

**Act on NRW.BANK  
(NRW.BANK G)**

Of March 16, 2004 (Fn [1](#), [3](#))

(Article 1 of the Act on the Reorganisation of NRW.BANK into the Promotional Bank of the State of North Rhine-Westphalia and on the Amendment of Other Laws of March 16, 2004 ([GV. NRW. p. 126](#)))

**Section 1 (Fn [4](#))**

**Legal nature**

NRW.BANK is a credit institution in the legal form of an institution under public law and has its Head Office in Düsseldorf and Münster.

**Section 2 (Fn [4](#))**

**Statutes**

The legal situation of NRW.BANK is governed by Statutes if these are not contrary to the provisions hereafter. Any amendments of the Statutes require approval by the Supervisory Authority.

**Section 3 (Fn [5](#))**

**Tasks and Activities**

(1) 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 line with the benefit regulations of the European Union. In this regard, it is governed by the principle of sustainability.

(2) To fulfil its mission, NRW.BANK will operate in the following development sectors:

- a) securing and improving the small and medium-sized business sector, especially through finance for business start-ups and business expansion,
- b) within the framework of social housing promotion,
- c) providing venture capital,
- d) urban development,
- e) infrastructure initiatives,
- f) agricultural, forestry and rural initiatives,
- g) environmental protection initiatives,
- h) technological and innovation initiatives,
- i) purely social initiatives,
- j) cultural and scientific initiatives.

The details regarding the tasks within the framework of social housing promotion pursuant to sentence 1 letter b are governed by the Act on the Promotion of Housing Construction and the Utilisation of Subsidised Housing for the State of North Rhine-Westphalia (WFNG NRW) and the development regulations of the federal state.

(3) In the context of its mission, NRW.BANK may also provide loans and other kinds of financing to central, federal and local governments and special-purpose associations under public law and participate in projects financed by the European Investment Bank, the Development Bank of the European Council or comparable financing institutions for projects in the interest of the Community.

(4) To fulfil its mission, NRW.BANK may use all financing tools used normally in the banking sector, in particular grant loans and credits, give guarantees and warranties and acquire interests. Within the framework of its mission, it is entitled to acquire an interest in companies being legal entities under public law including or excluding liability of guarantee authority. In case loans or credits are granted, banks are usually included according to the principle of transmission or by way of financing by a syndicate. In the relationship to other banks, NRW.BANK respects the principle of non-discrimination.

(5) To fulfil its mission, NRW.BANK may also manage transactions and offer services which are directly related to its tasks. Within this framework, it may also perform treasury management and risks management, raise subordinate guarantee capital and issue profit participation rights, public-sector Pfandbriefe and other bonds and purchase and sell debts. Securities trading as well as the deposit-taking and giro business are also permissible if they are directly related to the performance of NRW.BANK's tasks.

(6) Individual transactions in which the government of the Federal state has an urgent interest may be assigned to NRW.BANK. After the assignment of a transaction according to sentence 1, the Budget and Finance Committee of the Landtag and the Board of Guarantors of NRW.BANK shall be informed in due time.

(7) Activities of NRW.BANK, which are not included in the subsections 1 to 5 or which do not meet the conditions defined there, are to be carried out by legally independent companies without public support, in which NRW.BANK may hold a majority interest, at the latest after July 18, 2005. Refinancing funds, guarantees and other services granted by NRW.BANK to such companies as well as services provided by such companies to NRW.BANK are to be paid in line with market conditions. The Guarantors of NRW.BANK on July 18, 2005 are liable for the discharge of all debts of NRW.BANK from activities in the sense of sentence 1. For debts of this kind which were agreed until July 18, 2001 there is no time limit, while for debts of this kind agreed after July 18, 2005, this is applicable only if their term does not exceed December 31, 2015. The Guarantors will meet their obligations under the guarantor liability towards the creditors of the debts of this kind agreed until July 18, 2005 immediately, as soon as they have stated in writing upon their maturity that the creditors of these debts cannot be satisfied from the assets of the institution in question. Obligations of NRW.BANK of this kind on the basis of their own guarantor liability or comparable liabilities are agreed

and payable in the sense of sentences 3 to 5 at the same date as the debt secured by a liability of this kind. Several Guarantors are jointly and severally liable; the Guarantors among themselves are liable in proportion to their shares in the capital.

