

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Social Loan Pool

NRW.BANK
20 May 2020

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Overall Evaluation of the Social Bond

NRW.BANK commissioned ISS ESG to assist with its Social Bond by assessing three core elements to determine the social quality of the Bond:

1. NRW.BANK's Social Bond Framework – benchmarked against the International Capital Market Association's (ICMA) Social Bond Principles (SBPs).
2. The asset pool – whether the projects aligned with ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 2).
3. NRW.BANK's sustainability performance, according to the ISS ESG Corporate Rating.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Performance against SBPs	The issuer has defined a formal concept for its Social Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA SBPs.	Positive
Part 2: quality of the social asset pool	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Social Bond KPIs. The Social Bond KPIs contain a clear description of eligible asset categories which include: affordable housing, SME financing and employment generation, access to essential services, and access to public good and services.</p> <p>All assets of the asset pool are located in the federal state of North Rhine-Westphalia in Germany, a highly regulated and developed country. Legislative frameworks in this country set minimum standards, which reduce environmental and social risks.</p>	Positive
Part 3: Issuer sustainability performance	<p>The issuer itself shows a medium sustainability performance and has been given a rating of 'C', which classifies it as 'Prime' by the methodology of the ISS ESG Corporate Rating.</p> <p>It is rated 17th out of 39 companies within its sector as of 20.05.2020. This equates to a medium relative performance, with a Decile Rank² of 5.</p>	Status: Prime Rating: C Decile Ranking: 5

¹ The ISS ESG's present evaluation will remain valid until any modification of the Social Bond Framework (version from February 2020) or addition of new assets into the asset pool by the issuer and as long as the Corporate Rating does not change (last modification on the 13.08.2019).

² Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

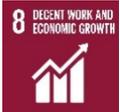
Contribution of the Social Bond to the UN SDGs

Based on the assessment of the sustainability quality of the Social Bond asset pool and using a proprietary methodology, ISS ESG assessed the contribution of the NRW.BANK's Social bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Affordable Housing	Significant Contribution	 
SME Financing and Employment Generation	Significant Contribution	
Access to Essential Services (Education)	Significant Contribution	
Access to public goods & services (Economically disadvantaged municipal lending)	Limited contribution	

ISS ESG SPO ASSESSMENT

PART I: SOCIAL BOND PRINCIPLES

1. Use of Proceeds

An amount equivalent to the net proceeds raised from any NRW.BANK Social Bond/CP issued under this Framework will be allocated, in part or in full, to finance new eligible social expenditures (“Eligible Social Projects”) and/or to refinance existing Eligible Social Projects whose disbursements occurred no earlier than 36 months prior to the issuance year.

NRW.BANK will be investing an amount equal to the net proceeds of the notes in loans for projects belonging to eligible social categories (“Eligible Social Project Categories”) and aligning with the UN Sustainable Development Goals and the underlying target. These loans are subject to and in accordance with the lending standards of the respective loan programmes. The projects are listed in the table below:

ELIGIBLE SOCIAL PROJECT CATEGORIES	ELIGIBILITY CRITERIA
Affordable Housing	<ul style="list-style-type: none"> • Social housing projects for low-income groups • Projects expanding to disability access, safe and decent housing <p><u>Target population:</u> the economically disadvantaged or large families, under the following programmes:</p> <ul style="list-style-type: none"> • Taxable household income TEUR 75 p.a. + TEUR 15 per child (under 18yrs). These thresholds are in line with a Federal child allowance (Baukindergeld)³ • Taxable household income TEUR 60 (couple), TEUR 30 (Single) and TEUR 12 per child (under 18yrs)
SME Financing and Employment Generation	<p>General loans for small and medium enterprises with the purpose of creating and safeguarding jobs. Specific loans supporting digitalisation efforts of small and medium enterprises</p> <p><u>Target population:</u> Small and medium enterprises⁴</p>
Access to Essential Services	<p>Investments in educational projects aiming to reduce inequalities, increase education levels and reduce the number of school dropouts, such as</p> <ul style="list-style-type: none"> • Construction, renovation or refurbishment of schools • Digitalisation initiatives • Accessibility initiatives <p><u>Target population:</u> General public</p>

³ <https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Baukindergeld/>

Access to public goods & services	<p>General municipal lending for infrastructure and services</p> <p><u>Target population:</u> Municipalities and counties with a GDP/Capita in the 4th quarter and an unemployment rate above the regional average</p>
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Opinion: ISS ESG considers the Use of Proceeds description provided by NRW.BANK Social Bond Framework as aligned with the Social Bond Principles. Expected social benefits are clearly defined and aligned with the sustainability targets of the issuer and with the UN SDGs.

2. Process for Project Evaluation and Selection

Existing Loan Programmes

The Affordable Housing, SME Financing and Employment, and Access to Education Services projects underlying NRW.BANK's Social Bond/CPs are all funded through existing development loan programmes. These programmes consider DNSH criteria and follow specific guidelines as well as requiring that borrowers follow NRW.BANK's sustainability guidelines.

