



# Providing for the Future

## NRW's Sustainability Bond



Tom Uhlenberg Stocksy/stock.adobe.com

# NRW Sustainability Strategy

## Implementing the 2030 Agenda at the Regional Level

- Sustainable development is a guiding principle for the State of NRW. It actively joins the global efforts under the umbrella of the Agenda 2030 adopted by the UN in 2015 and the 17 Sustainable Development Goals (SDGs).
- The State Government adopted the NRW Sustainability Strategy in 2016 and an updated version in 2020. The Strategy is designed to implement the global Sustainable Development Goals (SDGs) at the regional level. It also serves as the political reference for NRW's Sustainability Bond.
- The core of the new Sustainability Strategy is a set of 67 specific goals and indicators covering 16 of the 17 SDGs (without SDG 14). These goals and indicators are closely aligned with the goals at the federal level. Ecological, economic and social interaction are equally taken into account.
- A separate indicator report covers the development of the indicators. A dedicated website enables ongoing progress reporting on the indicators.



# New Sustainability Bond Framework

## Update & New Structure

- Separate NRW Sustainability Bond Framework aligned with the ICMA Green Bond Principles (2018), Social Bond Principles (2020) and Sustainability Bond Guidelines (2018)
- In line with the most recent drafts of the EU Green Bond Standard with regards to the Do No Significant Harm Principle and Minimum Social Safeguards
- New components: Do no harm principle, compliance to social safeguards, controversies, exclusions
- Projects classified in 14 ICMA Use of Proceeds categories: 6 SBP and 8 GBP categories
- Aligned with updated NRW Sustainability Strategy (2020)
- Eligible assets will be made public before issuance of each Sustainability Bond and evaluated with a separate SPO.

# Use of Proceeds of NRW's Sustainability Bonds

14 SBP and GBP Categories with Projects Related to SDGs

- A. Affordable basic infrastructure
- B. Access to essential services
- C. Affordable housing
- D. Employment generation
- E. Food security and sustainable food systems
- F. Socio economic advancement and empowerment
- G. Renewable energy
- H. Energy efficiency
- I. Pollution prevention and control
- J. Natural resources and land use
- K. Clean transportation
- L. Sustainable water and wastewater management
- M. Climate change adaptation
- N. Green buildings



# Alignment with Principles

ICMA

The Sustainability Bond complies with the four core components of ICMA's Green Bond Principles (2018), Social Bond Principles (2020) and Sustainability Bond Guidelines (2018):

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting





# Process for Project Evaluation and Selection

## Comprehensive Pre-Issuance Disclosure

- Projects are selected in accordance with the categories and criteria set out in the "Sustainability Bond Framework", based on ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.
- Only the State's own discretionary spending (net of EU grants, federal grants or other revenues earmarked for specific purposes) is taken into account. Thus, double counting of expenditures in other SRI Bonds is ruled out.
- Projects prescribed by federal law are excluded. Thus, eligible projects are voluntarily provided by the State.
- The State's personnel costs are excluded.
- Prospective allocation of net proceeds is disclosed pre-issuance. A detailed description of all projects ("Eligible Assets") is available at [www.sustainability-bond.nrw.de](http://www.sustainability-bond.nrw.de).





# Management of Proceeds

## Funding the Public Sector

- An amount equivalent to the 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 fiscal year 2021 and can be traced to the [NRW 2021 Budget Plan](#) (Haushaltsplan 2021). Some projects run for more than one year, but for the issuance at hand, only the expenditures of the current year are taken into account.
- In the unlikely event that net issue proceeds exceed the State's expenditures for eligible projects in the fiscal year 2021, the remaining proceeds will be used to cover expenditures for similar projects of the fiscal year 2022.
- Final budget results for 2021 and final allocation of proceeds will be set out in the impact reporting.

# Sustainability Quality of the Bond

## Verification and Evaluation

- SPOs for Framework and Eligible Assets both provided by ISS ESG.
- SPO for NRW's Sustainability Bond Framework confirms that the Framework is in line with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines administered by ICMA and that the Use of Proceeds categories are consistent with the State's Sustainability Strategy.
- SPO for Eligible Assets confirms that the overall sustainability quality of the eligible projects in terms of sustainability benefits, risk avoidance and minimisation is good.
- Both SPOs are available at [www.sustainability-bond.nrw.de](http://www.sustainability-bond.nrw.de).



# Reporting

## Environmental and Social Impacts

- Impact reporting with regard to projects financed by the Sustainability Bonds is published on a regular basis and covers environmental and social impacts. Reports are provided by Wuppertal Institut für Klima, Umwelt, Energie gGmbH post issuance.
- Evaluation of environmental impacts focuses on avoided greenhouse gas emissions and selected other indicators. Evaluation of social impacts focuses on education and broadband expansion as well as job creation.
- The evaluation carried out by Wuppertal Institut comprises an analysis of projects related to the most current issuance as well as a consolidated analysis of the impacts over the lifetime of projects related to all Sustainability Bonds NRW issued so far (portfolio approach).



# Enhanced Project Portfolio

## Projects Related to COVID-19 are Key Features of Sustainability Bond #8

- In total, Sustainability Bond #8 relates to 75 specific projects mapped to 15 SDGs. Eligible assets exceed EUR 4.6bn.
- In the context of the Coronavirus pandemic, the State Parliament of NRW has approved a number of measures to cope with the economic and social consequences.
- From the additional spending of the Coronavirus rescue package, projects worth EUR 1.3bn in the fields of health, education and environment have been found eligible according to the criteria set out in the Sustainability Bond Framework.
- New projects include selected green projects from the State's economic stimulus package, improve the health infrastructure, fight the Coronavirus pandemic or serve to answer Coronavirus-related demands from schools or day care centres like hygienic measure or digitalization of schooling.



# Sustainability Bond #8 NRW

## Prospective Allocation of Proceeds

SBP Project Category	Eligible Assets [EUR m]	Share of Assets	GBP Project Category	Eligible Assets [EUR m]	Share of Assets
A. Affordable basic infrastructure	570.2	12.2%	G. Renewable energy	44.0	0.9%
B. Access to essential services	2,823.6	60.3%	H. Energy efficiency	90.6	1.9%
C. Affordable housing	132.3	2.8%	I. Pollution prevention and control	100.1	2.1%
D. Employment generation	14.1	0.3%	J. Natural resources and land use	96.1	2.1%
E. Food security and sustainable food systems	2.8	0.1%	K. Clean transportation	54.5	1.2%
F. Socioeconomic advancement and empowerment	229.5	4.9%	L. Sustainable water and wastewater management	56.7	1.2%
			M. Climate change adaptation	89.0	1.9%
			N. Green buildings	380.0	8.1%
<b>Social Projects</b>	<b>3,772.5</b>	<b>80.5%</b>	<b>Green Projects</b>	<b>911.0</b>	<b>19.5%</b>
<b>Total Volume Eligible Assets</b>			<b>4,683.5</b>		



# Sustainability Bond #8 NRW

## Implementing the SDGs at State Level

GBP/SBP Use of Proceed categories:	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	# projects
Affordable basic infrastructure	1	-	-	-	-	-	-	-	1	-	2	-	-	-	-	3
Access to essential services	1	-	13	17	-	-	-	5	5	6	-	4	-	-	-	33
Affordable housing	-	-	-	-	-	-	-	1	3	-	3	-	-	-	-	3
Employment generation	-	-	-	-	-	-	-	3	2	1	-	-	-	-	-	3
Food security and sustainable food systems	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	1
Socioeconomic advancement	1	-	-	3	4	-	-	4	-	5	1	-	-	-	3	11
Renewable energy	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	2
Energy efficiency	-	-	-	-	-	-	2	-	1	-	-	1	-	-	-	2
Pollution prevention and control	-	-	-	-	-	-	2	-	2	-	-	1	3	1	-	5
Natural resources and land use	-	3	-	-	-	-	-	-	-	-	1	-	-	4	-	6
Clean transportation	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1
Sustainable water and wastewater management	-	-	-	-	-	1	-	-	-	-	-	-	1	1	-	1
Climate change adaptation	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-	2
Green buildings	-	-	1	1	-	-	-	-	2	-	-	-	-	-	-	2
Total	3	3	15	22	4	1	6	13	16	12	8	6	6	8	3	75

