NRW.BANK

Rating Report

Rating rationale

The AAA rating of NRW.BANK is equalised with the AAA/Stable rating of the German Federal State of North Rhine-Westphalia (NRW), given the state's explicit refinancing guarantee for NRW.BANK's obligations.

The link to the State is further underpinned by i) a mature and very supportive legal set-up, which makes changes to NRW.BANK's business model or guarantee structure highly unlikely; and ii) the bank's high strategic importance to the Federal State as a key government-related entity implementing economic and social policies with a countercyclical role, supported by the bank's own resources.

NRW.BANK also benefits from its very strong fundamentals, including its very high capitalisation, excellent asset quality and strong liquidity and funding profiles with a favourable capital markets access.

Challenges include the bank's modest, but stable, profitability. Additionally, the bank's lending exposure exhibits some concentration on the financial sector, which however is mitigated by the on-lending principle with diversified ultimate borrowers, and the regional economy. These characteristics are a direct consequence of the bank's public policy mandate.

Figure 1: Scope's approach to rating NRW.BANK

NRW.BANK		
Public sponsor	**Land of North Rhine-Westphalia (AAA/Stable)**	
Step 1: Integration with the public sponsor (QS1)	Rating approach	Top-down
Step 2: Equalisation factor	Rating equalisation?	Yes (AAA)
Final rating	**AAA/Stable**	

Source: Scope Ratings

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating

S-1+

Local currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating

S-1+

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Credit strengths and challenges

Credit strengths	Credit challenges
• Explicit guarantee from NRW • Supportive legal framework • High strategic importance • Very high capitalisation and sound asset quality • Strong liquidity and funding profile	• Modest but stable profitability, driven by non-profit-maximising development mandate • Concentration of lending exposure to the financial sector and regional economy, in line with public mandate

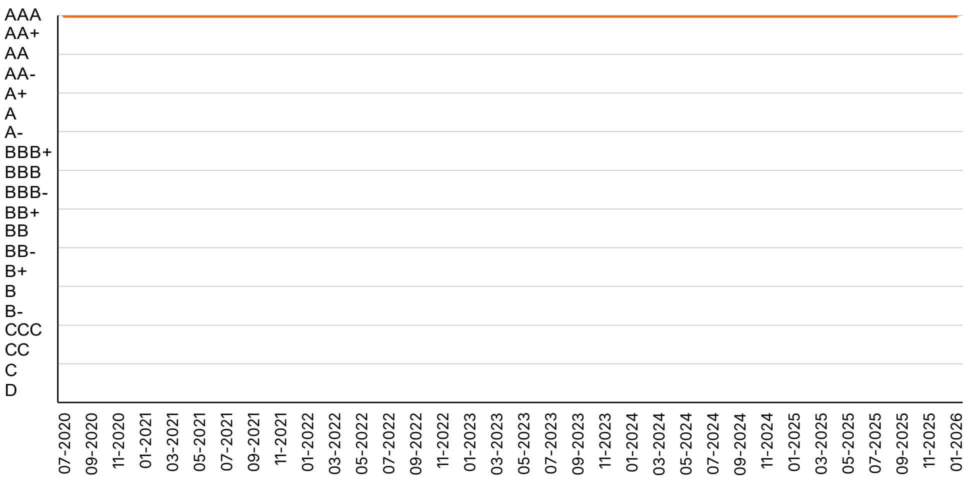
Table of content

Outlook and rating triggers

The Stable Outlook is aligned with the Stable Outlook on the rating of North Rhine-Westphalia and reflects our assessment that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
• Not applicable	• Downgrade of NRW • Changes to guarantee framework, leading to weaker government support

Figure 2: Rating history*



* Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

1. Integration with the Land of North Rhine-Westphalia

NRW.BANK is the promotional bank of the Land of North Rhine-Westphalia, with total assets of EUR 161.8bn at YE 2024, making it the second largest development bank in Germany after KfW and the largest regional development bank globally. It operates out of its offices in Düsseldorf and Münster with 1,642 staff at end-2024.

NRW.BANK is the largest regional development bank in Germany and globally

NRW.BANK is an institution under public law and delivers essential, competition-neutral services, and thus classifies as a GRE as defined[1] by our GRE methodology. Its key area of promotion is the regional economy, housing and the municipal sector, to which it delivers services which are instrumental to the Federal State's implementation of policy objectives. Further details on NRW.BANK's business and financial profile are provided in the **supplementary analysis**.

We use a 'top-down' approach to assign NRW.BANK's ratings, with NRW's AAA rating as the starting point. This is driven by our assessment of NRW.BANK's 'strong' integration with NRW (see **Qualitative Scorecard 1** in **Appendix 1**) based on the following considerations:

Top-down approach for rating analysis

- NRW.BANK's public legal status as an 'Anstalt des öffentlichen Rechts' (public law institution) legally exempts it from insolvency procedures and German income tax, in line with most other German regional development banks. Any changes to the bank's legal form are only permissible via a legal act of NRW which we deem an unlikely scenario.

