

State of North Rhine-Westphalia

Capital Markets Presentation



April 2024

Profile of the State



Constitutional Framework

Federal System & State Autonomy

Germany is a Federal Republic, with two concurrent levels of government: Federation ("Bund") and States ("Länder"). The Länder have their own legislative, judicial and executive powers. They are independent with regard to their budgets and play an active role in the federal legislative process.

Federal Equalization System

Federal law provides that tax revenues must be shared between Bund and Länder in an equitable fashion in order to provide equal standards of living throughout the country.

Allegiance to the Federation ("Bundestreue")

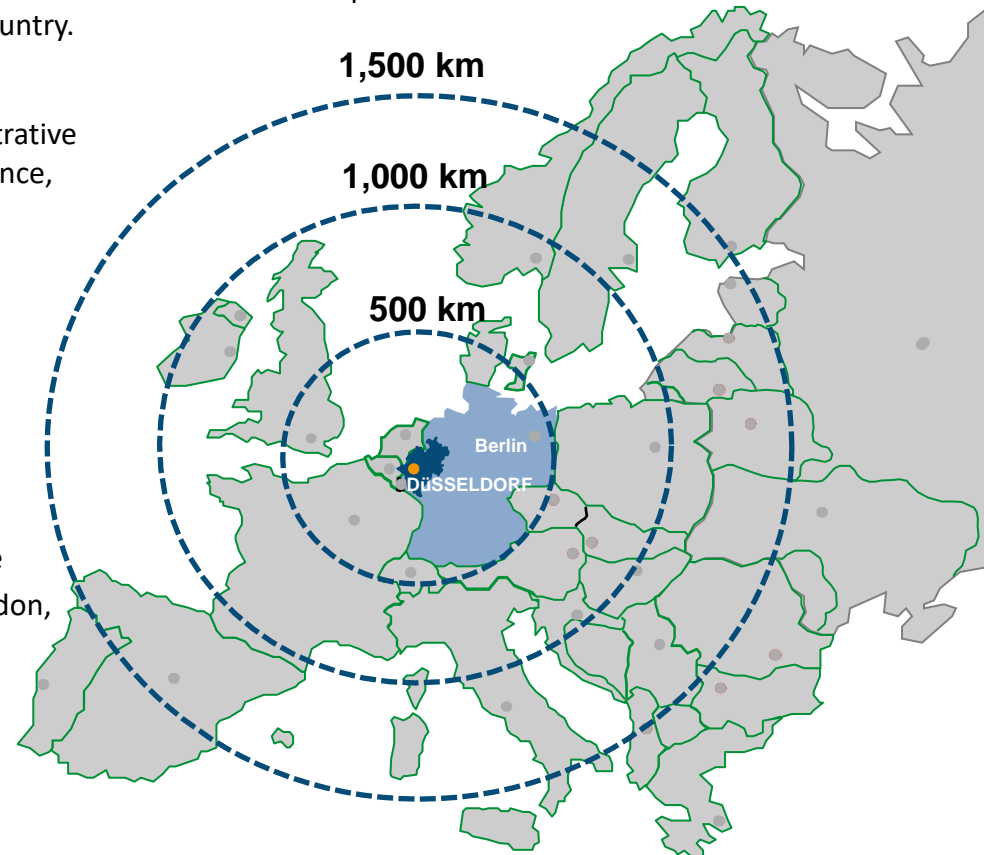
Bund and Länder are under an obligation to share the administrative tasks and provide mutual assistance, including financial assistance, in cases of extreme budgetary hardship.

Zero Borrowing Rule ("Debt Brake")

The Constitution for the Federal Republic sets out that under regular circumstances, the Bund must limit its structural budget deficit to 0.35% of GDP. The Länder are not allowed to run any structural budget deficits.

In the Heart of Europe

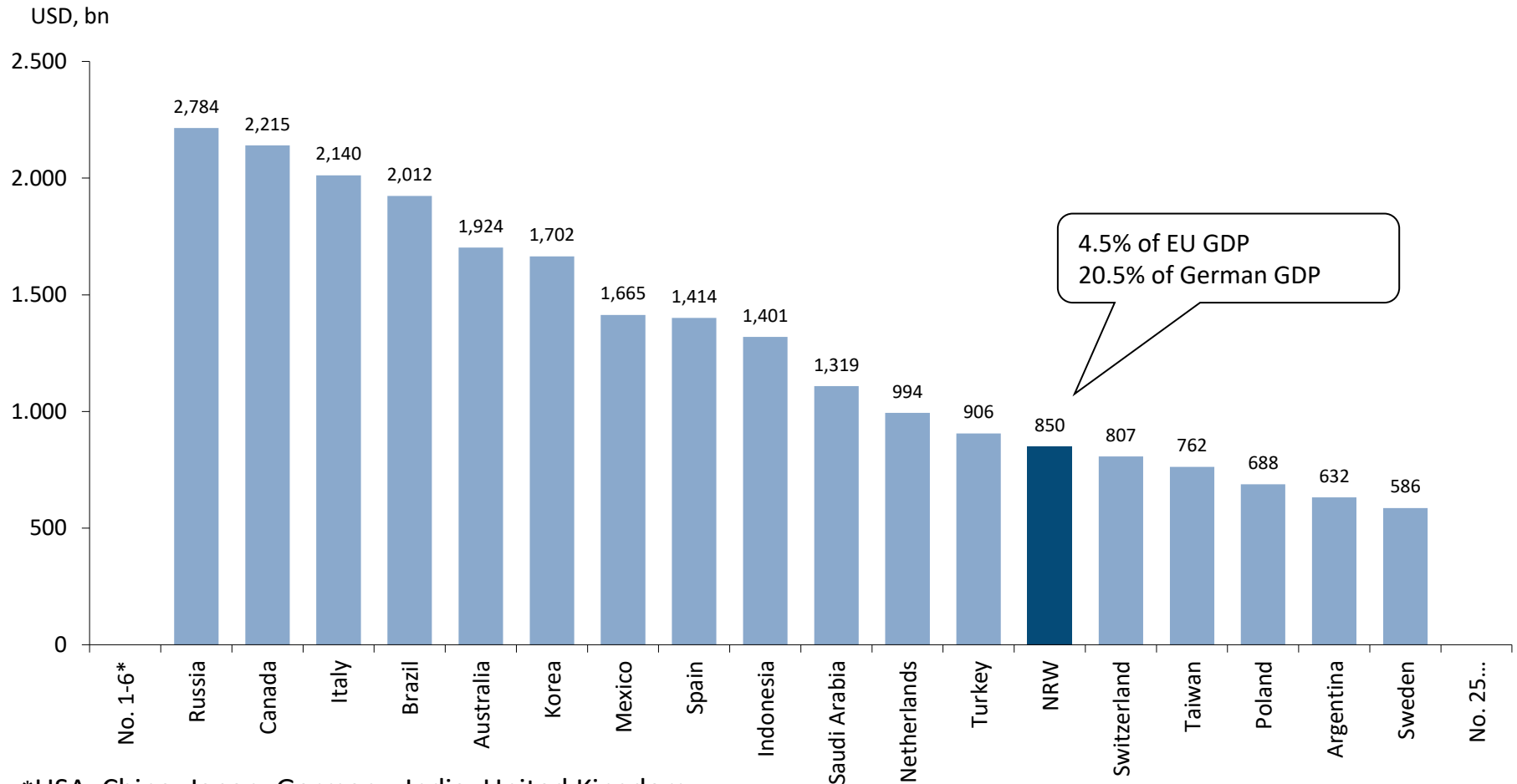
Approx. 160 million inhabitants live around 500km of the State capital Düsseldorf, covering almost whole Germany, Paris, London, Brussels, Amsterdam, Zurich