#### **Section 4 (Fn [2](#)) (Fn [8](#))**

##### **Guarantors**

(1) The State of North Rhine-Westphalia is the Guarantor of NRW.BANK.

(2) The Guarantor guarantees that the Bank is able to carry out its required functions (institutional liability).

(3) The Guarantor is liable for the obligations of NRW.BANK pursuant to the Statutes. A claim against the Guarantor is only possible in the event that the assets of NRW.BANK are insufficient for settlement. However, the Guarantor is directly liable for the loans taken up and bonds issued by the bank as well as the forward exchange transactions which are firm deals, the rights from options and other loans to NRW.BANK as well as for loans which are expressly guaranteed by the bank.

(4) NRW.BANK may admit legal entities under public law – also from other federal states - as guarantors subject to their participation in the capital. The capital participations of the North Rhine-Westphalian guarantors must amount to a minimum of 51 per cent. NRW.BANK may accept capital contributions of silent partners. The Guarantor of NRW.BANK and credit institutions in the legal form of legal person under public law are permitted as silent partners.

(5) Retired Guarantors continue to be liable for liabilities of NRW.BANK which were justified at the date of their retirement becoming effective. The obligations from Article 1 section 11 of the Act for the Reorganisation of the Legal Relations of the Public-Law Banks in North Rhine-Westphalia (“Gesetz zur Neuregelung der öffentlich-rechtlichen Kreditinstitute in Nordrhein-Westfalen”) dated July 2, 2002 ([GV. NRW. p. 284](#)) continue to apply to a retired Guarantor.

#### **Section 5 (Fn [4](#))**

##### **Executive Bodies**

The executive bodies of NRW.BANK are

- a) the Board of Guarantors,
- b) the Supervisory Board,
- c) the Managing Board.

#### **Section 6 (Fn [6](#))**

##### **Board of Guarantors**

(1) The Board of Guarantors is composed of the members of the Supervisory Board pursuant to Section 8 sub-section 1 letters a to c as well as of other members delegated by the Guarantor.

(2) Further details, especially the number of other members as defined in paragraph 1 above, the chairmanship and the voting rights are laid down in the Statutes.

### **Section 7 (Fn [13](#))**

#### **Tasks of the Board of Guarantors**

(1) The Board of Guarantors shall resolve on

- a) amendments to the Statutes,
- b) all equity measures according to German Banking Law (KWG),
- c) the approval of the annual financial statements, the appropriation of profits and coverage of a possible loss,
- d) the formal approval of the actions of the Supervisory Board and Managing Board members,
- e) the appointment of the auditor for the annual financial statements as well as of the auditor for verification of the reporting requirements and code of conduct in accordance with the provisions of the Securities Trading Act,
- f) the appointment of auditors in special cases,
- g) measures taken in accordance with Section 3 sub-section 4 sentence 2 and Section 4 sub-section 4 sentence 1,
- h) the fixing of remuneration for members of the Board of Guarantors and for members of the Supervisory Board and its Committees,
- i) the principles of business, promotion and risk policy,
- j) the agreement to the purchase and sale of interests,
- k) the approval of the conclusion of the agreement pursuant to Section 6, sub-section 4, sentence 3 WFNG between the ministry in charge of housing and NRW.BANK.

The Statutes may regulate that the approval is not required with regard to measures pursuant to sentence 1, letter j in cases of minor importance.

(2) The Board of Guarantors shall establish its own rules of procedure.

### **Section 8 (Fn [5](#))**

#### **Composition of the Supervisory Board**

(1) The Supervisory Board is composed of

- a) the member of the Government of North Rhine-Westphalia in charge of finance,
- b) the member of the Government of North Rhine-Westphalia in charge of economic affairs,
- c) the member of the Government of North Rhine-Westphalia in charge of housing,
- d) other members delegated by the Guarantor, with the members under letters a to c above being counted accordingly,

e) other members as employee representatives. The number of members as employee representatives is half the number of members pursuant to letters a to d. They are elected directly by the employees. Nominations for the election shall take account of the characteristics of the composition of the staff. The staff council or at least 100 qualified voters are entitled to make nominations. The election is a vote for candidates. The State Staff Representation Act (Landespersonalvertretungsgesetz) together with the election regulations issued thereunder in their versions applicable from time to time are to be used.