Public legal form

- NRW.BANK's operating activities are performed on behalf of North Rhine-Westphalia and are governed and regulated by the Act on NRW.BANK[2] and the bank's statutes.

  The bank's activities have a 'high' strategic importance for its public sponsor. It fulfils a central role in supporting regional economic and social objectives by financing economic development, housing developments, and infrastructure projects and municipalities. NRW.BANK's strategic relevance and adaptability have been highlighted in various crises in recent years. The bank rapidly expanded its lending activity programmes to affected parts of the economy during the Covid-19 pandemic and cost-of-living shock in 2022, and administered state support following the flooding disaster in the Ahrtal in 2021.

  With ongoing, targeted adjustments to existing products, the bank is actively supporting the regional green and digital transition.

  Risks to NRW.BANK's position as the State's development bank and its provision of competition-neutral activities (underpinned by a stable and supportive legal framework on national and European levels[3]) are remote.

Highly relevant activities regulated under the Act on NRW.BANK

- The Land of North Rhine-Westphalia is NRW.BANK's sole owner and exerts comprehensive strategic, operational and financial control.

Sole ownership

1.1 Rating equalisation with the Land of North Rhine-Westphalia

NRW.BANK's rating is equalised with NRW's AAA/Stable rating. This is because the Land provides an explicit refinancing guarantee, which is payable upon first demand, offering creditors a direct and unconditional claim against the guarantor. As the guarantee is set in public law, it can only be amended, revoked or restricted through a parliamentary act of the Land of North Rhine-Westphalia, which would only apply to future transactions entered into after the act is enacted. Any such change is unlikely.

Equalisation with NRW's AAA rating

As is the case with other German regional development banks, NRW.BANK benefits from two additional ownership liability support mechanisms:

Extensive guarantee framework provided by NRW

- *'Anstaltslast'* (maintenance liability), requiring NRW (and entitling the bank, but no third party, to demand from its owner) to safeguard the bank's economic basis at all times, to pursue its

[1] See point 1.2 of our Government Related Entity Rating Methodology for the definition of a GRE.
[2] NRW.BANK Act, a specific law governing NRW.BANK.
[3] An agreement called 'Verständigung II' in 2002 between the European Commission and the German federal government defines regulations for legally independent development banks engaging in competition-neutral infrastructure and development business. This ensures that German development banks will continue to benefit from state support. We therefore do not expect changes in the bank's ownership status, business model, policy role or guarantee structure that would be subject to amendments in the respective laws.

operations and to enable it in case of financial difficulties, through the allocation of funds or in some other appropriate manner, to perform its obligations when due; and

- *'Gewährträgerhaftung'* (guarantor liability), which comprises NRW's unlimited legal liability for all obligations of NRW.BANK. However, creditors of the bank can assert claims against the Land of North Rhine-Westphalia only after not having been compensated from the bank's assets. The guarantor liability is only relevant in certain and unlikely circumstances as NRW.BANK is exempt from insolvency procedures as it is chartered under public law and benefits from the maintenance liability described above.

2. Supplementary analysis

Business profile determined by public policy mandate

NRW.BANK is a credit institution subject to the German Banking Act as well as prudential regulation and supervision by the German Federal Financial Supervisory Authority BaFin and the German Bundesbank. Since the implementation of CRD V in June 2019, which includes an explicit exemption for all German development banks, NRW.BANK is no longer subject to the Single Supervisory Mechanism.

The bank's business model is driven by its regional development banking mandate. This implies a non-profit-maximising business model with modest but stable profitability, and relatively undiversified earnings and some geographical and sectoral loan exposure concentration.

Self-supporting development bank

NRW.BANK is self-supporting and does not rely on regular budgetary means from its public sponsor to support its promotional activities. NRW.BANK funds itself via capital markets and credit facilities from other development banks, including KfW (AAA/Stable). The bank's funding costs are very favourable, underpinned by its benchmark issuer status and the explicit refinancing guarantee. Finally, the bank's capitalisation is exceptionally high, and it benefits from prudent risk management with strong asset quality and liquidity buffers.

2.1 Business model and strategy

NRW.BANK business centred around regional economy, housing, and infrastructure/ municipal finances

NRW.BANK's promotional banking activities are driven by its mandate and focus on the regional economy, the housing market, and infrastructure and municipal finance. Across its product offerings, the bank has continuously demonstrated its ability to adapt to economic and societal developments and its public sponsor's policy priorities. Promotional banking is typically passed on via interest rate and repayment amount subsidies as well as grants and consultancy services.

- First, the bank supports growth and innovation across the whole lifecycle of a company aiming to strengthen NRW's regional economy.
- The bank works to create affordable housing.
- The third pillar focuses on the improvement of infrastructure and the sustainability of municipal finances.

Business volumes picked up markedly in 2025

In 2025, business volumes increased significantly YoY, with overall activity reaching EUR 10.9bn up to September, up 53% from the same time horizon in the previous year. This was partly from favourable external factors, such as lower EU base interest rates, but also the bank's efforts to launch innovative new programmes addressing customer needs.