One of the Top 20 Economies Worldwide



7th biggest economy in Europe



*USA, China, Japan, Germany, India, United Kingdom

Sources: GDP 2022 as published by IMF, World Economic Outlook Database (April 2023), Statistical Office NRW

State of North Rhine-Westphalia



Largest German State in Terms of Population and GDP

- 9 of the 30 German companies ranked in the Fortune Global 500 headquartered in NRW
- More than 700,000 small and medium-sized companies with a focus on technology and services, media and health care
- Location of numerous energy-intensive industries (chemicals, steel, aluminium, glass)
- Densest research network within Europe (70 universities; over 110 research institutions)

Area	34,112 km ²
Population	18.1m
Unemployment 2022	6.8%
Real Growth 2022	1.1%



Transformation to a climate-neutral industrial region:



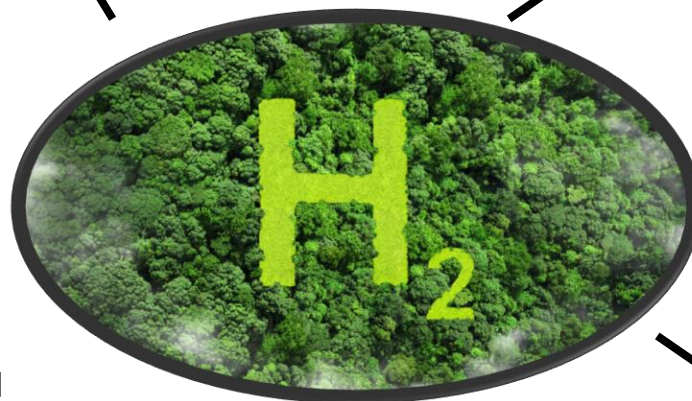
Lighthouse projects: Focus on hydrogen

enerport II in the world's largest inland port in Duisburg:

Construction of Europe's first climate-neutral container terminal with a hydrogen-based energy concept

Helmholtz Hydrogen Cluster HC-H2:

- Largest innovation project in the field of hydrogen in Germany
- Cooperation between industry, business and research to develop the rhine region into a hydrogen model region



tkH2Steel: Climate-friendly steel production at ThyssenKrupp:

- Construction of Germany's first "green steel" production plant
- Transformation to climate-neutral steel production should be completed by 2045 at the latest

Delta Rhine Corridor

Pipeline connecting Rotterdam and NRW for H2 and CO2 Transport

Guarantor to NRW.BANK & EAA:



An overview of “NRW Issuers”

Land Nordrhein-Westfalen (Land NRW)



- 100 % ownership
- Institutional liability
- Guarantor liability

- 48,2 % ownership
- Institutional liability
- Guarantor liability



NRW.BANK
Promoting Ideas

Promotional Bank owned by the State of NRW to support structural, economic, social and housing policy tasks



Asset Manager with the public mandate to wind up the portfolio transferred from the former WestLB AG

Taxation in Germany

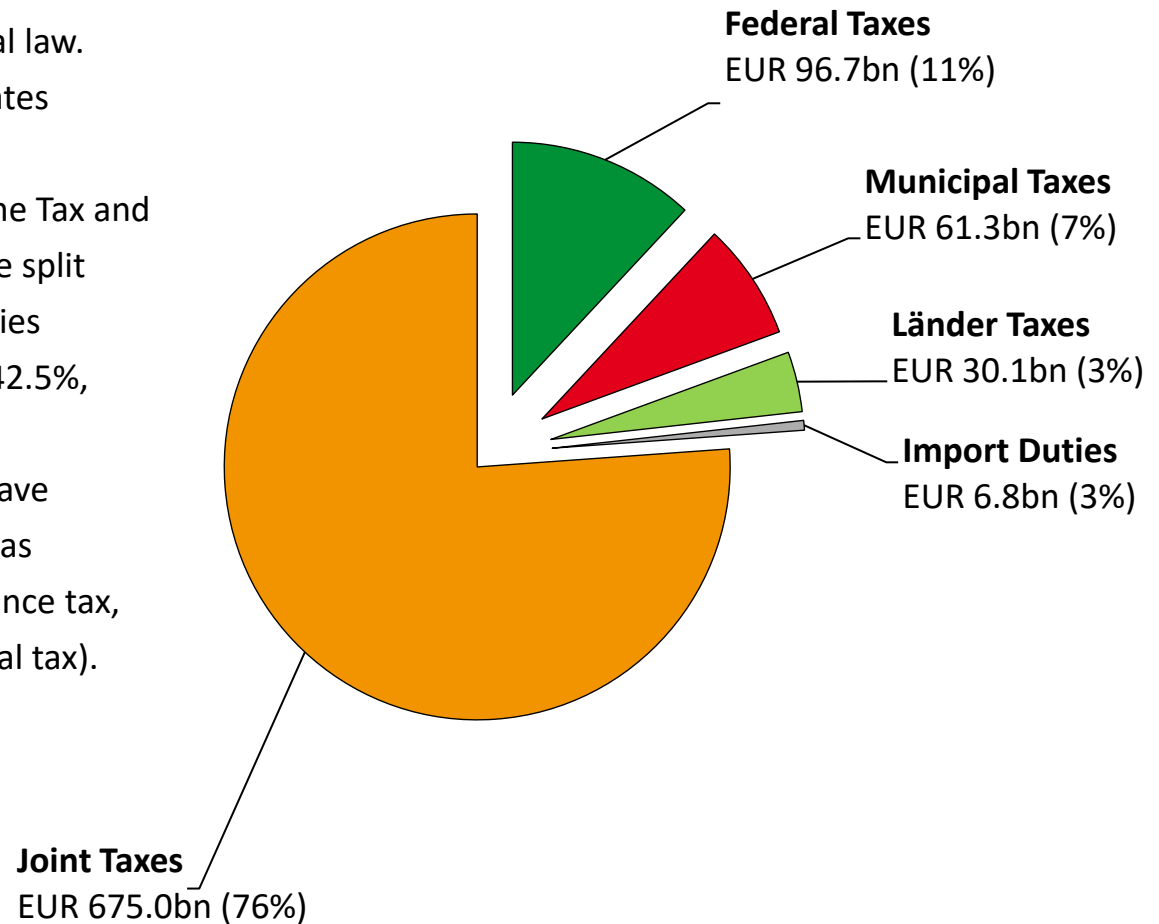


Distribution of Tax Revenue 2022 [EUR bn]

Taxation in Germany is based on federal law. Administration is carried out by the States through their regional tax offices.