# A. SBP: Affordable Basic Infrastructure

EUR 570.2m

- Broadband expansion
- Public transportation



## B. SBP: Access to Essential Services

EUR 2,823.6m

- Improvement of health infrastructure
- Coronavirus-related health expenditures (expansion of hospitals, infrastructure for COVID vaccinations, ...)
- Education at universities, schools and day care centres
- Coronavirus-related expenditure in schools and day care centres (hygienic measures, digitalization to enable home schooling, ...)
- Research
- Consumer protection





## C. SBP: Affordable Housing

EUR 132.3m

- Urban renewal
- Village renewal



# D. SBP: Employment Generation

EUR 14.1m

- Integration of handicapped into the labour market
- Green economy





# E. SBP: Food Security and Sustainable Food Systems

EUR 2.8m

- EU school programme for healthy food



# F. SBP: Socio Economic Advancement & Empowerment

## EUR 229.5m

- Fight against poverty
- Integration of migrants
- Integration into the labour market
- Inclusion of handicapped
- Female empowerment
- Protection against violence

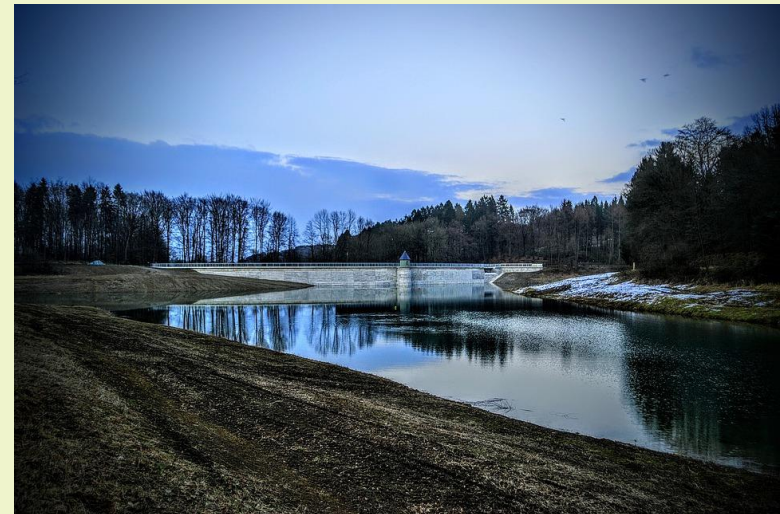




# G. GBP: Renewable Energy

EUR 44.0m

- Pumped-storage hydroelectricity plants
- Photovoltaic



# H. GBP: Energy Efficiency

EUR 90.6m

- Renewable energies
- Energy saving
- Energy efficiency
- Resource efficiency
- Circular economy
- E-mobility
- Research





# I. GBP: Pollution Prevention and Control

EUR 100.1m

- Climate protection
- Circular economy
- Resource efficiency
- Research



# J. GBP: Natural Resources and Land Use

EUR 96.1m

- Responsible agriculture
- Animal welfare
- Protection of nature
- Biodiversity





# K. GBP: Clean Transportation

EUR 54.5m

- Infrastructure for cyclists and pedestrians



# L. GBP: Sustainable Water & Wastewater Management

EUR 56.7m

- Flood prevention
- Water protection

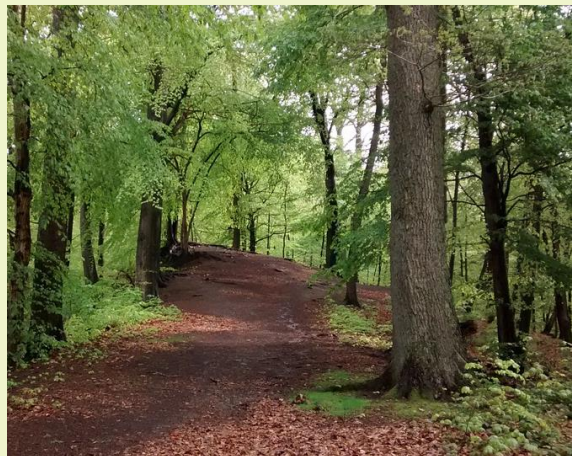




# M. GBP: Climate Change Adaptation

EUR 89.0m

- Climate change adaption
- Sustainable infrastructure
- Reforestation





# N. GBP: Green Buildings

EUR 380.0m

- Modernisation of university buildings
- Modernisation and extension of university clinics







# State of North Rhine-Westphalia

## Capital Markets Presentation



**April 2021**



# Bund and Länder

## Cooperative Federalism

### Federal System

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.

### Zero Borrowing Rule ("Debt Brake")

The Constitution for the Federal Republic sets out that the Länder must eliminate structural budget deficits from 2020 onwards. Since 2016, the Bund must limit structural budget deficits to 0.35% of GDP.

### Funding in Emergency Situations (e.g. COVID-19)

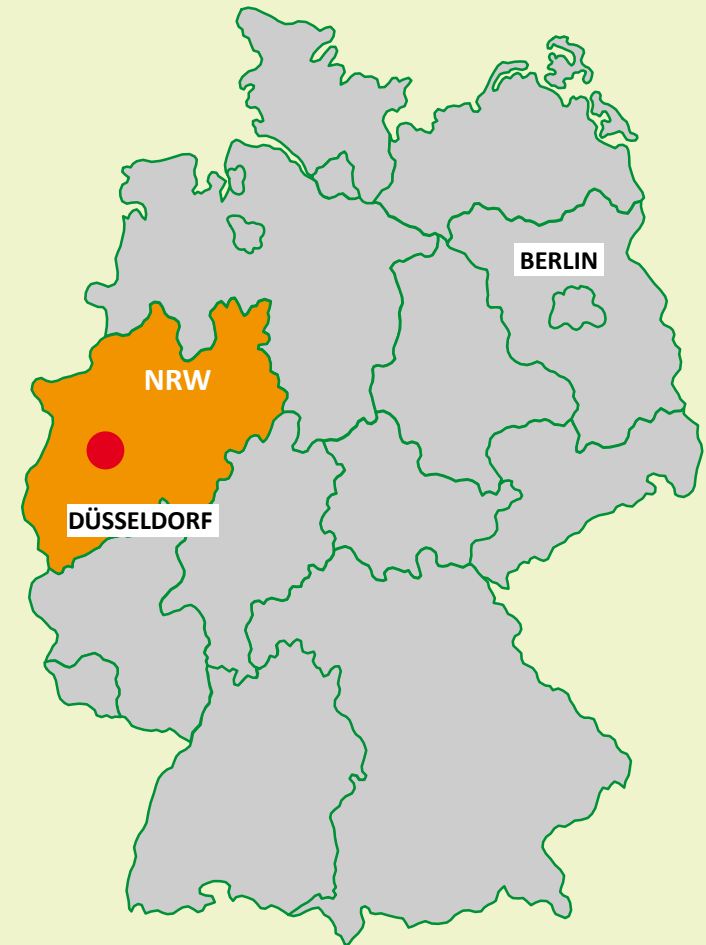
The debt brake allows for additional borrowing in case of natural disasters or emergency situations beyond governmental control and substantially harmful to the financial capacity. A case in point is the coronavirus pandemic, which justifies additional borrowing during the crisis.