Declining volumes between 2022-2024 somewhat compensated by strong housing demand

Promotional volumes have varied across the bank's business areas in the last years. Since 2022, housing volumes have seen a steady increase from EUR 2.9bn in 2022 to EUR 4.5bn in 2024 as demand for affordable housing remains high. Funding for economic development declined by over 40% between 2022-2024 amid overall subdued economic developments in NRW, Germany and Europe driving timid investment sentiment and high base interest rates set by the European Commission. These factors also negatively impacted the demand for funding for infrastructure and municipalities (**Figure 3**, next page).

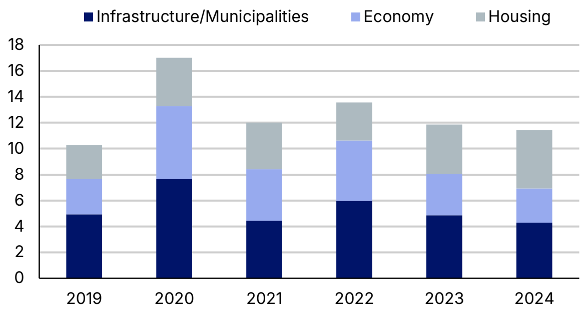
New NRW.BANK.Infrastructure programme boosts funding volumes

Despite overall subdued investment sentiment, select programmes have been very successful, such as the NRW.BANK.Infrastructure programme set up in 2024, a new and optimised programme combining different aspects of infrastructure financing (i.e., education, broadband, renewable energies, and climate). The programme contributed with almost EUR 2.2bn to increased overall volumes in the infrastructure/municipal finance pillar which reached EUR 5.3bn in the first three quarters of 2025, up 85% compared to the previous year.

NRW.BANK supports the regional economy's green and digital transitions, in line with key policy priorities of the Federal State. The bank introduced a climate bonus in September 2024, which offers favourable conditions to companies that demonstrably reduce greenhouse gas emissions or are progressing in their reduction efforts. In May 2025, the bank launched its NRW.BANK.Invest Zukunft programme further supporting the economy's green and digital transformation. Finally, the bank is expanding its own-risk activities with respect to high-impact venture capital financing.

Figure 3: Volume of new commitments

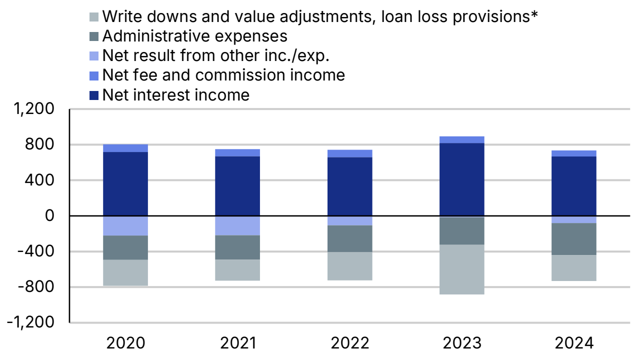
EUR bn



Source: NRW.BANK, Scope Ratings

Figure 4: Operating result breakdown

EUR m



* Including allocations to the fund for general banking risk.
Source: NRW.BANK, S&P Capital IQ, Scope Ratings

Net interest is the main income source

NRW.BANK's earnings are modest and stable reflecting its mandate. Net interest income (NII) is the primary source of revenue, at around 90% of total operating income on average over the past five years. NII increased markedly to EUR 817.2m in 2023 driven by prevailing interest rate conditions (**Figure 4**). In 2024, NII amounted to EUR 666.5m, returning to the previous five-year average seen between 2018-2022. The decline was driven by higher promotional lending, higher financing expenses and lower income from equity participations. NII in 2025 is expected to remain moderately below 2024 levels. Net commission income of EUR 69.1m mostly represents income earned on the bank's credit default swap (CDS) portfolio where it acts as a protection seller, leading to some earnings diversification.

Net interest on securities portfolio will continue to provide significant revenues

We expect the bank's fixed-income securities portfolio's earnings contribution to remain significant and relatively stable, as favourable interest-rate conditions continue to be rolled as positions mature.

The bank's net result from other income and expenditure was EUR -80.5m in 2024, from EUR -16.8m in 2023. This position tends to be volatile and mostly represents changes to pension provisions, including due to changes in actuarial interest rates, other pension provisions (related to personnel and pensioners of Portigon AG) and the impact of collective wage agreements.

Administrative expenses up to EUR 359m, due to personnel and other operating costs

Administrative expenses increased to EUR 359m in 2024, up 17% YoY. Personnel costs were up 21%, standing at EUR 228m, similarly mostly due to revaluation of pension provisions, but also wage increases and a modest increase in employees. Other operating expenses were up 11%, representing advisory costs. This was in line with budgeted levels and represents continuous investments into IT to meet regulatory requirements and allow the bank to invest into its IT and artificial intelligence (AI) strategies to boost efficiency and digitalisation.