Revenues from Value Added Tax, Income Tax and Corporate Tax (together, joint taxes) are split between Bund, Länder and municipalities (e.g. Income Tax: Bund 42.5%, Länder 42.5%, municipalities 15%).

Bund, Länder and municipalities also have exclusive revenue claims in specific areas (e.g. Bund: energy tax, Länder: inheritance tax, municipalities: property tax, commercial tax).



Assignment of Joint Taxes



Article 106 (3) Basic Law

The Federation and the Länder shall share equally the revenues from income taxes and corporation taxes.

*The respective shares of the Federation and the Länder in the revenue from the **turnover tax** shall be determined by a federal law requiring the consent of the Bundesrat. Such determination shall be based on the following principles:*

- 1. The Federation and the Länder shall have an equal claim against current revenues to **cover their necessary expenditures**. The extent of such expenditures shall be determined with due regard to multi-year financial planning.*
- 2. The financial requirements of the Federation and of the Länder shall be coordinated in such a way as to establish a fair balance, avoid excessive burdens on taxpayers, and **ensure uniformity of living standards** throughout the federal territory.*

Distribution of VAT 2022: Federation approx. 46.6%, Länder 50.5%, Municipalities 2.8%
(according to Financial Equalisation Act)

Support in Cases of Budgetary Hardship



Federal Constitutional Court, Order of 19 October 2006 – 2 BvF 3/03

*Supplementary federal grants pursuant to Article 107 (2) 5 of the Basic Law are the final component in a multi-level system for distributing fiscal revenues within the federal system. The purpose of this distribution is to **enable Bund and Länder to fulfill their constitutional tasks in a self-reliant and autonomous manner.***

Supplementary federal grants** for the purpose of aiding the budget consolidation of a financially weak Land are subject to a strict **ultima ratio** principle. Such financial rescue measures are only permissible and required under constitutional law where the budgetary crisis of a Land is severe in relative terms, i.e. in comparison to the other Länder, and where the crisis has reached such a severe level in absolute terms, i.e. with regard to the tasks assigned to the Land under constitutional law, that it has led to a **federal emergency.

Such an emergency can only be assumed if the very existence of a Land – as an entity with state functions – is threatened and if that Land cannot avert this threat without third-party assistance. This presupposes that the Land has exhausted all alternative means available so that federal assistance is its last remaining option.

Creating a Level Playing Field



Results of the Federal Equalisation Scheme for German States in 2023

- Constitutional law demands equal standards of living for all citizens in Germany
- Federal equalisation scheme provides the necessary adjustments
- Lion's share of equalisation accomplished by inter-state transfers
- Supplementary federal grants provide additional support

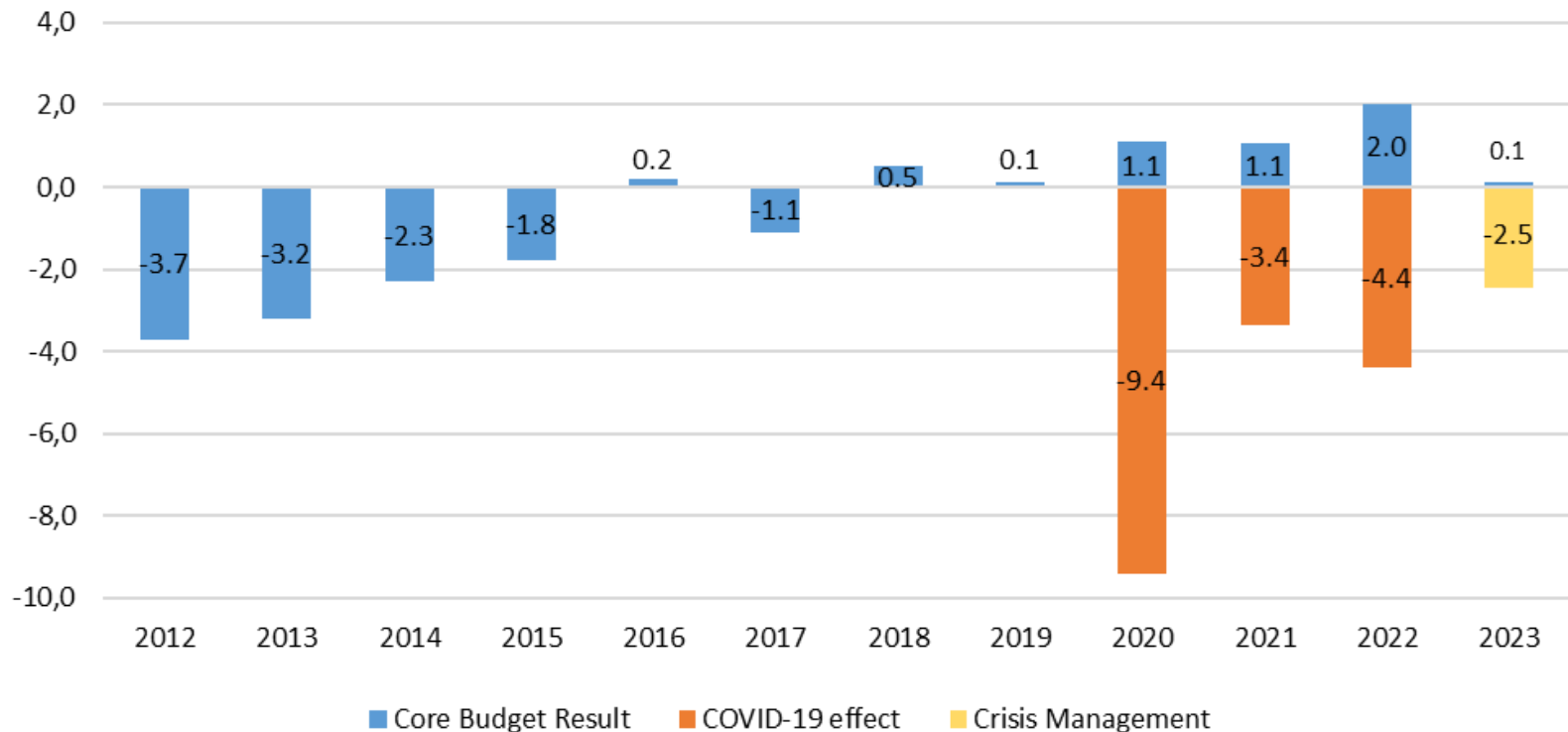


Striking a Balance



The Core Budget of the State of NRW is in Surplus Since 2018 [EUR bn]

- COVID-19-related & Ukraine-crisis-related deficits compliant with debt brake (emergency situation)
- 2024: budget of 102bn, no new net borrowing, debt amortisation of 3bn



Supporting the Economy in Times of Crisis



Fiscal Effects of the Coronavirus and Energy Crises

The coronavirus pandemic (SARS-CoV-2) was a significant burden on economic development in Germany and the world. It was recognised as an **emergency situation** beyond the control of the government and substantially affecting the State's financial situation. The constitution allows for exceptional funding in such a situation (Section 109 Basic Law). To manage the economic and social effects of these crises, the State Parliament passed comprehensive packages of measures. Special funds were set up to deal with the fiscal consequences of the crises, separate from the State's core budget.