### 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.

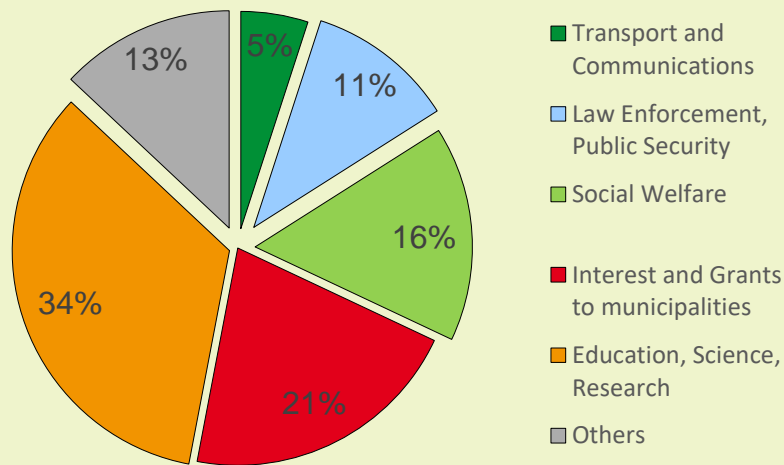


# Bund and Länder

## Size and Structure of 2019 Budgets

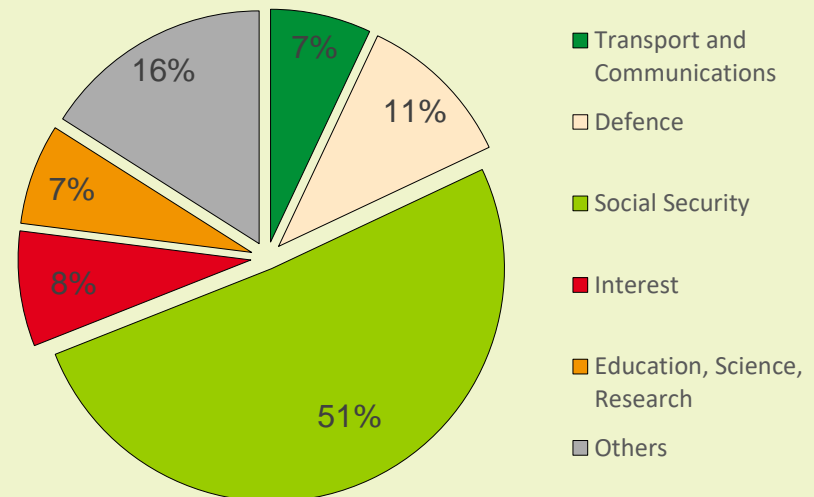
Länder budgets reflect their responsibilities for education, law enforcement and infrastructure. The federal budget is dominated by expenditures for social security – health, unemployment and retirement insurance. While the expenditures of Länder are higher than the expenditures of the Bund, their capital markets debt (EUR 578.6bn) is less than a third of the total debt of Bund and Länder (EUR 1,872.4bn, as of 31.12.2020).

Länder (all), EUR 356bn



Source: Federal Statistics

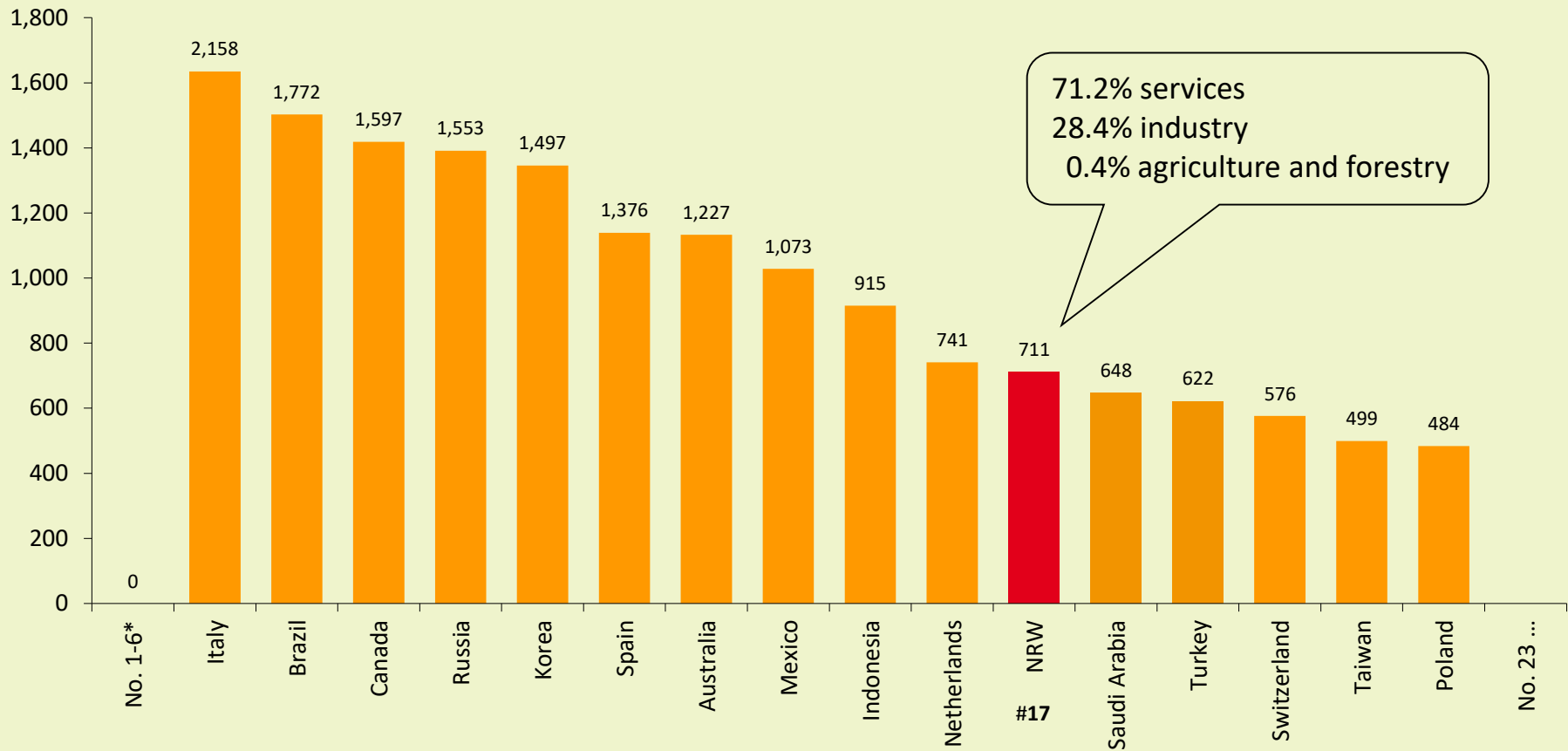
Bund (all), EUR 337bn





# One of the Top 20 Economies Worldwide

GDP 2019 [EUR bn]



\*USA, China, Japan, India, United Kingdom, France

Sources: International Monetary Fund, World Economic Outlook Database, October 2020, Statistical Office NRW



# State of North Rhine-Westphalia

Largest German State in Terms of Population and GDP

20 of the largest 50 German companies are headquartered in NRW. The regional economy has a focus on technology and services, media and health care. It features more than 700,000 small and medium-sized companies.