The bank's self-reported cost-to-income ratio was 40.7%, after 32.5% in 2023. We expect the ratio to increase moderately in the medium-term, as earnings are expected to normalise and moderate cost pressures continue to persist. We expect the bank to prudently and carefully manage its cost base and make increasing use of operating efficiencies, such as those enabled by greater use of AI and digitalisation.

Finally, the bank's risk and valuation result (write downs and value adjustments and allocations to reserves) was EUR 291m, comprising EUR 29.3m for loan exposures, EUR 10.9m for equity participations and EUR 25.1m for securities and derivatives. Additionally, EUR 225m were allocated to reserves, including a promotional fund established in 2023.

2.2 Profitability and capitalisation

Modest and stable profitability due to mandate

We assess NRW.BANK's profitability as moderate, albeit stable, reflecting its public development banking mandate. Profitability is supported by the bank's excellent access to capital markets, itself underpinned by the explicit state guarantee. According to the statues, any net profits remaining after interest paid on behalf of the state to the federal government for the utilisation of federal loans for the promotion of housing construction and modernisation, are to be allocated to reserves.

CET1 ratio of 42.5% at YE 2024, ample regulatory buffers

Continued earnings retention supports NRW.BANK's capitalisation. It's Common Equity Tier 1 (CET1) capital of EUR 19.1bn against risk-weighted assets (RWAs) of EUR 45.1bn results in a 42.5% CET1 capital ratio as of end-2024 (**Figure 5**), significantly above the regulatory minimum requirement of 9.5% in 2024. The bank's exceptionally high capital buffers and CET1 ratio compared to peers and the minimum requirement is largely driven by the integration of the state housing assets of the state's '*Wohnungsbauförderungsanstalt'* in 2010, which were mainly allocated to the subscribed capital of NRW.BANK amounting to EUR 16.5bn. The implementation of CRR III from January 2025 led to a manageable increase in RWAs. By end-September, the CET1 ratio stood at 38.9%.

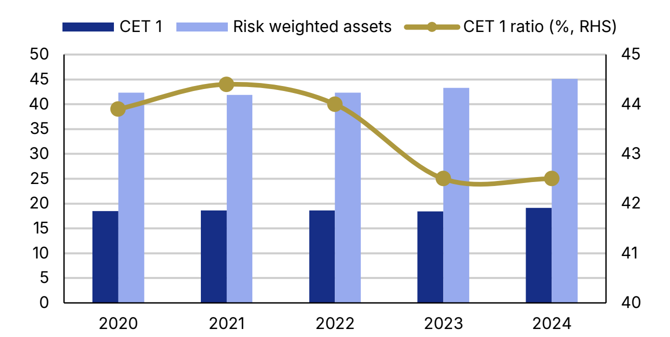
In addition to is ample subscribed capital, the bank maintains prudent risk reserves via allocations to its funds for general banking risks and reserves. Total cumulative allocations amounted to around EUR 5bn at YE 2024.

Finally, NRW.BANK has established a promotional fund within its §340g reserves, amounting to EUR 245m at YE 2024, which acts as a reserve to finance future own-financed subsidies ('*Tilgungsnachlässe'*) and other grants. These reserves do not count towards the bank's regulatory equity.

Finally, the bank's leverage ratio stood at 18.9% at end-2024 (vs a minimum requirement of 3%), up from 11.2% in 2020 due to changes in the Capital Requirements Regulation 2 lowering total exposure via the deduction of promotional loans.

Figure 5: CET 1 development

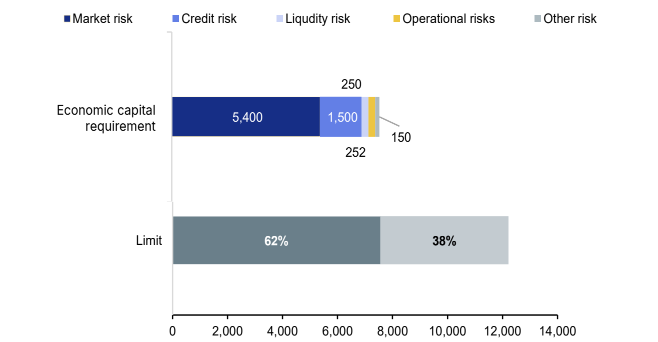
EUR bn (LHS); % of RWA (RHS)



Source: NRW.BANK, S&P Capital IQ, Scope Ratings

Figure 6: NRW.BANK's risk-bearing capacity, YE 2024

EUR m, %



Source: NRW.BANK, Scope Ratings

Prudent risk management ensures capital adequacy

The bank's risk management follows national prudential regulation, including BaFin's MaRisk requirements. NRW.BANK manages its capital according to the Internal Capital Adequacy Assessment Process, which is equivalent to the risk-bearing concept as defined in Article 25a of the German Banking Act. Under the normative approach, this ensures compliance with minimum regulatory capital ratios.