Within a statutory limit of EUR 25bn, the State provided the corona-related **NRW Rescue Package** with **EUR 20bn** to finance necessary expenditures and compensate for loss of revenue.

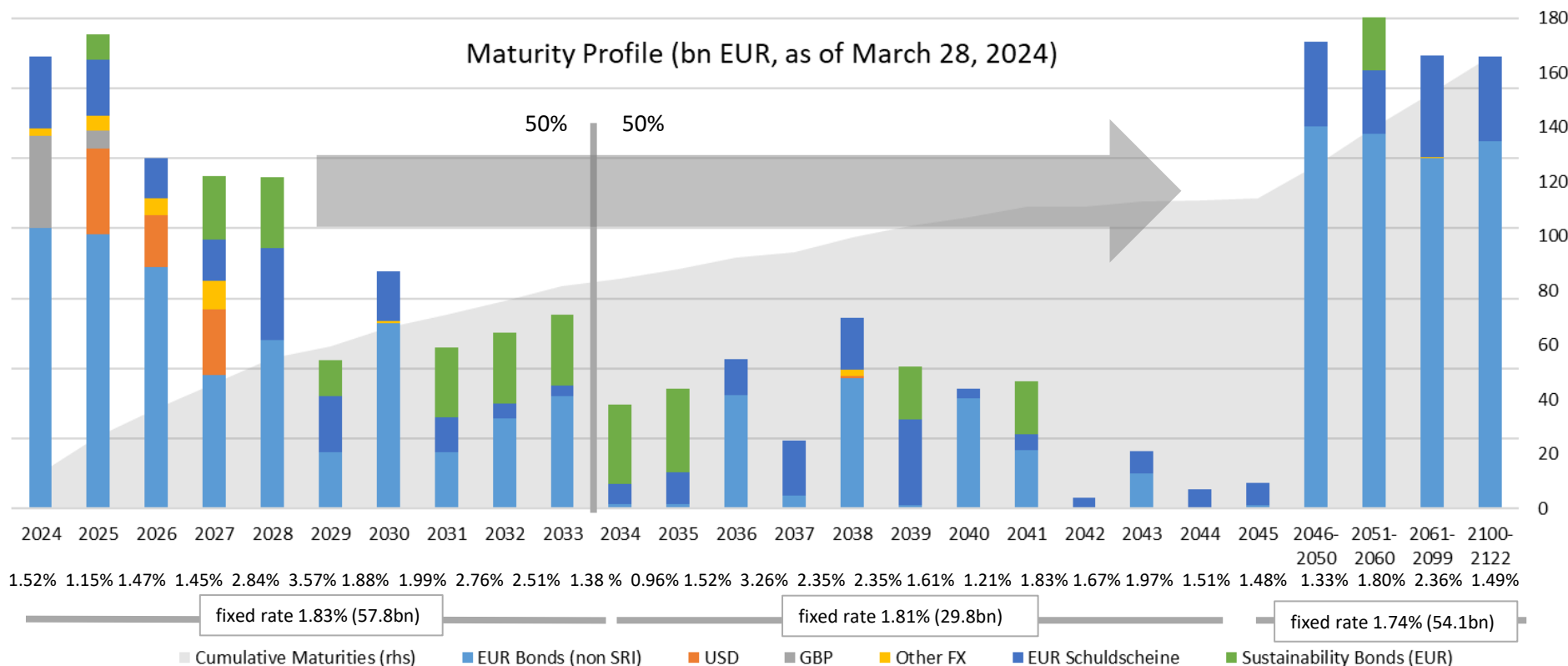
In 2023, within a statutory limit of EUR 5bn, spending of **EUR 3.1bn** has been approved in the context of the Ukraine crisis (**Special Fund Crisis Management**). Related borrowing is carried out in compliance with debt brake rules concerning emergency situations.

Debt Portfolio of the State of NRW



Benchmark Strategy with a Focus on Duration

- Debt Outstanding (as of March 28, 2024) 164.3bn (137.9bn at fixed rates)
- Weighted Average Maturity 19.9y
- Weighted Average Coupon on Fixed Rate Debt 1.84%
- Funding Program 2024 10.1bn
- Already Funded (as of March 28, 2024) 4.2bn

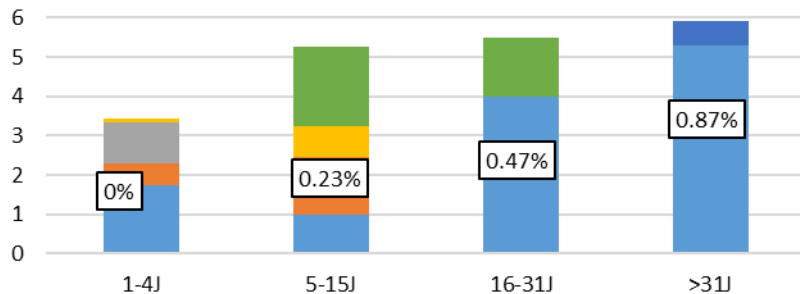


Active across the Curve

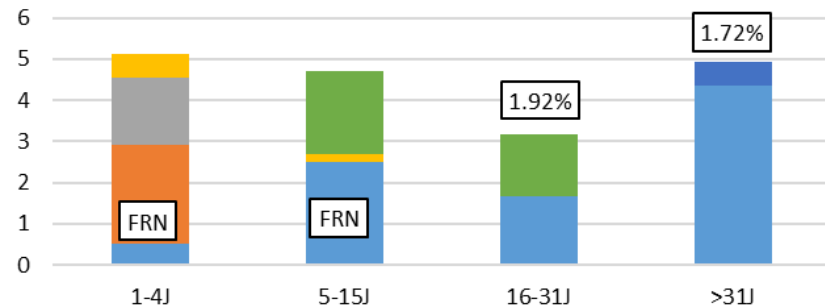
Breakdown of Issuances Across Tenors and Yields [EUR bn, Fixed Rates]