## NRW 2020 in Brief

Area	34,112 km <sup>2</sup>
Population	17.9m
Unemployment Rate	7.4%
GDP	EUR 697.1bn
GDP per Capita	EUR 38,876
Real Growth	-4.4%



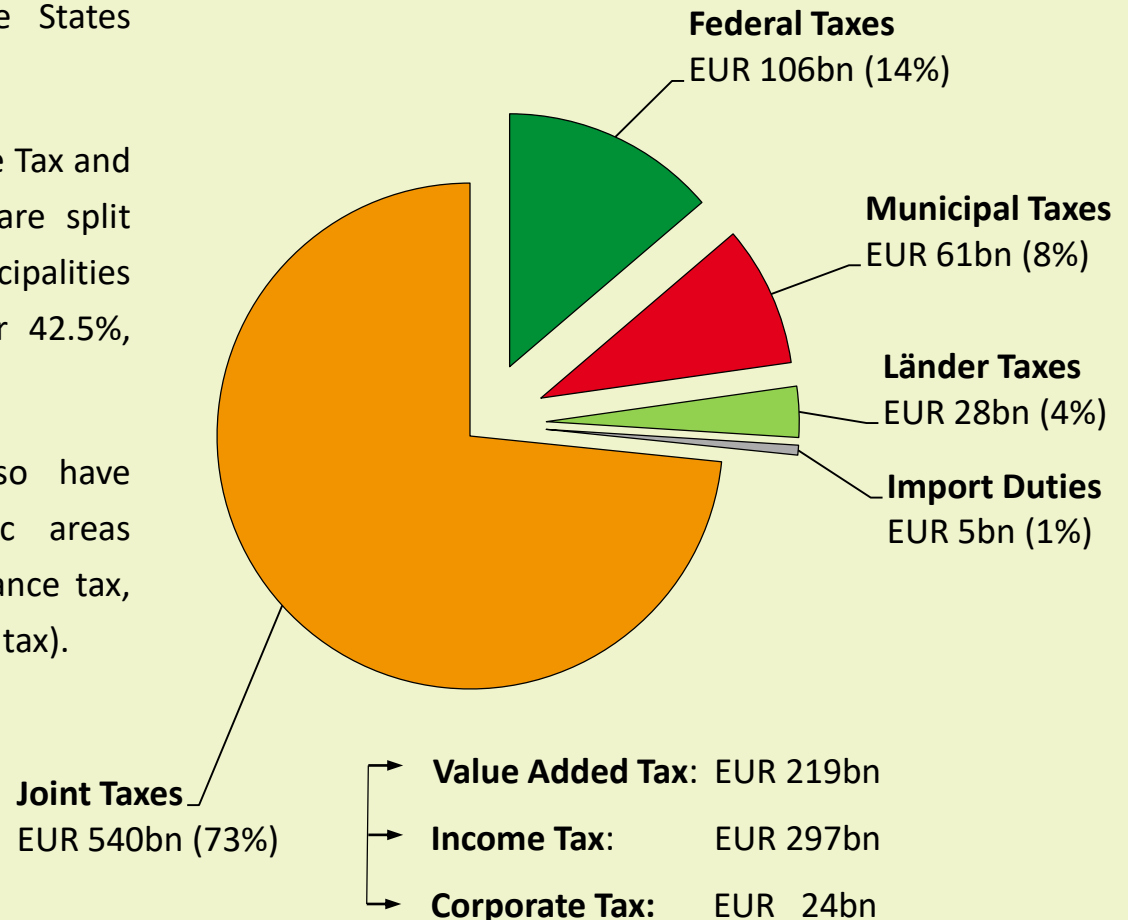
# Taxation in Germany

## Distribution of Tax Revenue 2020 [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 between Bund and Länder

## 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 2020: Federation approx. 43.0%, Länder 52.9%, Municipalities 4.1% (according to Financial Equalisation Act)**



# Extraordinary 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.***

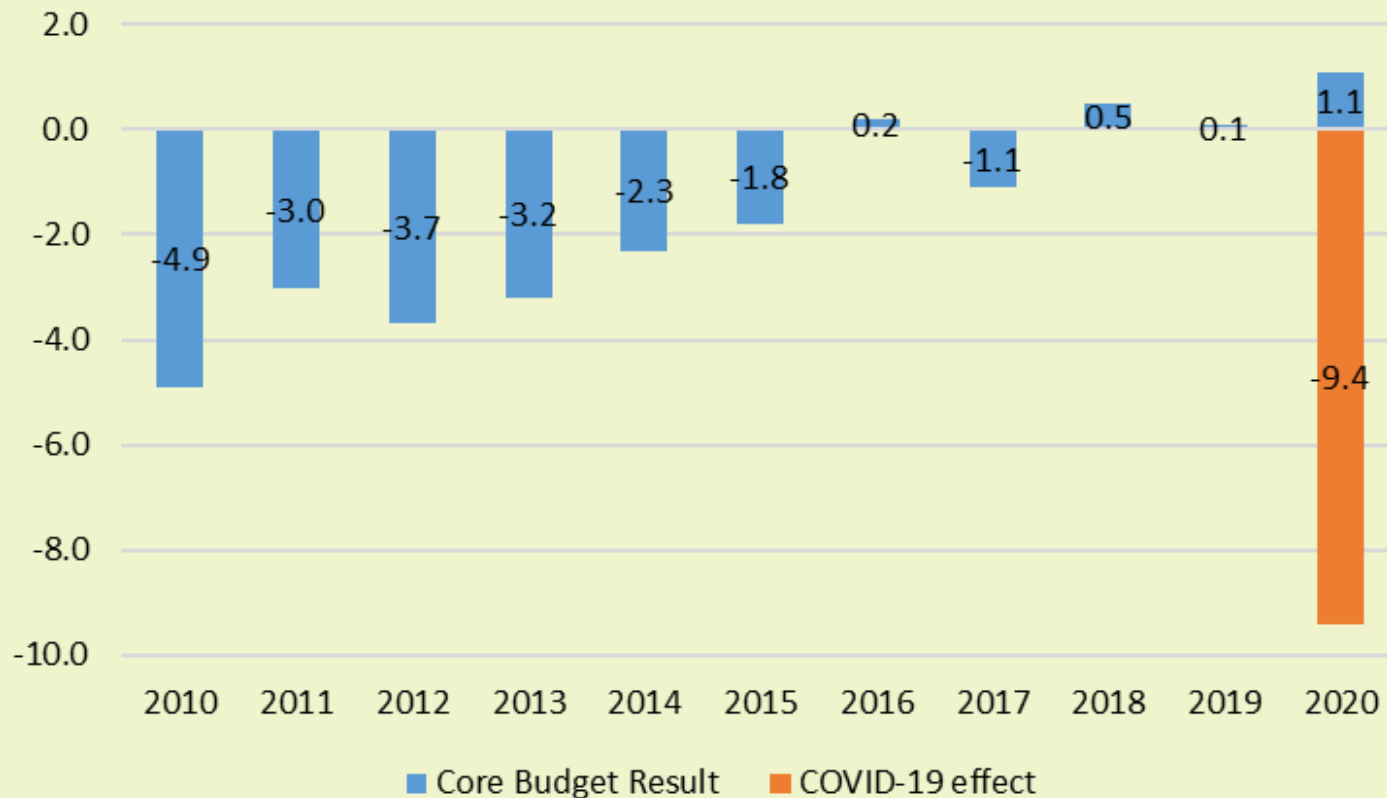
***Supplementary federal grants** for the purpose of aiding the budget consolidation of a financially weak Land are subject to a strict **ultima ratio** principle. Such financial rescue measures are only permissible and required under constitutional law where the budgetary crisis of a Land is severe 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.*

# Striking a Balance

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

The constitutional debt brake requires all German States to eliminate structural budget deficits from 2020 onwards. In NRW, the core budget has not shown a deficit since 2018. In 2020, a surplus of 1.1bn mitigated the impact of COVID 19-related deficits. The overall balance in the first year of the pandemic thus came in at -8.3bn EUR.