Significant capital buffers

Under the economic capital requirement approach, NRW.BANK ensures sufficient internal capital to meet risks stemming from activities that may entail economic losses. At YE 2024, the bank identified over EUR 7.5bn of value-at-risk, comprised mostly of market and credit risk (**Figure 6**). With a bank-wide limit of EUR 12.2bn, NRW.BANK retains ample buffers (62% utilised at YE 2024).

The bulk of economic capital is held against market risks, which is predominantly driven by the bank's equity-financed housing promotion activities. This leads to large interest-rate change risks according to MaRisk as the regulation assumes a full maturity mismatch between the equity and loan positions. Apart from this, currency and interest rate mismatches well-managed from an income statement perspective. The bank's capital market investments are generally held until maturity and accounted at amortised cost.

In addition to the economic capital requirement approach, the bank sets limits for concentration restricting exposures, particularly at the individual debtor, group, country, and various sub-portfolio levels. Limits are monitored daily, and specific processes are defined for limit overruns.

2.3 Portfolio risk and asset quality

Excellent asset quality, some portfolio concentration in line with mandate

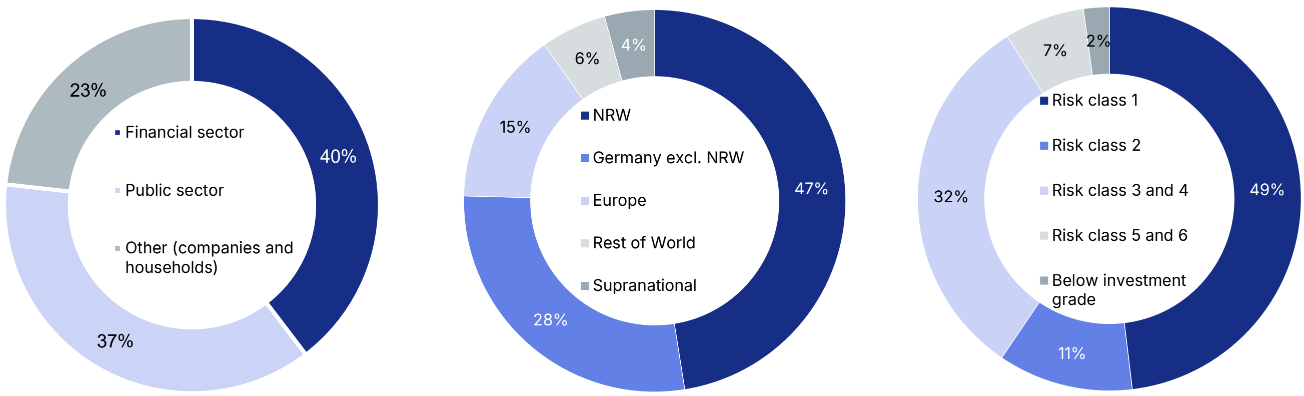
NRW.BANK's asset quality is excellent, with very low non-performing exposures and minimal provisioning requirements. The bank's exposure is mostly towards financial institutions (40% of total exposure) and public sector entities (37%). In line with its mandate, the portfolio exhibits some geographical concentration to its home-state NRW and Germany (**Figure 7**). The bank's promotional programmes are purely focused on NRW. Exposure beyond NRW arises from municipal financing across Germany and global capital market investment activity. In line with its prudent risk management and underwriting, single obligor and concentration risks are managed via limit setting.

House-bank principle for on-lent funds benefit asset quality

Exposure towards financial institutions also represents loans on-lent to businesses of around EUR 35.7bn, out of a total EUR 52.6bn. These on-lent loans follow the house-bank principle and partner banks assume the credit risk on the ultimate borrower and pass on a direct claim against the ultimate borrower to NRW.BANK, effectively granting the bank double recourse. This is a key pillar of the bank's excellent asset quality. In addition to on-lent funds, exposure to financial institutions includes central bank deposits of EUR 5bn.

Figure 7: Exposure concentration and asset quality*

A. Total exposure per sector (%)	**B. Total exposure per region (%)**	**B. Total exposure per risk class** (%)**
end-September 2025	YE 2024	end-September 2025



* Total exposure. ** Risk class 1 corresponds to an AAA rating, class 2 to the AA category, classes 3 and 4 to the A category and classes 5 and 6 to the BBB category.
Source: NRW.BANK, Scope Ratings

Direct lending to German municipalities and for housing

NRW.BANK's direct exposures also exhibit solid asset quality and protection. A significant portion of direct lending is towards German municipalities (EUR 43.2bn of total exposure at YE 2024) and other forms of direct lending benefit from significant protection.

Low non-performing exposures, high internal ratings

Given the bank's high-quality loan portfolio and stringent underwriting, non-performing exposures are minimal at EUR 0.3bn at YE 2024, or 0.16% of total exposure. Similarly, the share of highly rated exposures is high at a predominant portion of total exposure rated higher than the equivalent of the 'A' category and a minimal exposure to sub-investment-grade borrowers.

Prudent provisioning leads to ample buffers

We expect asset quality to remain robust and able to withstand ongoing macroeconomic uncertainties in NRW and Germany. The bank has held its risk provisions at prudent levels, including via management adjustments to account for increased uncertainty.