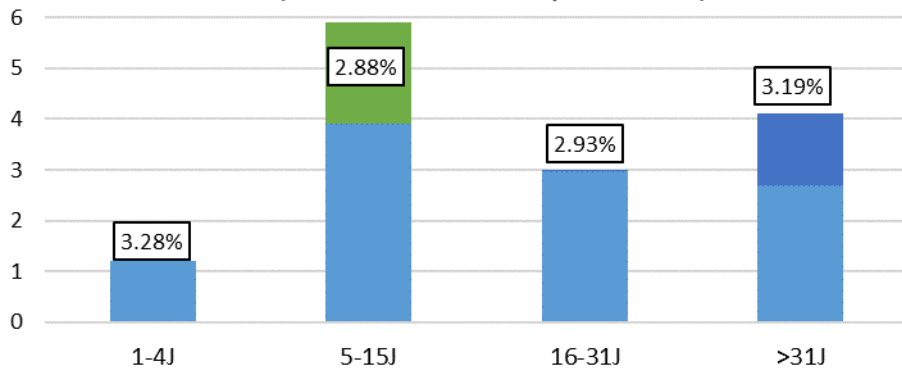
2021 (20.1 bn Euro equivalent)



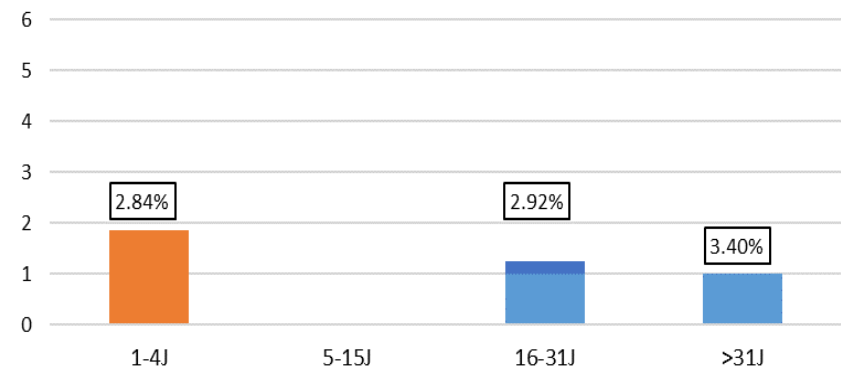
2022 (18.0 bn Euro equivalent)



2023 (14.1 bn Euro equivalent)



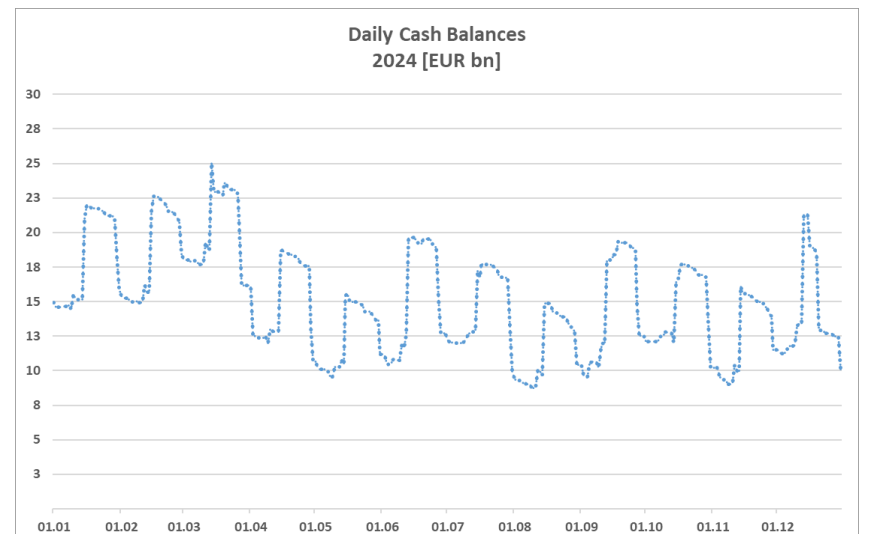
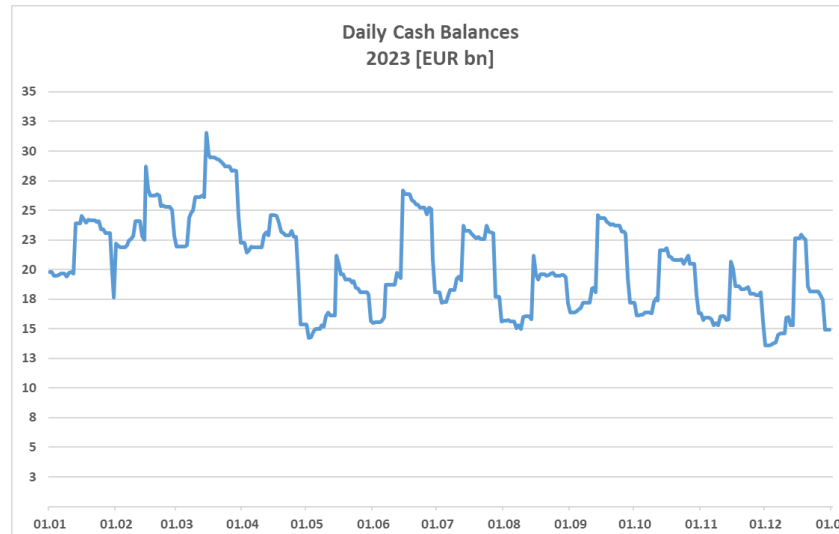
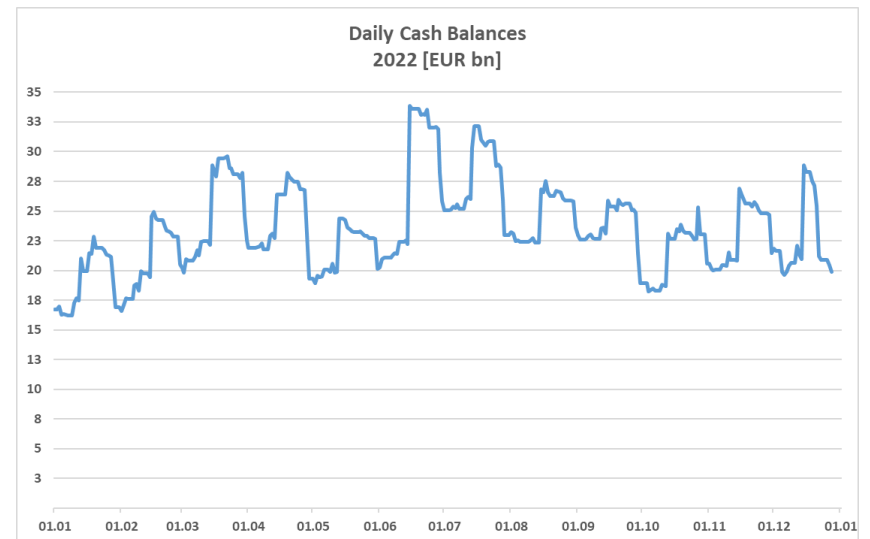
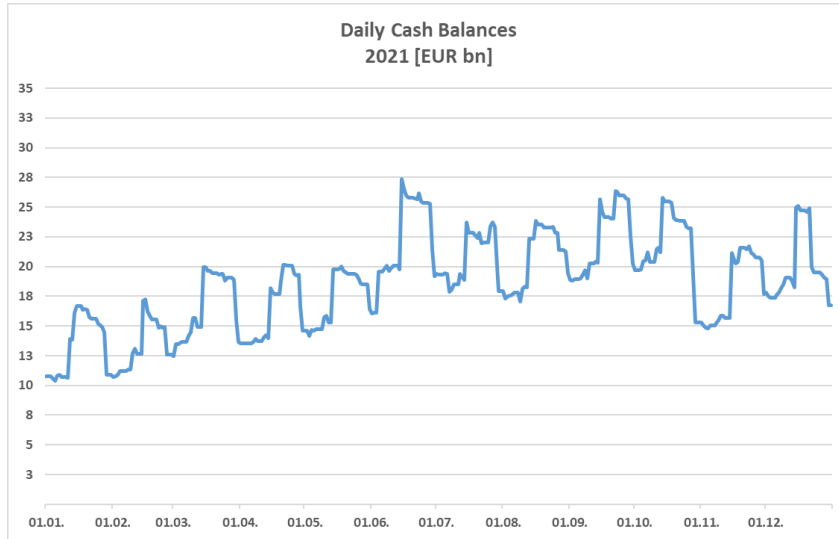
2024 (4.2 bn Euro equivalent as of March 28)