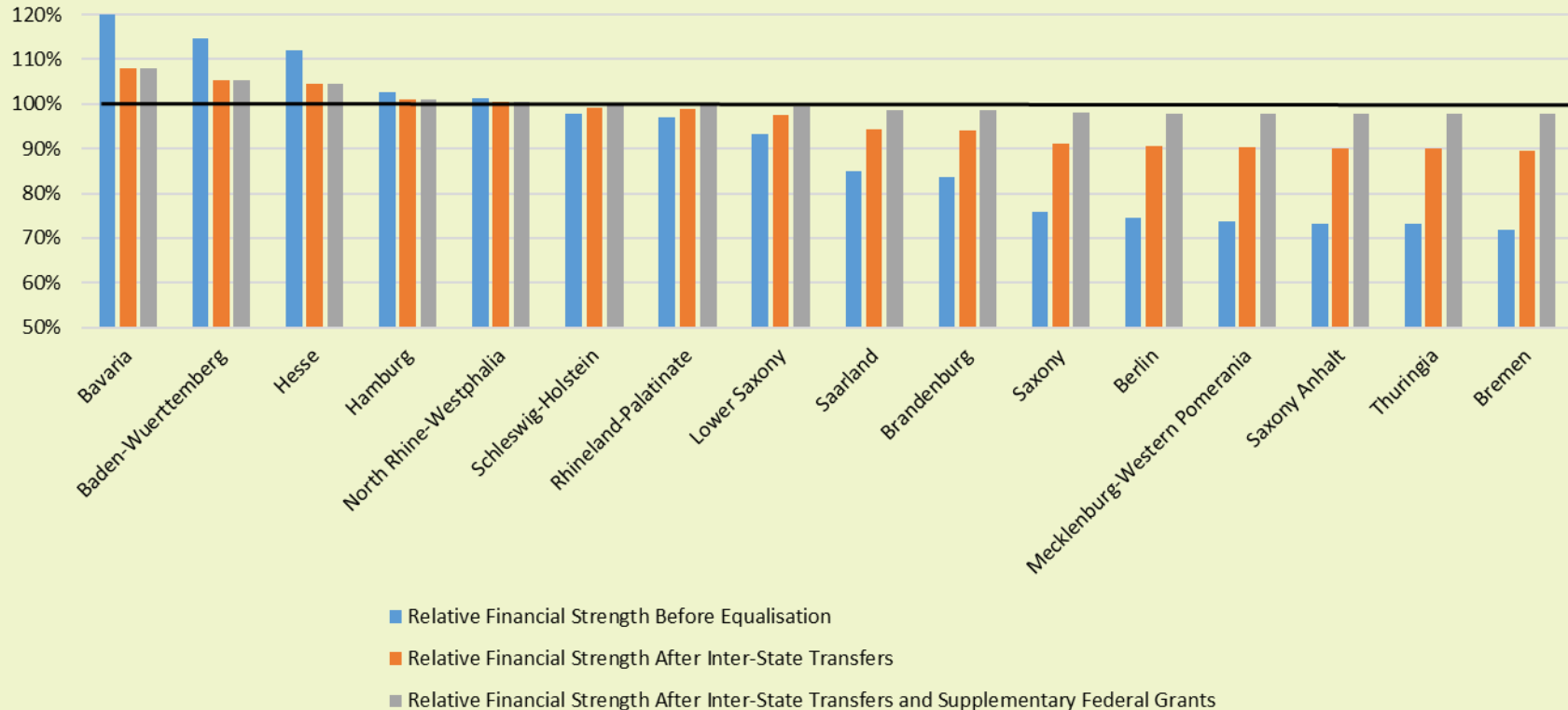




# Creating a Level Playing Field

## Results of the Federal Equalisation Scheme for German States in 2020

Constitutional law demands equal standards of living for all citizens in Germany. The federal equalisation scheme provides the necessary adjustments with regard to the financial strength of the States. The lion's share of equalisation is accomplished by inter-state transfers (horizontal equalisation). Supplementary federal grants provide additional income for those States whose initial financial strength is below the national average (vertical equalisation).





# Technical Aspects of the Federal Equalisation System

Effective since 1 January, 2020

- **Inter-State Transfers**
  - Reallocation of tax revenue among the group of German States
  - Top-ups for States with a financial strength below average
  - Contributions from States with a financial strength above average
  - Financial strength includes respective municipalities (weighting factor 75%)
  - Equalisation rate set at 63% of shortfall
- **Supplementary Federal Grants**
  - States are eligible if financial strength remains below 99.75% of average
  - Equalisation rate set at 80% of shortfall (after inter-state transfers)
  - Additional grants for States with weaker financial metrics



# Supporting the Economy in Times of Crisis

## The NRW Coronavirus Rescue Package

The outbreak of coronavirus (SARS-CoV-2) has become a significant burden for economic development in Germany and the world. It is generally accepted that this is an **emergency situation** beyond governmental control and substantially harmful to the State's financial capacity. In such a situation, the constitution allows for exceptional funding (Section 109 Basic Law).

To manage the economic and social effects of the crisis, the Parliament of the State of NRW has passed a comprehensive package of measures. This involves the establishment of a special fund to finance all direct and indirect fiscal consequences, set apart from the State's core budget (**NRW Rescue Package**).

The State provides the special fund with up to **EUR 25bn** to finance all necessary expenditures and compensate for loss of revenue. Related borrowing is carried out in compliance with debt brake rules relating to emergency situations.