High quality securities portfolio

In addition to its development-banking related assets, NRW.BANK holds a sizeable fixed-income portfolio, with high credit quality, of EUR 42.7bn at YE 2024. Investments are held until maturity, and the bank manages interest rate and foreign exchange risks via derivatives.

NRW.BANK maintains a EUR 12.9bn CDS portfolio, acting as protection seller. The portfolio allows the bank to accept credit risk similar to bond positions but diversify its securities holdings. Exposures are predominantly to high-credit-quality sovereign borrowers.

Growing venture capital activities to maximise impact

Finally, the bank maintains a relatively small venture capital portfolio as part of its mandate to support regional SMEs in the early phases of development, which the bank aims to grow in coming years. A EUR 99.4m portion of the portfolio benefits from a 49% public guarantee. The bank's expanding equity investments will mainly be at the bank's own risk as these will not benefit from a public guarantee. Additionally, the bank holds EUR 2.2bn in Portigon AG shares, which benefit from a full public guarantee.

InvestEU implementing partner

Finally, as the EUInvest first implementing partner in Germany, the NRW.BANK has signed a risk-sharing agreement with the European Commission in December 2025. Through the 'NRW.Venture EU Tech&Scale' fund, the bank will make available up to EUR 200m in equity investments, with the limit for individual financing raised to EUR 30m (from EUR 15m) leveraging the equal risk-sharing with the Commission.

2.4 Funding and liquidity

Excellent capital market access

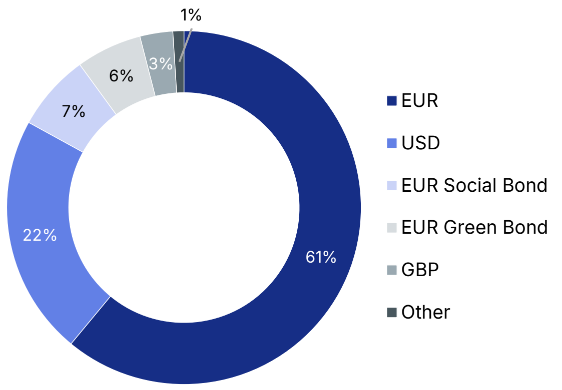
Given the explicit liability support from the Land of North Rhine-Westphalia, NRW.BANK benefits from strong market access and the preferential regulatory treatment of its debt obligations. Among its German development banking peers, the bank stands out as a large benchmark issuer given its relatively large refinancing programme of EUR 11-13bn in 2025.

The bank's main refinancing tool is its Debt Issuance Programme, with a utilisation of EUR 45.6bn at end-September 2025. Via the programme, the bank maintains a diversified funding structure, with around one third each financed via benchmark transactions, green and social bonds, and private placements and syndicated bonds. The bank's strategic currencies are the EUR and USD, complemented by GBP and AUD as the other key currencies. Further, the bank opportunistically issues in other currencies, including HKD, NOK, SEK and NZD, broadening the bank's access to global investors. All FX risks are hedged back to EUR.

The bank also has a well-established access to global short-term money markets via its EUR 35bn Global Commercial Paper Programme, which reached a utilisation of EUR 21bn at end-September 2025. This increases the bank's funding flexibility in its key currencies (EUR and USD). Overall, investor demand remains high and refinancing conditions are very favourable.

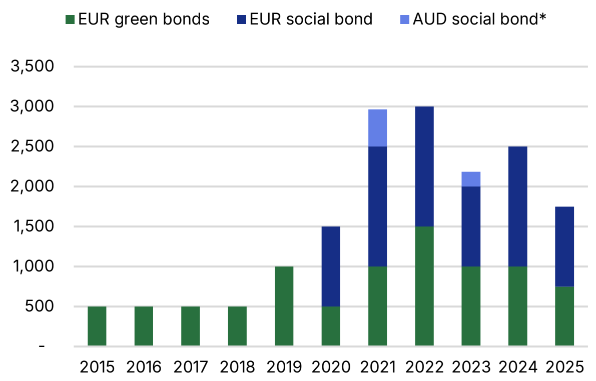
NRW.BANK is actively participating in the developments relating to digital issuance. It issued a blockchain-based digital bond in 2025 and completed a smart derivative contract.

Figure 8: Refinancing January-September 2025
% of total (EUR 13.4bn)



Source: NRW.BANK, Scope Ratings

Figure 9: Issuance of green and social bonds
EUR m, currently outstanding



* EUR / AUD as of 31 December of the respective year.
Source: NRW.BANK, Scope Ratings

NRW.BANK's debt securities carry a 0% regulatory risk weight, are recognised as Level 1 high-quality liquid assets for liquidity coverage ratio requirements and are eligible for preferential treatment under Solvency II. The bank's bonds are also eligible for the ECB's monetary policy operations, including its asset purchase programmes.

