

Report of the Supervisory Board

In compliance with the tasks imposed on it by the law, the Statutes and the Public Corporate Governance Code, the Supervisory Board monitored the proper conduct of the business and obtained regular reports on the latest business developments and the risk situation in the fiscal year 2018. It discussed and approved all transactions requiring its approval in accordance with legal or statutory provisions and addressed important matters of business policy in detail. In addition, the Supervisory Board repeatedly addressed digitisation issues as well as their effects on the Bank and the measures taken in this regard.

The Executive and Nomination Committee prepared the meetings of the Supervisory Board and the Board of Guarantors. In cooperation with the Managing Board, it developed and adopted a policy for long-term succession planning in accordance with Clause 5.1.8 of the Public Corporate Governance Code. It furthermore decided on the budget for the Bank's corporate citizenship activities.

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

The Risk Committee mainly assisted the Supervisory Board in monitoring the Bank's risk situation.

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

In accordance with regulatory requirements and the provisions in the Statutes, the Supervisory Board addressed the business, promotional and risk strategy for the years 2019 to 2022, which had previously been discussed by the Promotional Committee and the Risk Committee. The principles of the business, promotional and risk policies were submitted for approval to the

Board of Guarantors, which is the competent body under the Bank's Statutes. At its meeting on December 3, 2018, the Board of Guarantors approved the proposed strategy.

The Audit Committee mainly supervised the accounting process, the effectiveness of the risk management system and the performance of audit as well as the independence of the auditor. It also approved the non-audit services.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft carried out the audit of the financial statements for 2018 and the management report and issued an unqualified audit opinion.

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

At its meeting on March 18, 2019, the Supervisory Board approved the financial statements and the management report established by the Managing Board and proposed that the Board of Guarantors approve the financial statements for the year 2018.

The Non-Financial Report 2018 was submitted to a voluntary review by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and deemed lawful and appropriate in light of the result of the audit. As in the previous years, no consolidated financial statements were prepared for the year 2018, as the Bank is not obliged to do so under commercial law.

The Supervisory Board held four meetings in the fiscal year. Another 15 meetings were held by the Committees composed of the members of the Supervisory Board; the Executive and Nomination Committee held four meetings, the Risk Committee held four meetings, the Audit Committee held two meetings, the Promotional Committee held four meetings and the Remuneration Committee held one meeting. In exceptional cases, resolutions were passed by way of written votes.

Government control over NRW.BANK continues to be exercised by the Ministry of the Interior of the State of North Rhine-Westphalia. In the area of social housing promotion, this is done in cooperation with the Ministry responsible for Housing. The purpose of this control was to ensure the lawfulness of the activities of NRW.BANK. The European Central Bank (ECB) continued to exercise direct control over NRW.BANK. As in the previous years, the ECB was supported by the Federal Financial Supervisory Authority and Deutsche Bundesbank.

Düsseldorf/Münster, March 2019



Prof. Dr. Andreas Pinkwart
Chairman of the Supervisory Board