(2) The term of office for members pursuant to sub-section 1 letters d and e is five years. Upon expiry of the term of office, appointments remain in force until the newly constituted Supervisory Board meets for the first time.

(3) The members pursuant to sub-section 1 letters a to c above are each authorised to be represented in the Supervisory Board and in its committees with exception of the chairperson by a permanent representative. They are authorised to call such representatives to the meetings.

(4) Further details, particularly with regard to the number of members pursuant to sub-section 1 letter d, the expiration of membership, the chair, the meetings, the adoption of resolutions and the rules of procedure are regulated by the Statutes.

### **Section 9 (Fn 5)**

#### **Tasks of the Supervisory Board**

(1) The Supervisory Board shall supervise the conduct of business by the Managing Board of NRW.BANK.

(2) The Supervisory Board shall be responsible in particular for

- a) the appointment and removal of the members of the Managing Board,
- b) the conclusion, amendment and termination of employment contracts with the Board members,
- c) the principles relative to the employment of staff and the granting of pension rights to them,
- d) the guidelines for the benefits to be granted under the Agreement between the staff council and NRW.BANK,
- e) the determination of the types of business requiring approval by the Supervisory Board,
- f) the guidelines for banking business in line with the principles of business, promotion and risk policy defined by the Board of Guarantors,
- g) the issuance of rules of procedure for the Supervisory Board.

(3) The Managing Board needs the approval of the Supervisory Board for

- a) the acquisition and sale of real estate and equivalent rights, in so far as it is not acquired either by private contract or by means of a foreclosure suit in order to avoid a loss,
- b) the establishment and dissolution of branch offices,
- c) the issuance of rules of procedure for the Managing Board.

The Statutes may regulate that the approval is not required with regard to measures pursuant to sentence 1 letter a in cases of minor importance.

(4) The Supervisory Board shall form an Executive Committee, an Audit Committee, a Risk Committee and a Promotional Committee. The Supervisory Board is entitled to form other committees.

(5) The Audit Committee is authorised to examine each business transaction. The Supervisory Board is entitled to assign certain examinatory tasks to the Audit Committee. The Audit Committee has the right to consult experts.

(6) The Risk Committee monitors the management by the Managing Board with regard to the risk types. It discusses the principles of the risk policy and the risk strategy with the Managing Board and receives the risk reporting. The Risk Committee takes the credit decisions which are to be taken by the supervisory body as stated in the German Banking Act. In addition, it must be informed about loans with characteristics defined by the Supervisory Board. Further details are governed by the rules of procedure of the Risk Committee.

(7) The Promotional Committee discusses with the Managing Board the principles of the development policy including the distribution of the subsidies (Förderleistung) across the individual promotional segments and the promotional reporting. Details are governed by the rules of procedure of the Promotional Committee.

(8) The Supervisory Board shall establish its own rules of procedure.

(9) The composition and competences of the committees are regulated by the Statutes.

#### **Section 9a (Fn [7](#))**

#### **Advisory Board for Housing Promotion**

NRW.BANK establishes an advisory board named "Advisory Board for Housing Promotion".

#### **Section 9b (Fn [7](#)) (Fn [9](#))**

#### **Composition of the Advisory Board for Housing Promotion**

(1) The Advisory Board for Housing Promotion is composed of

- a) the member of the Government in charge of housing as chairperson,
- b) one representative each
  - aa) of the ministry in charge of finance,
  - bb) of the ministry in charge of economic affairs,

- cc) of the ministry in charge of social services,
- c) nine members of the Landtag,
- d) three representatives of the housing industry,
- e) one representative each
  - aa) of the urban districts,
  - bb) the regional districts,
  - cc) towns being an administrative part of a regional district,
  - dd) other municipalities being an administrative part of a regional district,
- f) one representative of the tenants
- g) one representative of the architectural community.

(2) The chairperson is entitled to appoint an officer of the ministry as his/her permanent representative.

(3) The members as stated in sub-section 1 letter c are elected by the Landtag for the duration of the election period according to the proportional representation system as applied by the Landtag for the election of its committees. The members as stated in sub-section 1 letters d to g are appointed by the ministry in charge of housing upon proposal by the umbrella organisations of the federal state. The period of office of these members is governed by the duration of the election period of the Landtag. A retirement by rotation may be laid down in the Statutes of NRW.BANK.