Very strong liquidity profile

The bank maintains a very prudent liquidity profile and access to additional liquidity, if needed, is secured. In addition to ample liquidity, the bank held around EUR 38.2bn in debt securities eligible to be pledged with the central bank to access monetary policy operations. Liquidity adequacy is ensured via the bank's ILAAP processes, limiting, as well as via liquidity coverage ratios and survival horizons under stress scenarios. The bank's liquidity coverage ratio has been consistently high, standing at 520% in December 2024.

3. Environmental, Social and Governance Factors (ESG)

Material ESG factors are captured by Scope's rating approach through several analytical areas.

Governance and social considerations

Governance and social considerations are material to NRW.BANK's credit rating and are included in the assessment of: i) the level of integration with the public sponsor, highlighting the supportive legal framework that requires the bank to comply with its statutes and fulfil its role as a competition-neutral public-law institution, including the provision of key services to support regional economic and social objectives, including social housing; and ii) the bank's standalone fundamentals in the supplementary analysis, highlighting its conservative risk profile and management, in line with other German national and regional development banks.

NRW.BANK is committed to its sustainability strategy in support of public sponsor's agenda

Environmental considerations include the bank's role in fostering and enabling the public sponsor's climate protection and sustainability agenda. The Federal State of NRW's Sustainability Strategy is a clear commitment to the Paris Agreement and foresees net neutrality in greenhouse gas emissions by 2045 in line with the goal set at the federal level. Accordingly, NRW.BANK has committed to net climate neutrality by 2045 across its activities, namely development banking, capital market activities and its own banking operations.

As regards its development banking activities, the bank has introduced ESG criteria for new investments, including a comprehensive exclusion list and sectoral transition pathways for seven heavily emitting sectors such as oil and gas, electricity production, automotive and real estate. Additionally, the bank maps its activities according to the UN Sustainable Development Goals (SDGs).

NRW.BANK is also transitioning its capital market investments towards climate neutrality. In its ESG Investment Framework, the bank has implemented several measures in line with UN Principles for Responsible Investment (UN PRI), including thematic investments, normative exclusions of certain investments, portfolio screening and a collaborative engagement approach. Finally, the bank monitors its corporate investment portfolio according to the implied temperature rise (ITR) metric, with a goal to reduce the ITR to 2.05 °C by 2026. On the refinancing side, NRW.BANK has been a pioneer among regional development banks in issuing ESG-labelled bonds, with the first green bond issued in 2013 and a target of at least one issuance per year to establish a green refinancing curve, and social bonds issued since 2020, with similarly at least one issuance per year.

ESG considerations also play an important role in the bank's risk management via its role as a risk driver. The bank comprehensively monitors and manages these risks, including via climate stress testing.

Finally, the bank produces non-financial reports, including on its efforts towards climate neutrality, considering the impact of its lending, investing and refinancing operations. In 2025, the bank published the first report voluntarily guided by the European Sustainability Reporting Standards (ESRS) as introduced in the CSRD, covering the year 2024. Finally, the bank has established a reporting framework for financed emissions for the year 2024 according to PCAF standards and will set reduction targets in its transition plan.

Appendix 1. Qualitative Scorecards

Qualitative Scorecard 1: Integration with the Land of North Rhine-Westphalia (AAA/Stable) and Rating Approach

Analytical component (weight)	Assessment (score)	Analytical rationale
Legal status (40%)	High (100)	NRW.BANK's public legal status as an Anstalt des öffentlichen Rechts (public law institution) legally exempts it from insolvency procedures *(according to section 17 (2) of the Act on NRW.BANK)*, in line with most other German state development banks. Any changes to the bank's legal form are permissible only via a legal act of NRW, which we deem very unlikely. In addition, similar to its peers, NRW.BANK can only be dissolved by law and is not subject to the Capital Requirement Regulation (CRR), the Single Resolution Mechanism, the Recovery and Resolution Act and the Restructuring Fund Act. This releases the bank from the obligation to draw up recovery plans. NRW.BANK is not subject to the German Deposit Guarantee Act.
Purpose & activities (20%)	High (100)	NRW.BANK's operating activities are performed on behalf of its public sponsor, with the purpose of providing key services in the public interest to support regional economic and social objectives. NRW.BANK has a full bank license and operates under commercial principles. However, unlike commercial banks, NRW.BANK's ultimate objective is public welfare, not profit, and its main credit risk exposure consists of intermediate banks that lend to the ultimate borrowers. NRW has commissioned NRW.BANK to support it and its municipalities in performing public functions, in areas such as structural and economic policy, including infrastructure and urban development, social housing, and the provision of finance. Financing can range from low-interest promotional loans to equity financing for small and medium-sized enterprises (SMEs) in line with the state aid regulations of the European Union.
Shareholder structure (20%)	High (100)	The federal state of North Rhine-Westphalia is NRW.BANK's sole owner.
Financial interdependencies (20%)	High (100)	NRW.BANK is a self-supporting development bank and does not rely on regular contributions from NRW to support its activities, finance investment or repay debt. There is no track record of direct financial support for NRW.BANK and any regular financial support is neither needed nor expected in our view. We expect the bank's profits to remain stable and sufficient to fulfil its promotional duties. NRW.BANK provides substantial direct funding to the state and its municipalities, informing our assessment of high financial interdependencies.
Approach adopted		**Top down**