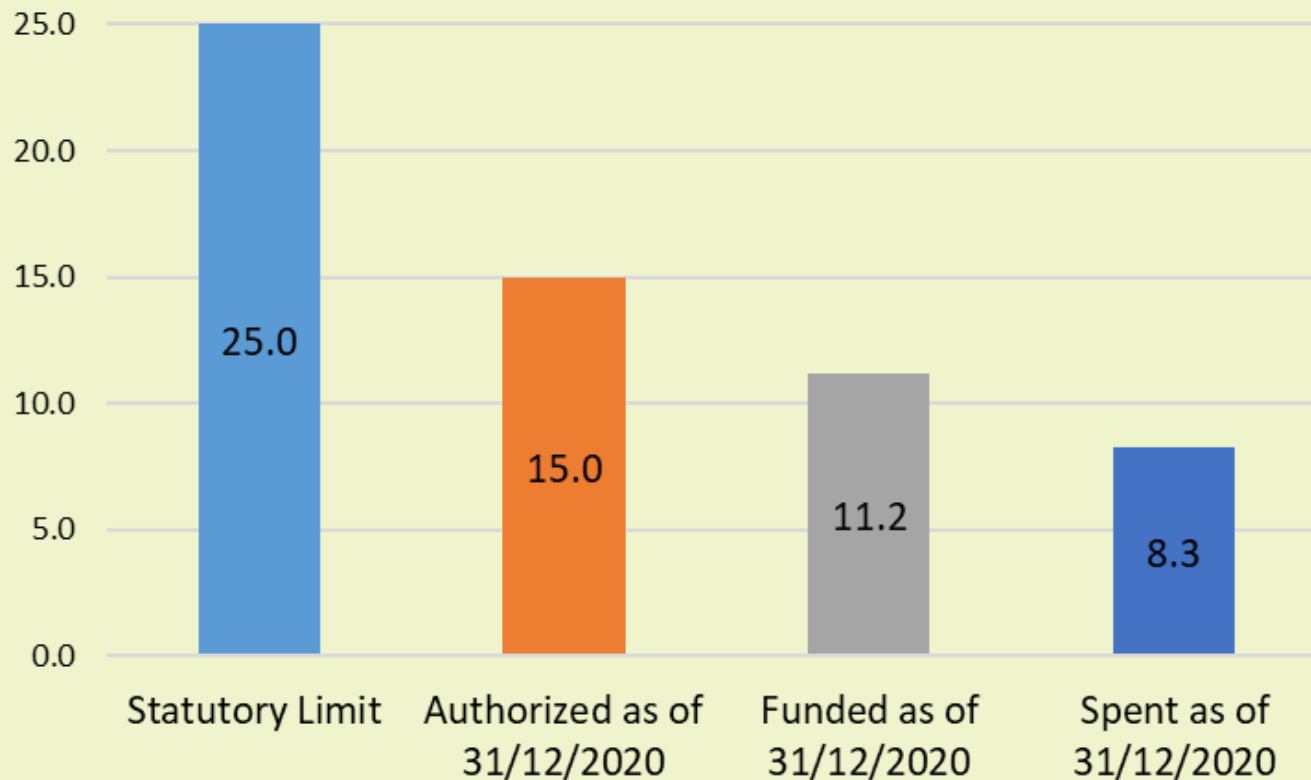




# NRW Coronavirus Rescue Package

## Budgetary Rules Allow for COVID-19-Related Borrowing of up to 25bn EUR

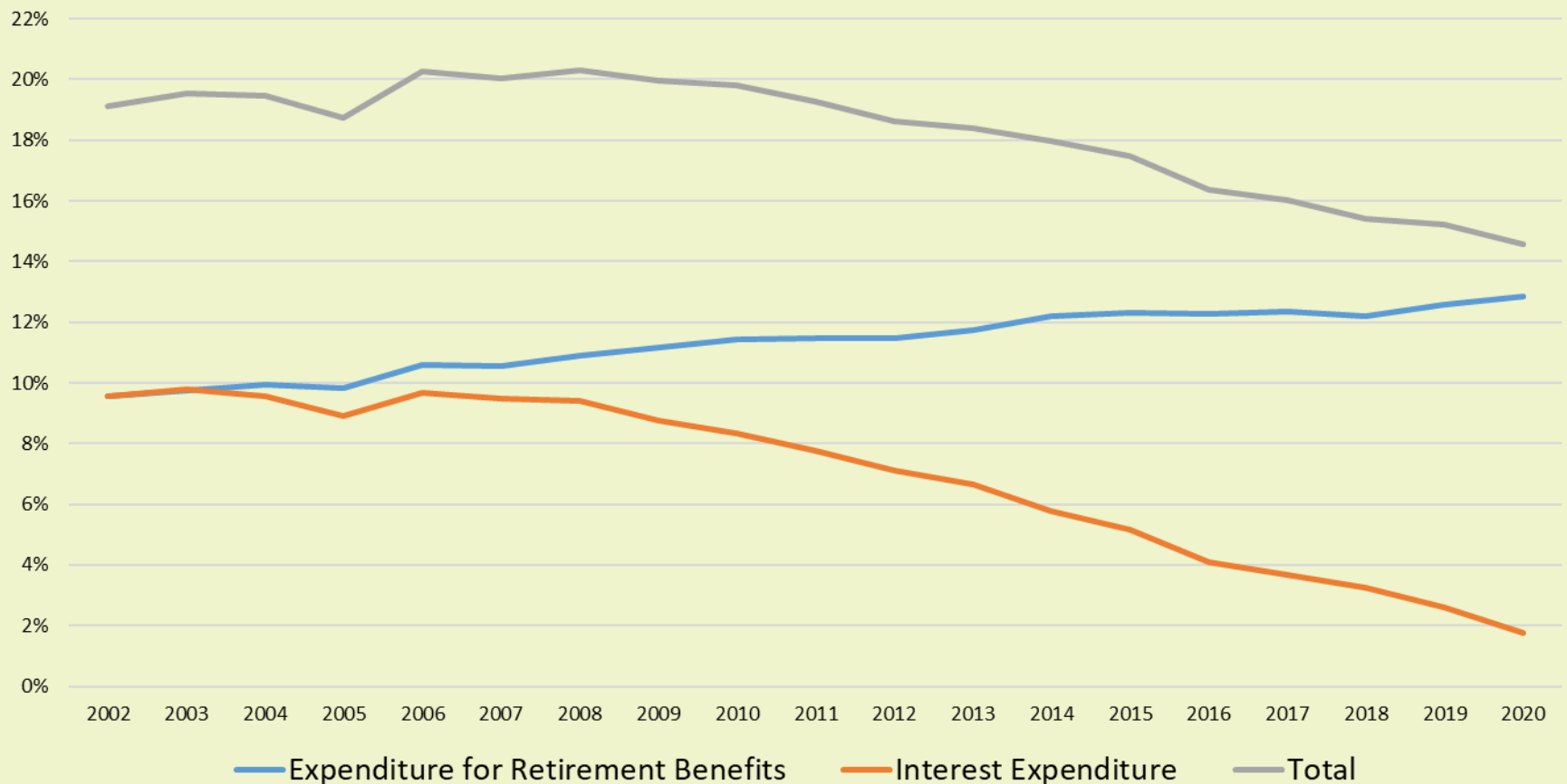
Out of an envelope of 25bn EUR, COVID-19-related funding of 15bn EUR has been authorized in 2020. Actual funding for the year was 11.2bn EUR, 3bn of which cover lost revenue, while 5.3bn EUR finance additional expenditures. The balance of 2.9bn is carried forward and will be used together with the proceeds of further borrowing (as necessary).



# Shifting Burdens

## Retirement Benefits and Interest Expenditures as a Share of Overall Expenditures

Over the last years, the State of NRW's expenditures for retirement benefits have grown faster than the budget while interest expenditures have fallen. Together, the share of the budget earmarked for these expenditures has sunk from 20% to 15%, enhancing budgetary flexibility.

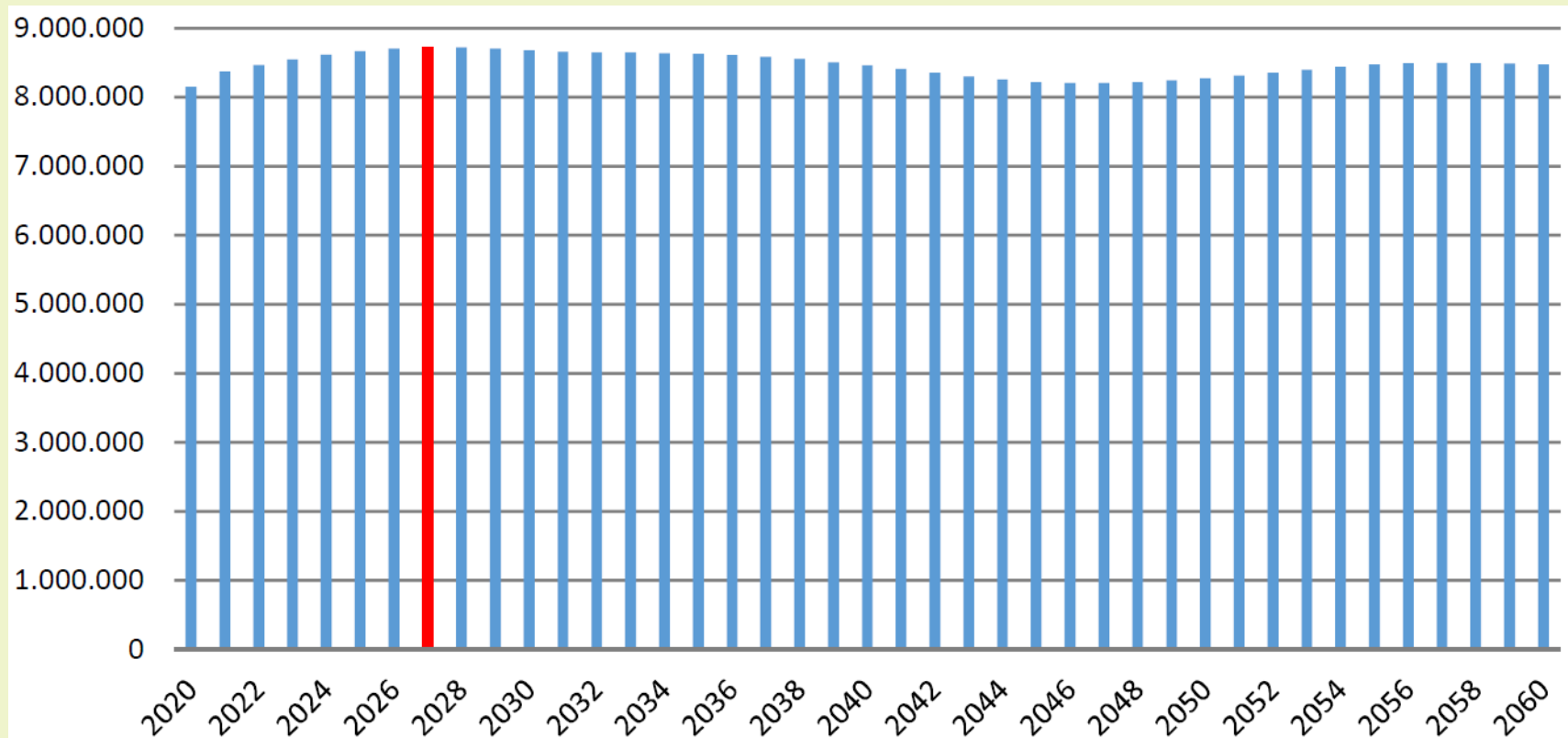


# Providing for the Future

## Pension Fund Mitigates the Impact of Retirement Benefits

While pension expenditures of the State have risen in the past, no significant further increase is expected. In 1998, a pension fund has been set up as a pre-funding scheme. As of 31 December 2020, the Fund had a size of EUR 13.2bn.

