemplewski

Chairman of the Managing Board
EMSCHERGENOSSENSCHAFT und LIPPEVERBAND
Essen/Dortmund

Peter Terium

Chairman of the Managing Board
RWE AG
Essen

Marianne Thomann-Stahl

District President
Detmold Regional Government
Detmold

Reza Vaziri (since November 1, 2013)

Chairman of the Executive Board
3M Deutschland GmbH
Neuss

Hans-Josef Vogel

Mayor
City of Arnsberg
Arnsberg

Gisela Walsken

District President
Cologne Regional Government
Cologne

Prof. Dr. Jürgen Wilhelm

Chairman
Regional Assembly of the Rhineland
Cologne

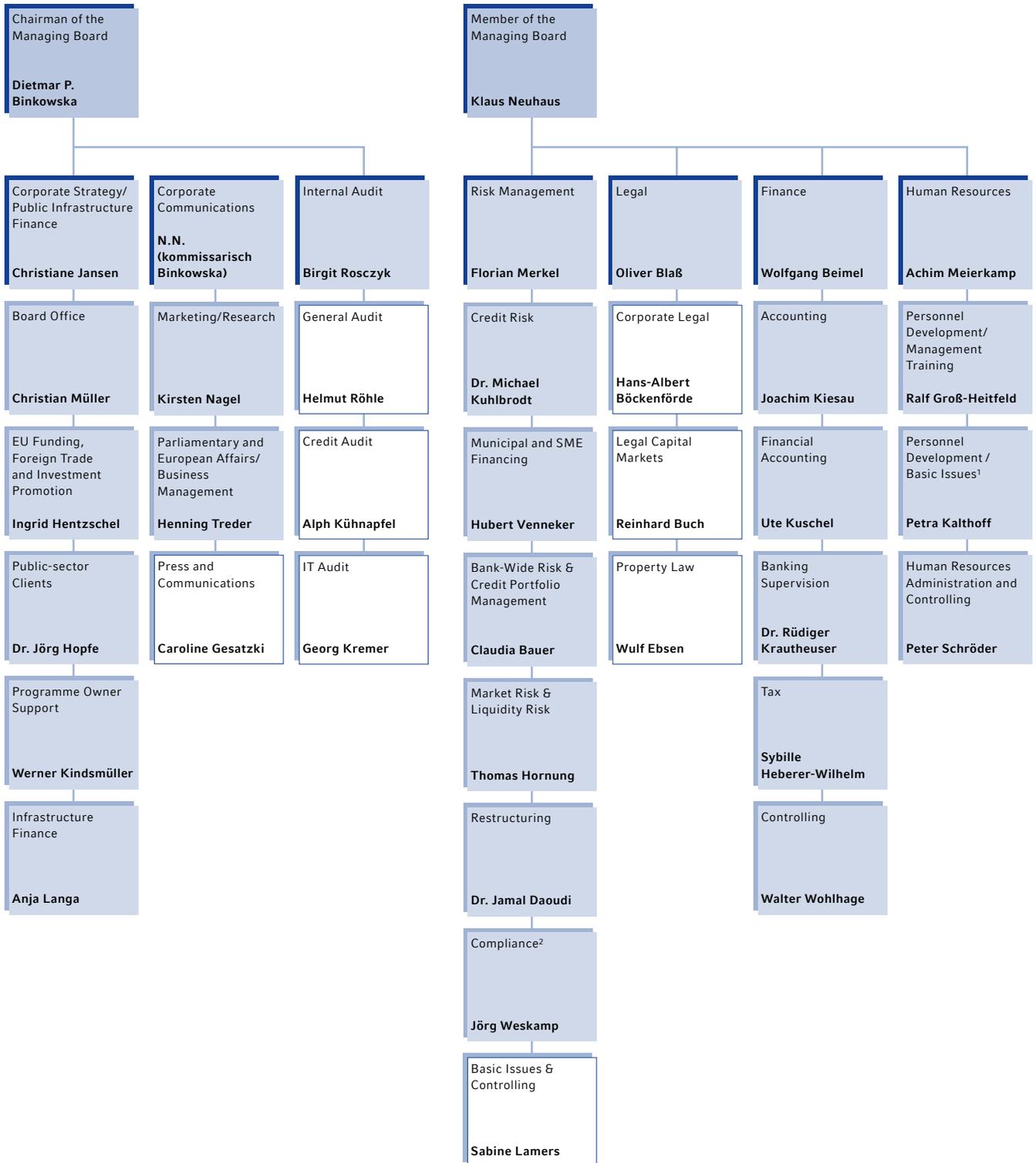
Klaus Winterhoff

Legal Vice President
Evangelical Church of Westphalia
Bielefeld

Hans-Bernd Wolberg (since November 1, 2013)

Chairman of the Managing Board
WGZ BANK AG
Westdeutsche Genossenschafts-Zentralbank
Düsseldorf