### **Section 9c (Fn [7](#))**

#### **Tasks of the Advisory Board for Housing Promotion**

(1) The Advisory Board for Housing Promotion advises the bodies of NRW.BANK with regard to the promotion of housing. It has to advise especially on the housing promotion product portfolio and the reporting about these products.

(2) The Advisory Board for Housing Promotion may request information about the housing promotion product portfolio from the Managing Board at all times. In special cases, it may consult experts for the execution of its tasks.

(3) The rights of the Supervisory Board pursuant to Section 9 shall not be limited by the above regulations.

(4) The convention and the adoption of resolutions of the Advisory Board for Housing Promotion are governed by the Statutes of NRW.BANK.

### **Section 9 (Fn [11](#))**

#### **Parliamentary Advisory Board**

(1) NRW.BANK establishes an advisory board named "Parliamentary Advisory Board".

(2) The number of the members of the Parliamentary Advisory Board shall be determined by the number of members of the smallest committee of the North Rhine-Westphalian State Assembly. They are elected by the Landtag for the duration of the election period in accordance with the proportional election system applied by the Landtag to the election of its committees.

(3) The Managing Board reports to the Parliamentary Advisory Board on the risk position and business situation of NRW.BANK at least twice a year.

(4) Further details, especially about the expiry of membership, the meeting, the passing of resolutions, the rules of procedure and the members' duty to maintain secrecy about confidential details of NRW.BANK, are laid down in the Statutes.

### **Section 10 (Fn [4](#))**

#### **Accounting**

The annual accounts of NRW.BANK shall be audited by a qualified auditor (auditing company) to be retained by the Board of Guarantors. Further details are regulated by the Statutes.

### **Section 11 (Fn [12](#))**

#### **Supervision**

(1) Governmental control over NRW.BANK is exercised by the Ministry of the Interior of the State of North Rhine-Westphalia. State supervision of the promotion of social housing is executed in agreement with the ministry in charge of housing. The purpose of this control is to ensure that the activity of NRW.BANK is in line with the law.

(2) The members of the Managing Board of NRW.BANK are appointed by the Supervisory Board as agreed with the state supervisory body. For this purpose, the Supervisory Board must inform the Supervisory Authority of the names of the members of the Managing Board prior to their appointment. The Supervisory Authority must decide about the approval within two weeks of reception of the information.

(3) The Supervisory Authority is entitled to gather information at all times about the matters of NRW.BANK, including in particular the review of all business and administration procedures, and to request reports and files.

(4) The Supervisory Authority is entitled to request that the organisations of NRW.BANK be convened to deal with a special matter. It is entitled to cancel resolutions and orders by the organisation of NRW.BANK which violate the applicable law, and request that measures which were initiated on the basis of such resolutions or orders are cancelled.

(5) If NRW.BANK does not meet its legal obligations or if it does not comply with the request by the Supervisory Authority pursuant to sub-section 2 above, the Supervisory Authority is entitled to instruct NRW.BANK to initiate the required measures within an adequate period of time. If NRW.BANK does not comply with the instruction within the period fixed, the



Supervisory Authority is entitled to perform the required measures in NRW.BANK's place and have such measures performed at the latter's cost or through an agent.

(6) Individual approval by the Supervisory Authority is necessary for measures under Section 3 sub-section 4 sentence 2 and Section 4 sub-section 4 as well as Section 9 sub-section 3 letter b and for activities under Section 7 sub-section 1 sentence 1 letter j if it is not a case of minor importance pursuant to Section 7 sub-section 1 sentence 2.

(7) Ninety percent of the cost of state supervision of NRW.BANK by the Ministry of the Interior shall be reimbursed to the federal state by NRW.BANK unless they are covered according to paragraph 5 sentence 2 above. The Ministry of the Interior defines the allocation of costs annually with retroactive effect.

### **Section 12 (Fn 8)**

#### **Spin-off of competitive business segments**

(1) Subject to approval by the Supervisory Authority (Section 11), the Guarantor is entitled to spin off the property business and other competitive business segments from NRW.BANK to stock corporations or limited liability companies.