Sources: Scope Ratings

Appendix 2. Balance sheet and income statement summary

	2020	2021	2022	2023	2024
Balance sheet summary (EUR m)					
Assets					
Cash and interbank assets	50,639	50,432	56,408	56,418	52,739
Total net customer loans	60,410	57,859	58,578	58,913	59,367
Total securities	38,633	38,127	38,790	39,990	42,703
Other assets	6,105	6,714	6,122	5,931	6,974
Total assets	**155,787**	**153,132**	**159,898**	**161,252**	**161,784**
Liabilities					
Interbank liabilities	40,465	40,041	39,854	38,442	38,084
Deposits from customers	11,463	11,012	10,046	13,537	14,238
Total debt	76,660	75,620	83,119	81,798	82,299
Senior debt	75,110	74,129	81,688	80,640	81,295
Subordinated debt	1,550	1,490	1,431	1,158	1,004
Other liabilities	8,207	7,436	7,755	7,553	7,312
Total liabilities	**136,794**	**134,108**	**140,773**	**141,330**	**141,933**
Equity					
Common equity	18,993	19,024	19,124	19,921	19,850
Share capital	17,000	17,000	17,000	17,000	17,000
Other common equity	1,993	2,024	2,124	2,921	2,850
Total liabilities and equity	**155,787**	**153,132**	**159,898**	**161,252**	**161,784**
Common equity tier 1 capital (in EUR bn)	*18.5*	*18.6*	*18.6*	*18.4*	*19.1*
Income statement summary (EUR m)					
Net interest income	718.8	668.8	658.6	817.2	666.5
Net fee and commission income	82.9	81.2	82.3	74.8	69.1
Net trading income	0.4	0.9	0.4	-0.5	0.1
Net result from other operating income/expenses	-221.7	-217.6	-107.6	-16.8	-80.5
Administrative expenses	272.5	273.0	299.4	306.0	359.0
Operating result before risk provisions	307.9	260.2	334.3	568.6	296.1
Write-downs and value adjustments; allocations to loan loss provisions	289.6	237.2	316.9	559.4	290.6
o/w additions to the fund for general banking risks	50.0	30.0	100.0	821.9	184.2
Operating result	18.3	23.0	17.3	9.3	5.5
Taxes paid	11.4	17.5	11.8	4.7	0.8
Net income	6.9	5.5	5.5	4.6	4.7
Designated pay out due to legal requirements	6.9	5.5	5.5	4.6	4.7
Withdrawal from capital reserves	0.0	0.0	0.0	255.8	0.0
Profit for the year	0.0	0.0	0.0	255.8	0.0

Source: NRW.BANK, S&P Capital IQ, Scope Ratings

Appendix 3. Selected financial ratios

	2020	2021	2022	2023	2024
Funding and liquidity					
Liquidity coverage ratio (%)	260%	442%	306%	239%	520%
Net stable funding ratio (%)	128%	131%	120%	116%	118%
Asset mix, quality and growth					
Net loan growth (%)	2.2%	-4.2%	1.2%	0.6%	0.8%
Asset growth (%)	4.4%	-1.7%	4.4%	0.8%	0.3%
Earnings and profitability*					
Net interest margin (%)	0.5%	0.5%	0.4%	0.5%	0.4%
Net interest income/ average RWAs (%)	1.7%	1.6%	1.6%	1.9%	1.5%
Net interest income/ operating income (%)	88.1%	85.5%	86.7%	85.4%	83.9%
Net fees & commissions/ operating income (%)	10.2%	10.4%	10.8%	7.8%	8.7%
Cost/ income ratio (%)	62.2%	66.7%	56.0%	40.6%	62.7%
Operating expenses/ average RWAs (%)	1.2%	1.2%	1.0%	0.9%	1.1%
Pre-impairment operating profit/ average RWAs (%)	0.7%	0.6%	0.8%	1.3%	0.7%
Capital and risk protection					
Common equity tier 1 ratio (%, transitional)	43.9%	44.4%	44.0%	42.5%	42.5%
Tier 1 capital ratio (%, transitional)	43.9%	44.4%	44.0%	42.5%	42.5%
Total capital ratio (%, transitional)	44.2%	44.6%	44.2%	42.6%	42.6%
Leverage ratio (%)	11.2%	21.0%	19.0%	18.8%	18.9%
Asset risk intensity (RWAs/ total assets, %)	27.2%	27.4%	26.5%	26.9%	27.9%

Selected ratios as reported by S&P Capital IQ, which might differ from ratios reported by the issuer due to different definitions.
Source: S&P Capital IQ, Scope Ratings

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Related research

Scope affirms the NRW's AAA rating with Stable Outlook, April 2025

Applied methodology

Government Related Entity Rating Methodology, September 2025

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