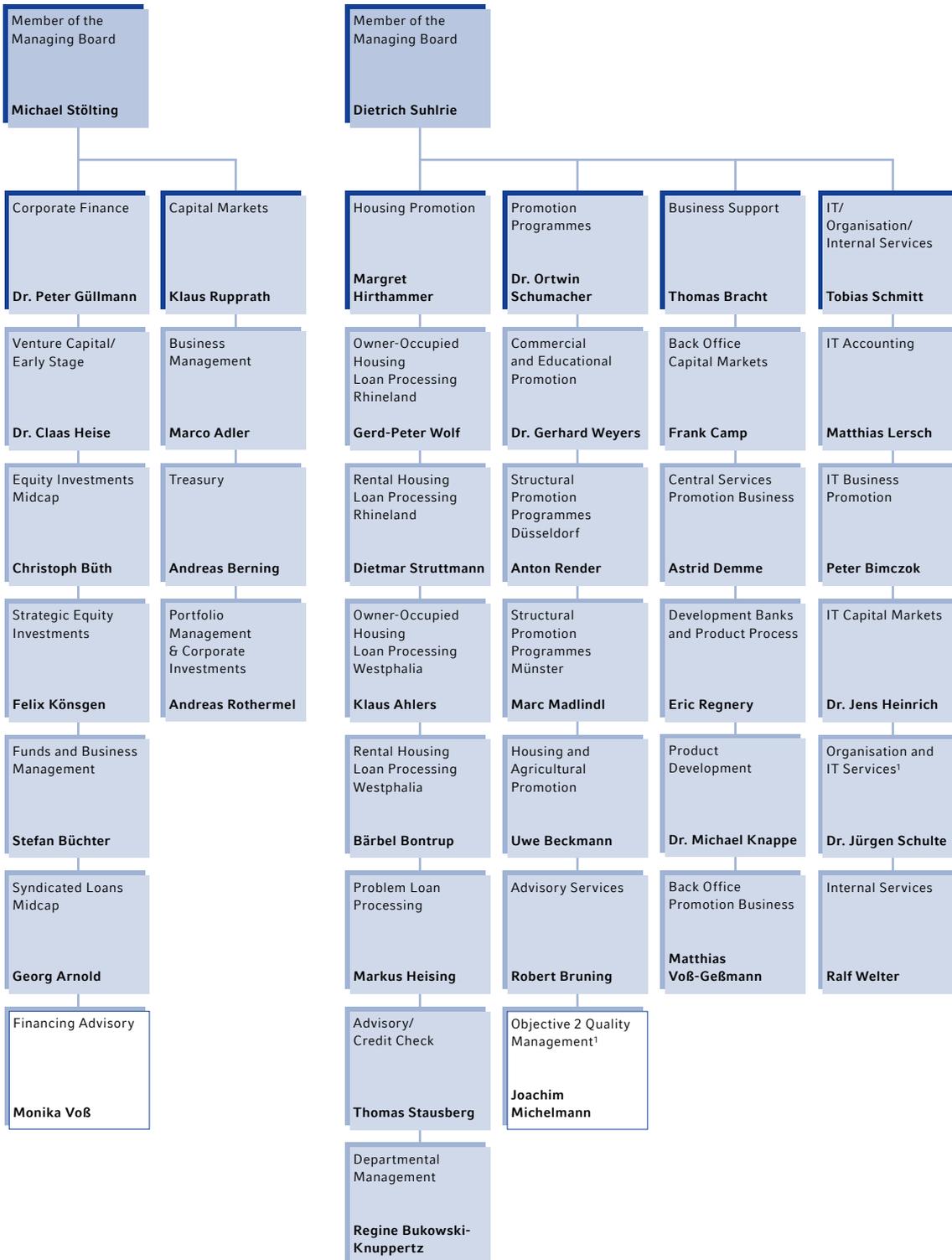
Organisation Chart



Department
 Unit
 Team with direct reporting line to the Department Head

¹ Occupational Safety Officer, Equal Opportunities Officer, Data Protection Officer and Objective 2 Quality Management 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 section 25c KWG (Jörg Weskamp), the WpHG Compliance Officer (Manfred Gorke) and the MaRisk Compliance Officer (Jörg Weskamp) report directly to the Managing Board and are bound by instructions only from the latter.



NRW.BANK at a Glance

NRW.BANK Facts

NRW.BANK Competition-neutral development bank of North Rhine-Westphalia operating according to the house bank principle; holds a full bank licence

Guarantors

- State of North Rhine-Westphalia (100%)

Liabilities/Guarantees

- Institutional liability
- Guarantor liability
- Explicit funding guarantee granted by the guarantors

Legal Status Public law bank

Head Offices Düsseldorf and Münster

Information Services of NRW.BANK

Initial advice and information on the promotion programmes:

NRW.BANK.Infoline

Phone +49 211 91741-4800

Fax +49 211 91741-7832

info@nrwbank.de

If you have more detailed questions about promotion and financing projects, the Service Centre will be pleased to put you in touch with the regionally responsible, specialist promotion advisor or other specialist partners.

For further advice, you may also contact:

EU and Foreign Trade & Investment Promotion

Phone +49 211 91741-4000

Fax +49 211 91742-6218

europa@nrwbank.de