(2) In case of a spin-off to a stock corporation, NRW.BANK is deemed to be the founder of the stock corporation. It takes over the share capital and defines the Statutes. The same applies to the spin-off to a limited liability company. In addition, the regulations of the Third Book of the Conversion Law shall be applied.

### **Section 13 (Fn 5) (Fn 10)**

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### **Section 14 (Fn 7)**

#### **Duties of payment**

(1) Upon request by the federal state, any interest amounts to be paid by the federal state due to the utilisation of loans by the federal government for the promotion of housing construction and modernisation (subsidies pursuant to Article 104a, sub-section 4 of the German Constitution in the version effective until August 31, 2006) which become due after December 31, 2010 must be paid immediately to the federal government from the annual profit of NRW.BANK

(2) To fund the federal state's debt service towards the federal government, NRW.BANK must transfer the required funds from the repayment of housing promotion loans to the state budget. Details will be governed by an agreement to be concluded between the federal state of North Rhine-Westphalia and NRW.BANK.

### **Section 15 (Fn 7)**

#### **Public documents**

Documents made out within the remit of NRW.BANK and bearing its official stamp are deemed public documents.

## **Section 16 (Fn 7)**

### **Legal relationship of the civil servants**

NRW.BANK may employ civil servants. Any details are governed by the Statutes.

## **Section 17 (Fn 7)**

### **Dissolution**

(1) The Bank may be dissolved only by law. Any details are governed by the Statutes.

(2) Insolvency proceedings with respect to the Bank's assets are not permissible.

### **Effective Date**

(Article 5 of the Act on the Reorganisation of NRW.BANK into the Promotional Bank of the State of North Rhine-Westphalia

and on the Amendment of Other Laws of March 16, 2004 ([GV. NRW. p. 126](#)))

This law is effective as from March 31, 2004.

The Government of  
North Rhine-Westphalia

The Minister President

The Minister of the Interior  
and at the same time Minister of Finance

The Minister of  
Economics and Labour

The Minister of  
Urban Development and Housing,  
Culture and Sport

## Footnotes:

- Fn 1** GV. NRW. p. 126; amended by Article 1 of the law of October 30, 2007 ([GV. NRW. p. 443](#)), effective since November 15, 2007; Article 3 of the law of December 8, 2009 ([GV. NRW. p.772](#)), effective since January 1, 2010; Article 1 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since December 15, 2012 and January 1, 2013; law of March 26, 2019 ([GV. NRW. p. 196](#)), effective since April 10, 2019.
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- Fn 2** Withdrawal of guarantors see announcement by the Ministry of the Interior of July 1, 2004 ([GV. NRW. p. 422](#)).
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- Fn 3** Headline amended by Article 1 of the law of October 30, 2007 ([GV. NRW. p. 443](#)), effective since November 15, 2007.
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- Fn 4** Sections 1, 2, 5 and 10 amended by Article 1 of the law of October 30, 2007 ([GV. NRW. p. 443](#)), effective since November 15, 2007.
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- Fn 5** Sections 3, 9 and 13 last amended by Article 3 of the law of December 8, 2009 ([GV. NRW. p.772](#)), effective since January 1, 2010.
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- Fn 6** Section 6 amended by Article 3 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since December 15, 2012.
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- Fn 7** Sections 9a to 9c inserted as well as sections 14 to 17 added by Article 3 of the law of December 8, 2009 ([GV. NRW. p.772](#)), effective since January 1, 2010; Section 17 reworded by the law of March 26, 2019 ([GV. NRW. p. 196](#)), effective since April 10, 2019.
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- Fn 8** Sections 4, 8 and 12 amended by Article 1 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since December 15, 2012.
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- Fn 9** Section 9b amended by Article 1 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since December 15, 2012.
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- Fn 10** Section 13 revoked by Article 1 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since December 15, 2012.
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- Fn 11** Section 9d inserted through Article 1 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since January 1, 2013; amended by the law of March 26, 2019 ([GV. NRW. p. 196](#)), effective since April 10, 2019.
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- Fn 12** Section 11 last amended by Article 1 of the law of December 4, 2012 ([GV. NRW. p. 636](#)), effective since January 1, 2013.
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**Fn 13** Section 7 last amended by the law of March 26, 2019 ([GV. NRW. p. 196](#)), effective since April 10, 2019.

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