### Pension expenditures of the State of NRW (forecast IT.NRW 2020, in K€)



# Debt Portfolio of the State of NRW

## Benchmark Strategy with a Focus on Duration

Debt Outstanding (as of 31 March 2021)

156.2bn

Weighted Average Maturity

15.0 years

Median Maturity (fixed/floating)

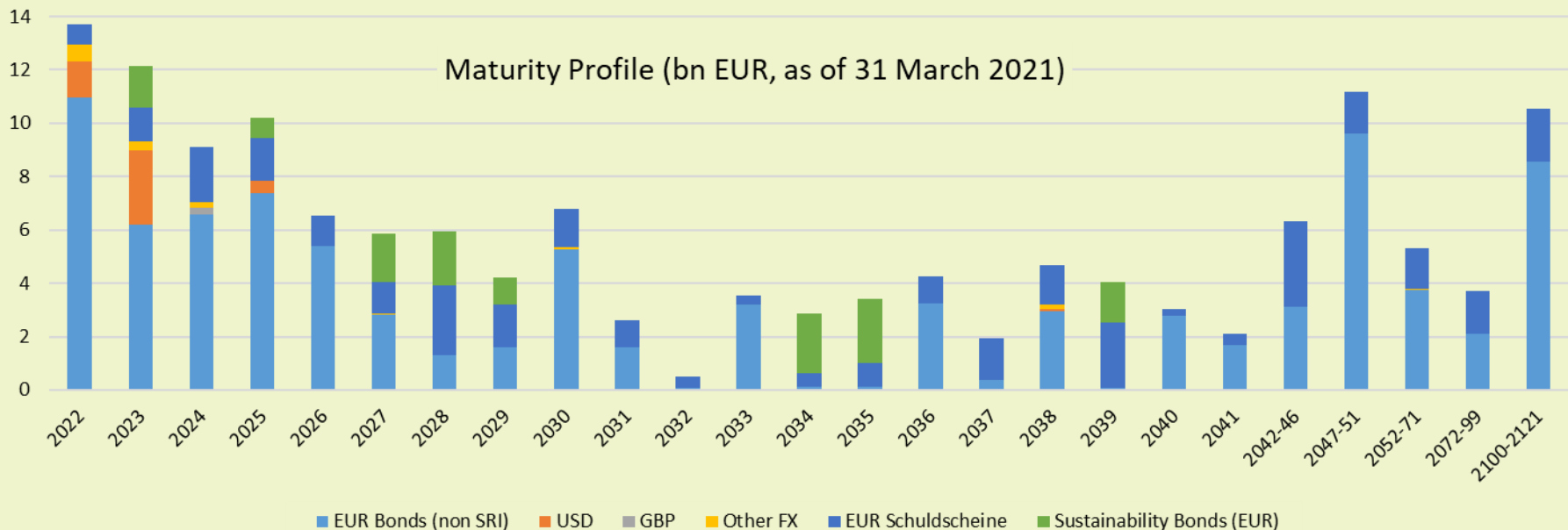
7.6y/3.4y

Funding Program 2021 (estimate)

19.3bn

Funded 2021 (as of 31 March)

6.1bn EUR equivalent



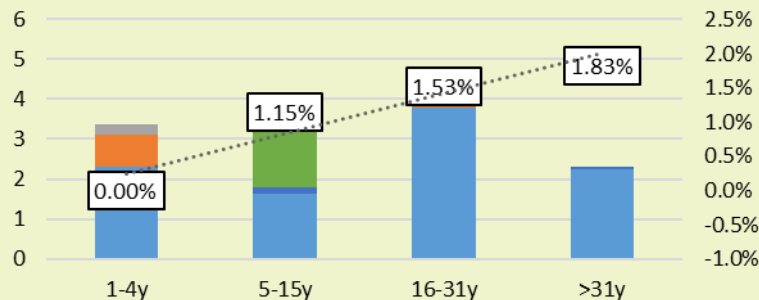




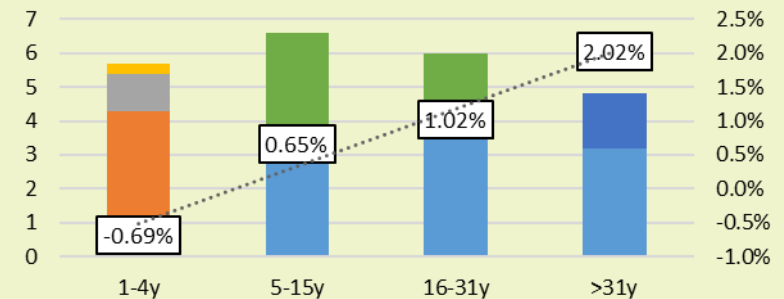
# Active across the Curve

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

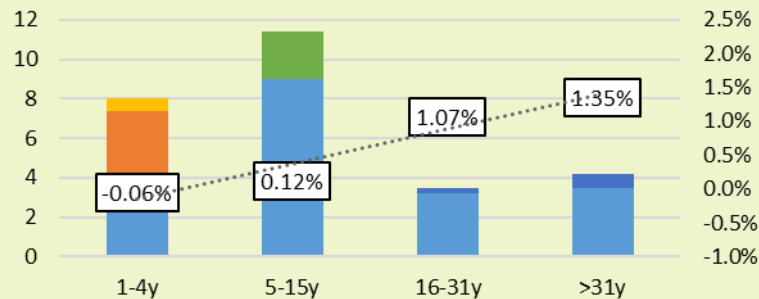
2018 (14.3bn EUR equivalent)



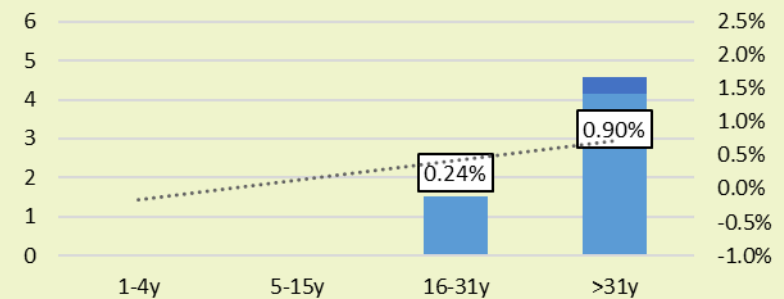
2019 (23.1bn Euro equivalent)



2020 (26.8bn Euro equivalent)



2021 (6.1bn as of 31 March)



EUR Bonds (non SRI) USD GBP Other FX EUR Schuldscheine Sustainability Bonds (EUR)