Accounting Management – Public Sector Clients

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Fax +49 211 91741-2666

oeffentliche-kunden@nrwbank.de

Corporate Responsibility nachhaltigkeit@nrwbank.de

NRW.BANK

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Concept and Design,

Production and Typesetting

vE&K Werbeagentur GmbH & Co. KG,

Essen

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Woeste Druck + Verlag

GmbH & Co. KG, Essen-Kettwig

Financial Calendar 2014

March 17, 2014
September 19, 2014
November 28, 2014

Annual accounts press conference
Publication of the promotion result for the second quarter
Publication of the promotion result for the third quarter

Promotion Volumes

	2013	2012
	€ millions	€ millions
Housing & Living	4,840	5,297
Seed & Growth	2,925	2,845
Development & Protection	1,467	1,362
Total	9,232	9,504

Key Figures

	2013	2012
	€ millions	€ millions
Total assets	145,350	148,836
Equity capital pursuant to the German Commercial Code (HGB)	17,883	17,793
Equity capital	19,124	18,489
Net interest and net commission income	562	618
Administrative expenses	198	201
Operating income	401	445
Core capital ratio	44.02%	39.93%
Staff	1,256	1,258

Ratings

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

*Outlook for Germany and North Rhine-Westphalia applied to NRW.BANK due to close guarantee and support mechanisms.

Sustainability Ratings

	imug	oekom research	Sustainalytics
Rating	Positive	Prime	No. 72 of 350*

*Above the peer group average.