■ EUR (non SRI)
 ■ USD
 ■ GBP
 ■ other FX
 ■ Schuldscheine
 ■ Sustainability Bonds

Liquidity Management

Active and Well-Established Money Market Presence



Building a Liquid Curve



Maximum Size for EUR Benchmark Bonds (non SRI) is 3bn

ISIN	Settlement	Maturity	Coupon	Size Outstanding (EUR m)	Review Next Tap
DE000NRWOME	05.05.2020	05.05.2025	0.00%	3,000	
DE000NRWOLN	13.03.2019	13.03.2026	0.25%	3,000	
DE000NRWOL8	31.03.2020	31.03.2027	0.20%	3,000	
DE000NRWONP	27.10.2022	27.01.2028	3.00%	2,500	
DE000NRWOMK	15.09.2020	15.01.2029	0.00%	1,250	
DE000NRWOMA	09.04.2020	09.04.2030	0.20%	3,000	
DE000NRWOJQ	21.07.2016	21.07.2031	0.63%	1,200	
DE000NRWONW	01.02.2023	15.01.2032	2.75%	2,500	2025
DE000NRW215	29.05.2013	13.05.2033	2.38%	3,000	
DE000NRWOJJ	12.05.2016	12.05.2036	1.25%	3,000	
DE000NRWOKZ	22.02.2018	22.02.2038	1.65%	3,000	
DE000NRWOK5	12.06.2018	12.06.2040	1.50%	3,000	
DE000NRWOJV	01.09.2016	16.08.2041	0.75%	1,250	
DE000NRWOKT	12.12.2017	16.02.2043	1.45%	1,000	
DE000NRWOJ2	03.11.2016	16.10.2046	1.00%	2,000	
DE000NRWOKE	18.05.2017	16.05.2047	1.65%	3,000	
DE000NRWOKF	30.06.2017	16.06.2048	1.55%	3,000	
DE000NRWOLV	30.07.2019	30.07.2049	0.80%	1,500	
DE000NRWOMJ	02.09.2020	02.09.2050	0.38%	1,250	
DE000NRWOMQ	28.01.2021	27.01.2051	0.20%	1,500	
DE000NRWOM3	22.09.2021	15.01.2052	0.50%	2,500	
DE000NRWONX	01.02.2023	15.01.2053	2.90%	2,500	
DE000NRWOPE	20.03.2024	20.03.2054	3.00%	1,000	2025
DE000NRWOKM	26.10.2017	26.10.2057	1.75%	3,000	
DE000NRWOLA	11.07.2018	11.07.2068	1.75%	3,000	
DE000NRWON2	07.03.2023	07.03.2073	3.40%	3,000	
DE000NRWOLC	26.09.2018	26.09.2078	1.95%	3,000	
DE000NRWOLQ	21.03.2019	21.03.2119	2.15%	3,000	
DE000NRWOL1	15.01.2020	15.01.2120	1.38%	3,000	
DE000NRWOMP	12.01.2021	10.01.2121	0.95%	3,000	
DE000NRWOM9	19.01.2022	19.01.2122	1.45%	1,500	
Weighted Average Coupon / Current Size Outstanding			1.44%	74,450	

A History of Successful SRI Issuances

Sustainability Bonds by NRW are not subject to Taps



Transaction	ISIN	Settlement	Maturity	Coupon	Size (m)	Reoffer (bps)	Budget Year
Sustainability Bond #1	DE000NRW0GP	11.03.2015	11.03.2025	0.5%	750,000	-11	2014
Sustainability Bond #3	DE000NRW0KB	07.03.2017	16.02.2027	0.5%	1,825	-14	2016
Sustainability Bond #4	DE000NRW0K0	13.03.2018	13.03.2028	0.5%	2,025	-14	2017
Sustainability Bond #5	DE000NRW0LM	13.03.2019	13.03.2034	1.1%	2,250	10	2018
Sustainability Bond #6/1	DE000NRW0LZ	26.11.2019	26.11.2029	0.0%	1,000	-3	2019
Sustainability Bond #6/2	DE000NRW0L0	26.11.2019	25.11.2039	0.5%	1,500	9	2019
Sustainability Bond #7	DE000NRW0ML	12.10.2020	12.10.2035	0.0%	2,400	7	2020
Sustainability Bond #8/1	DE000NRW0MY	04.06.2021	04.06.2031	0.125%	2,000	0	2021
Sustainability Bond #8/2	DE000NRW0MZ	04.06.2021	04.06.2041	0.6%	1,500	9	2021
Sustainability Bond #9/1	DE000NRW0NF	15.06.2022	15.06.2032	2.00%	2,000	-6	2022
Sustainability Bond #9/2	DE000NRW0NG	15.06.2022	14.06.2052	2.25%	1,500	35	2022
Sustainability Bond #10	DE000NRW0N6	07.06.2023	07.06.2033	2.9%	2,000	3	2023
Weighted Average Coupon / Total Size Outstanding				0.988%	20,750		



GlobalCapital
The new EUROWEEK
SRI Awards

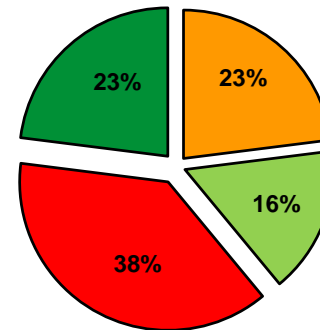
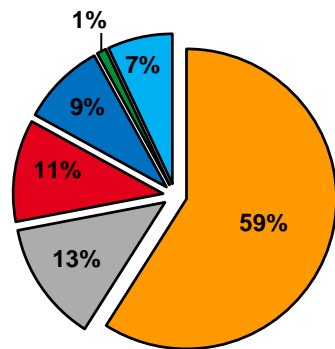