# Building a Liquid Curve

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

ISIN	Settlement	Maturity	Coupon	Current Size (EUR m)	Tap Size (min)	Next Tap Expected
<b>DE000NRW0GS5</b>	<b>29.04.2015</b>	<b>17.04.2023</b>	<b>0.200%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
DE000NRW0L93	02.04.2020	02.04.2024	0.000%	1,750	250	2021
DE000NRW0ME3	05.05.2020	05.05.2025	0.000%	2,500	250	2021
DE000NRW0LN6	13.03.2019	13.03.2026	0.250%	2,500	250	2021
DE000NRW0L85	31.03.2020	31.03.2027	0.200%	2,000	250	2022
DE000NRW0LF2	15.11.2018	15.11.2028	0.900%	1,000	250	2021
DE000NRW0MK0	15.09.2020	15.01.2029	0.000%	1,250	250	2021
<b>DE000NRW0MA1</b>	<b>09.04.2020</b>	<b>09.04.2030</b>	<b>0.200%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
DE000NRW0JQ3	21.07.2016	21.07.2031	0.625%	1,100	250	2021
<b>DE000NRW2152</b>	<b>29.05.2013</b>	<b>13.05.2033</b>	<b>2.375%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
<b>DE000NRW0JJ8</b>	<b>12.05.2016</b>	<b>12.05.2036</b>	<b>1.250%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
DE000NRW0KZ2	22.02.2018	22.02.2038	1.650%	2,500	250	2021
DE000NRW0K52	12.06.2018	12.06.2040	1.500%	2,625	250	2021
DE000NRW0JV3	01.09.2016	16.08.2041	0.750%	1,250	250	2022
DE000NRW0KT5	12.12.2017	16.02.2043	1.450%	1,000	250	2021
DE000NRW0J22	03.11.2016	16.10.2046	1.000%	2,000	250	2023
DE000NRW0KE7	18.05.2017	16.05.2047	1.650%	2,200	250	2021
<b>DE000NRW0KF4</b>	<b>30.06.2017</b>	<b>16.06.2048</b>	<b>1.550%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
DE000NRW0LV9	30.07.2019	30.07.2049	0.800%	1,500	250	2022
DE000NRW0MJ2	02.09.2020	02.09.2050	0.375%	1,250	250	2024
DE000NRW0MQ7	28.01.2021	27.01.2051	0.200%	1,500	250	2022
DE000NRW0KM0	26.10.2017	26.10.2057	1.750%	1,950	100	2021
DE000NRW0LA3	11.07.2018	11.07.2068	1.750%	1,900	100	2021
DE000NRW0LC9	26.09.2018	26.09.2078	1.950%	2,050	100	2021
<b>DE000NRW0LQ9</b>	<b>21.03.2019</b>	<b>21.03.2119</b>	<b>2.150%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
<b>DE000NRW0L10</b>	<b>15.01.2020</b>	<b>15.01.2120</b>	<b>1.375%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
<b>DE000NRW0MP9</b>	<b>12.01.2021</b>	<b>10.01.2121</b>	<b>0.950%</b>	<b>3,000</b>	<b>n/a</b>	<b>n/a</b>
Weighted average coupon			1.064%			
Unweighted average coupon			0.994%			



# A History of Successful SRI Issuances

Sustainability Bonds by NRW are not Subject to Taps

Transaction	Settlement	Maturity	Coupon	Size (m)	Reoffer (bps)	Budget Year
Sustainability Bond #1	11.03.2015	11.03.2025	0.500%	750	-11	2014
Sustainability Bond #2	16.03.2016	16.03.2023	0.125%	1,585	-2	2015
Sustainability Bond #3	07.03.2017	16.02.2027	0.500%	1,825	-14	2016
Sustainability Bond #4	13.03.2018	13.03.2028	0.950%	2,025	-14	2017
Sustainability Bond #5	13.03.2019	13.03.2034	1.100%	2,250	+10	2018
Sustainability Bond #6/1	26.11.2019	26.11.2029	0.000%	1,000	-3	2019
Sustainability Bond #6/2	26.11.2019	25.11.2039	0.500%	1,500	+9	2019
Sustainability Bond #7	12.10.2020	12.10.2035	0.000%	2,400	+7	2020
<b>Weighted Average Coupon</b>			<b>0.498%</b>			



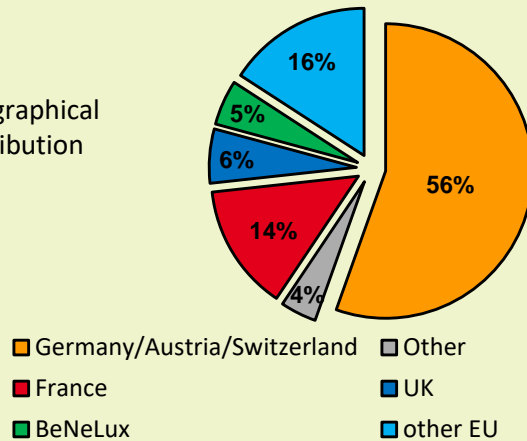


# Recent Benchmark Issues

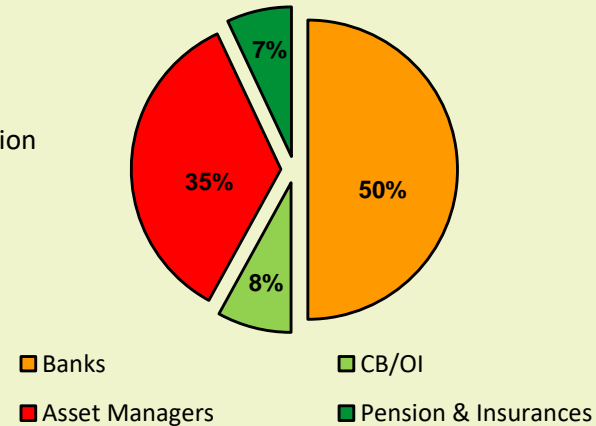
## Sustainability Bond #7

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 2.4bn
Status and Format	Collective Debt Register Claim, RegS, Senior Unsecured
Maturity Date	12 October 2035
Settlement Date	12 October 2020
Coupon	0.00% annually act/act ICMA
Reoffer Spread	MS +7bps
ISIN	DE000NRW0ML8
Lead Managers	LBBW, Natixis, NatWest Markets, Rabobank, TD Securities, UniCredit

Geographical Distribution



Investor Distribution





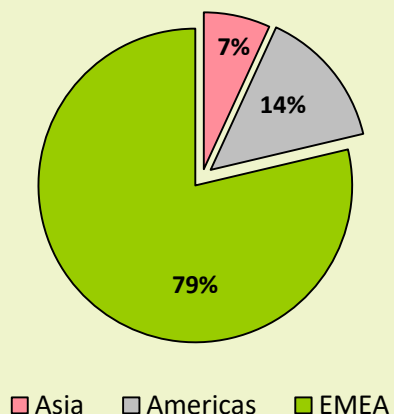


# Recent Benchmark Issues

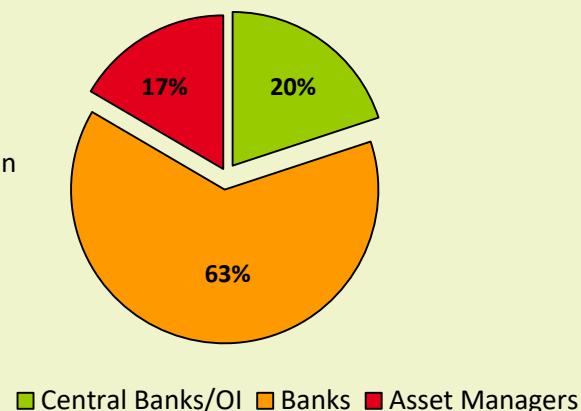
USD

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 1.75bn
Status and Format	Global Bearer Note, RegS, Senior Unsecured
Maturity Date	21 April 2026
Settlement Date	21 April 2021
Coupon	1.00% annually, 30/360
Benchmark Spread	+14.5 bps vs. US Treasury/MS +5bps
ISIN	XS2333676729
Lead Managers	Bank of Montreal, Daiwa Capital Markets, Goldman Sachs, Morgan Stanley, RBC

Geographical Distribution



Investor Distribution





# State of North Rhine-Westphalia

## Key Investment Considerations

- Part of a well-positioned and strong economy, with a reliable and supportive fiscal and institutional framework
- Excellent alternative to Bunds
  - Comparable credit risk
  - Attractive yield pick-up
  - Greater variety of products on offer
- Strong credit ratings
  - Fitch: AAA (stable)
  - Moody's: Aa1 (stable)
  - Standard & Poor's: AA (stable)

The most recent Rating Reports are available at

<https://www.finanzverwaltung.nrw.de/de/kapitalmarktzugang-des-landes>

- Sustainability rating (V.E)
  - Highest score of all rated regional and local authorities across Europe in 2021
  - Top grade „Advanced“
- 0% risk weighting in most countries
- German States' issuances qualify as level 1 assets under the EU Commission's Delegate Regulation on the liquidity coverage ratio (LCR)



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