Recent Benchmark Issues



EUR (30y)

Emittent	State of North Rhine-Westphalia
Issue Rating	Aa1 by Moody's (stable), AA by S&P (stable), AAA by Fitch (stable)
Issue Size	EUR 1bn
Status and Format	Collective Debt Register Claim, RegS, Senior Unsecured
Maturity Date	March 20th, 2054
Settlement Date	March 20th, 2024
Coupon	3.00% annually act/act ICMA
Reoffer Spread	MS +74bps
ISIN	DE000NRWOPE
Lead Managers	Barclays, Citi, Commerzbank, J.P. Morgan, Morgan Stanley



■ DACH ■ Southern Europe ■ BeNeLux
■ UK ■ France ■ Scandinavia

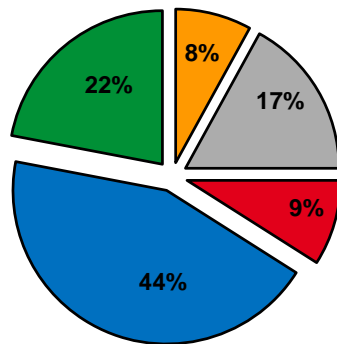
■ Banks ■ CB/OI ■ Asset Managers ■ Pen/Ins

Recent Benchmark Issues

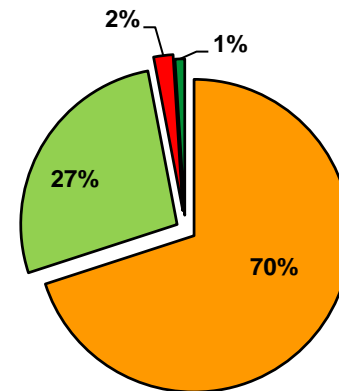


USD (3y)

Emittent	State of North Rhine-Westphalia
Issue Rating	Aa1 by Moody's (stable), AA by S&P (stable), AAA by Fitch (stable)
Issue Size	USD 2bn
Status and Format	Global Bearer Note, RegS, Senior Unsecured
Maturity Date	February 16th, 2027
Settlement Date	February 16th, 2024
Coupon	4.375% annually act/act ICMA
Reoffer Spread	SOFR MS +35bps
ISIN	XS2764875584
Lead Managers	CIBC, Daiwa, Goldman Sachs, RBC, Scotiabank



■ DACH
 ■ Other EMEA
 ■ Asia
 ■ UK
 ■ Americas



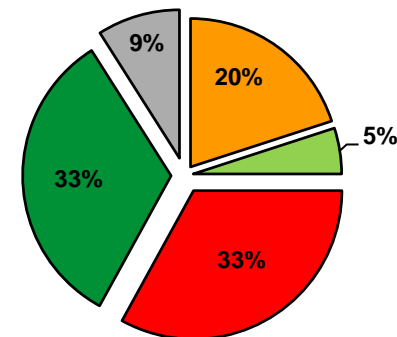
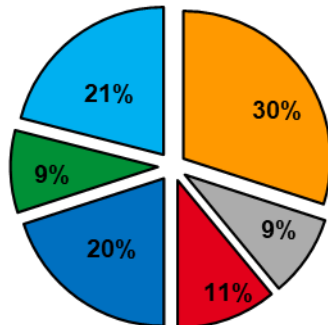
■ Banks
 ■ CB/OI
 ■ Asset Managers/Pension Funds
 ■ Other

Recent Benchmark Issues



EUR (50y)

Emittent	State of North Rhine-Westphalia
Issue Rating	Aa1 by Moody's (stable), AA by S&P (stable), AAA by Fitch (stable)
Issue Size	EUR 3.0bn
Status and Format	Collective Debt Register Claim, RegS, Senior Unsecured
Maturity Date	March 7th, 2073
Settlement Date	March 7th, 2023 (New Issuance)
Tap Date	January 16th, 2024 (1bn)
Coupon	3.4% annually act/act ICMA
Reoffer Spread	ms +104bp (First Issuance)
Reoffer Spread	MS+101 (Tap)
ISIN	DE000NRW0N26
Lead Managers	BNP, Deutsche Bank, LBBW, Morgan Stanley, Nomura



■ DACH
 ■ Other
 ■ BeNeLux
 ■ UK
 ■ France
 ■ Scandinavia

■ Banks
 ■ CB/OI
 ■ Asset Managers
 ■ Pen/Ins
 ■ Other

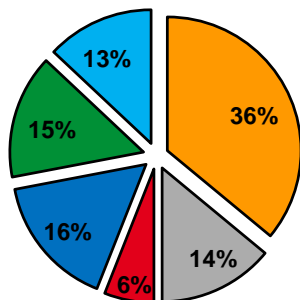
Recent Benchmark Issues



Sustainability Bond #10

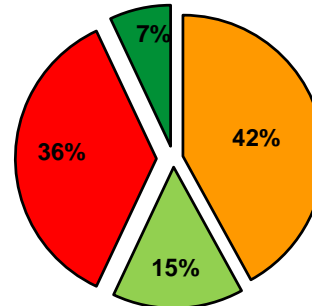
Emittent	State of North Rhine-Westphalia
Issue Rating	Aa1 by Moody's (stable), AA by S&P (stable), AAA by Fitch (stable)
Issue Size	EUR 2.0bn
Status and Format	Collective Debt Register Claim, RegS, Senior Unsecured
Maturity Date	June 7th, 2033
Settlement Date	June 7th, 2023
Coupon	2.90% annually act/act ICMA
Reoffer Spread	MS +3bps
ISIN	DE000NRW0N67
Lead Managers	Crédit Agricole, Erste Group, ING, J.P. Morgan, NatWest Markets, Nordea

Geography



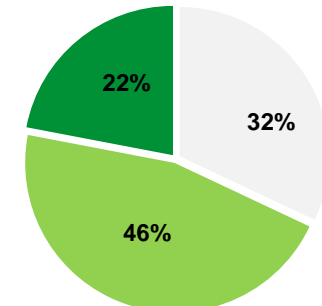
■ DACH ■ Other ■ BeNeLux
■ UK ■ France ■ Scandinavia

Investor Type



■ Banks ■ CB/OI ■ Asset Managers ■ Other

ESG Shading



■ Conventional ■ Light ■ Dark



- Aligned with [NRW Sustainability Strategy \(2020\)](#) aiming at implementing the Sustainable Development Goals (SDGs) at State level
- [NRW Sustainability Bond Framework](#) aligned with ICMA Principles & Sustainability Bond Guidelines and comprises 14 categories
- SPO for Sustainability Bond Framework & separate SPO for eligible assets of each Sustainability Bond
- Allocation & Impact Report published post issuance
- Information on all previous Sustainability Bonds including framework, description of projects, SPOs, and impact reports is available at our website of [Sustainability Bonds](#)

Project Selection & Management of Proceeds



Comprehensive Pre-Issuance Disclosure

- Amount equivalent to net issue proceeds of the State Treasury Notes will be used to cover expenditures for selected environmental and social projects
- All projects are part of the State's discretionary spending of the current fiscal year
- Selection criteria for projects:
 - Only the State's own discretionary spending (net of EU grants, federal grants or other revenues earmarked for specific purposes)
 - Projects prescribed by federal law are excluded. Thus, eligible projects are voluntarily provided by the State
 - The State's personnel costs are excluded

Sustainability Bond #10 NRW



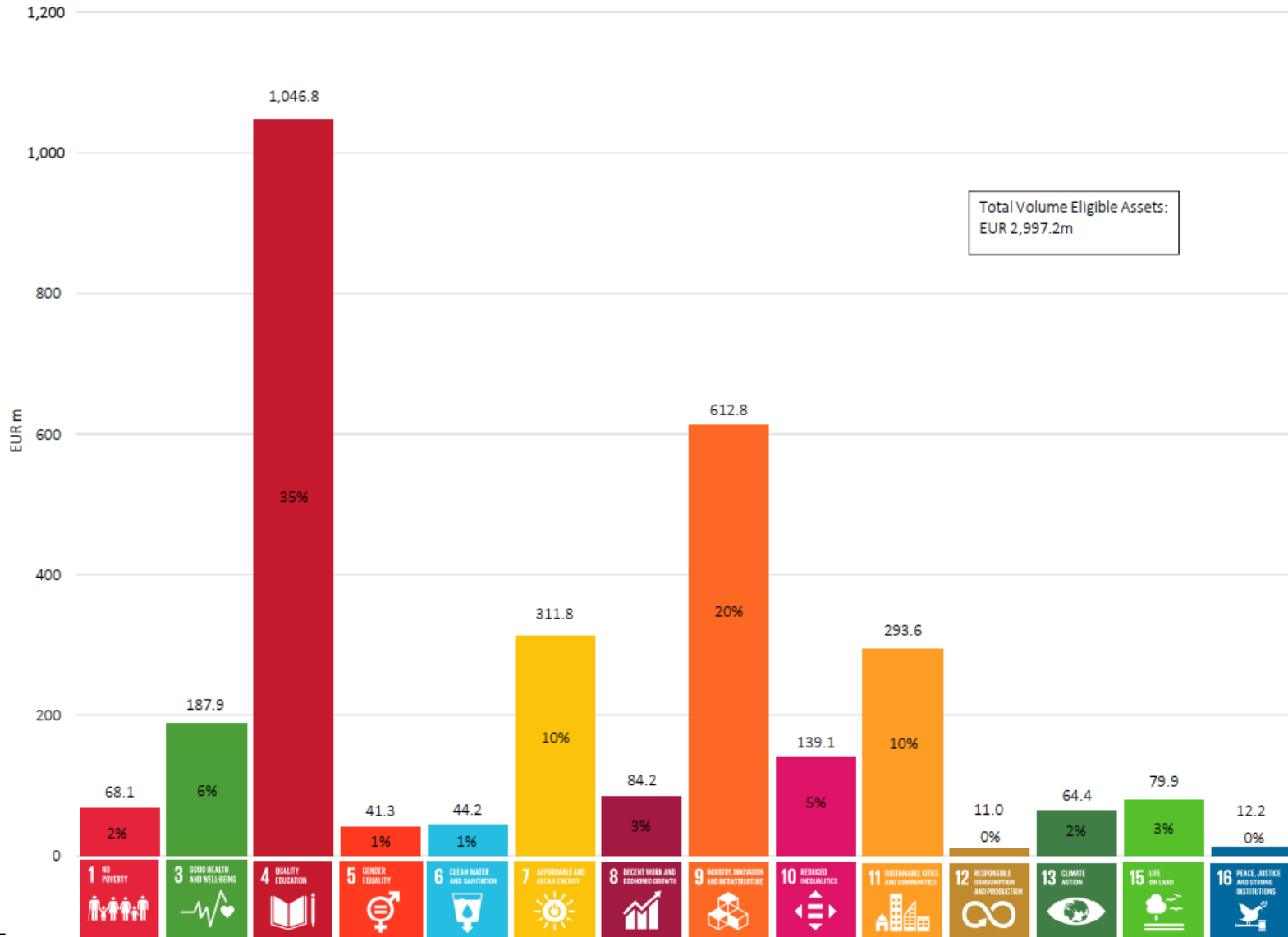
Prospective Allocation of Proceeds & Alignment with Taxonomy

SBP Project Category	Eligible Assets [EUR m]	Share of Assets	GBP Project Category	Eligible Assets [EUR m]	Share of Assets
A. Affordable basic infrastructure	351.6	11.7%	G. Renewable energy	225.0	7.5%
B. Access to essential services	1,421.5	47.4%	H. Energy efficiency	106.4	3.5%
C. Affordable housing	117.4	3.9%	I. Pollution prevention and control	31.3	1.0%
D. Employment generation	10.7	0.4%	J. Natural resources and land use	45.4	1.5%
E. Food security and sustainable food systems	3.7	0.1%	K. Clean transportation	65.5	2.2%
F. Socioeconomic advancement and empowerment	145.5	4.9%	L. Sustainable water and wastewater management	110.5	3.7%
			M. Climate change adaptation	27.8	0.9%
			N. Green buildings	335.0	11.2%
Social Projects	2,050.4	68.4%	Green Projects	946.8	31.6%
Total Volume Eligible Assets	2,997.2				
			Taxonomy Alignment of in-scope green expenditures	54.9%	
			Taxonomy Alignment of all green expenditures	54.1%	
Taxonomy Alignment out of all social and green expenditures	512.5	17.1%			

Sustainability Bond #10 NRW



Eligible Assets per SDG



Conclusion



State of NRW: Key Investment Considerations

- Part of a well-positioned and strong economy with a reliable and supportive fiscal and institutional framework
- Strong credit ratings
 - Fitch: AAA (stable)
 - Moody's: Aa1 (stable)
 - Standard & Poor's: AA (stable)
- Rating reports available at [the official website of NRW \(Investor Relation\)](#)
- Debt Issuance Programme available at [NRW DIP \(Update 2023\)](#)
- German States' issuances qualify as level 1 assets under the EU Commission's Delegate Regulation on the liquidity coverage ratio (LCR)
- 0% risk weighting in most countries, stress factor of 0% (spread and concentration risk) under the Solvency II framework
- Sustainability rating (Moody's ESG Solutions) with top grade „Advanced“ in 2023
Second highest score (65/100) of all regional and local authorities across Europe

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