ELIGIBLE SOCIAL PROJECT CATEGORIES	RELEVANT LOAN PROGRAMME
Affordable Housing	<ul style="list-style-type: none"> • Wohneigentum: Applicants for loans to construct or acquire owner-occupied residential properties can submit one funding application per property and household which includes the costs of all additional measures (modernization costs, land costs, additional costs, outdoor facilities etc.) The applicant will need to demonstrate to the house bank their income and the house bank will conduct the risk assessment on the applicant.
SME Financing and Employment	<ul style="list-style-type: none"> • Universalkredit and Digitalkredit: Applications are made at the house bank and forwarded to NRW.BANK. The house bank carries out the risk assessment as part of the application for loan funds, and NRW.BANK evaluates the application.
Access to Education Services	<ul style="list-style-type: none"> • Gute Schule: Programme to promote investment in the energy efficiency, accessibility and digitalisation of municipal or denominational schools and related sports facilities in North Rhine-Westphalia. The loans are sent directly to the application form requested by the municipality

Direct Lending Programmes

The loans eligible under the category of Socio-Economic Empowerment are lent directly from NRW.BANK. Municipalities apply directly to NRW.BANK, and the applications are evaluated according to several criteria, including the NRW.BANK's Sustainability Guidelines⁴.

⁴ https://www.nrwbank.com/export/sites/nrwbank/en/downloads/About_us/Corporate_Responsibility/sustainability-guidelines-of-NRWBANK.pdf

Social Loan Pool

NRW.BANK's ESG team will be responsible for tracking and aggregating loan disbursements through both the existing loan programmes and the direct lending programmes to construct the social loan pool. The ESG team will also monitor the alignment of the underlying loans to the Eligibility Criteria. The team will leverage the pre-existing oversight and processes to ensure disbursements align to NRW.BANK's sustainability policies, and to collect data on the impact metrics.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by NRW.BANK's Social Bond Framework as aligned with the Social Bond Principles. The evaluation and selection criteria are credible and transparently displayed. Responsibilities and accountability of the Evaluation and Selection process are clearly defined.

3. Management of Proceeds

The Social Loan Pool of NRW.BANK Social Bonds/CPs is (partly) dynamic. Even if the lending activities in general are unchanged, the intra portfolio weights will change year by year.

NRW.BANK is following a pool-to-bond approach for the management of Social Bond proceeds. Proceeds of any NRW.BANK Social Bond will be allocated to corresponding Eligible Social Projects within the Social Loan Pool. Given the dynamic composition of the Social Loan Pool, NRW.BANK is able to refinance the Social Loan Pool with Social Bonds/CPs in different tenors and currencies – independent from the loans maturities or currency - as long as the Social Loan Pool exceeds the amount – in EUR equivalents – of the outstanding Social Bonds/CPs.

Ring-fencing of the proceeds is not necessary: the underlying loans have already been disbursed and proceeds can be earmarked against the loan pool identified in the agency's systems.

Opinion: ISS ESG finds that Management of Proceeds proposed by NRW.BANK's Social Bond Framework as aligned with the Social Bond Framework. Proceeds are appropriately earmarked against the Social Loan Pool.

4. Reporting

The Social Bond Principles require issuers to keep investors updated about the expected social impact of the issuances. NRW.BANK reports about the Social Loan Pool at the end of each calendar year. All outstanding Social Bonds/CPs are included in this report given the pool-to-bond-approach. The results will be published annually in the agency's Sustainability Report in order to achieve full transparency.

Allocation Reporting

An equivalent amount of the proceeds of each NRW.BANK Social Bond/CP will be allocated to Eligible Social Projects within the NRW.BANK's Social Loan Pool at issuance. On an annual basis, NRW.BANK will report on the following indicators for the Social Loan Pool:

- Amount allocated per Social Project Category
- Amount allocated by the year of disbursement

Impact Reporting

NRW.BANK will provide impact reporting on the expected social impacts of the Eligible Social Projects. The table below shows examples of KPIs that can be used in the reporting of the respective Social Bond/CPs. This list can be updated from time to time by the ESG-team.

ELIGIBLE SOCIAL PROJECTS	EXAMPLES OF SOCIAL KPIS
Affordable Housing	<ul style="list-style-type: none"> • Number of loans granted • m² refinanced • Number of flats or rooms • Number of beneficiaries
SME Financing and Employment	<ul style="list-style-type: none"> • Number of micro enterprises and/or SMEs funded • Amount of financing provided to micro enterprises and/or SMEs • Number of SMEs funded that are located in a region with an unemployment rate that is higher than the regional average (annual unemployment rate) • Number of jobs created or safe guarded • Sub-Regional distribution
Access to Education Services	<ul style="list-style-type: none"> • Number of education centres supported • Number of beneficiaries • Number of school dropouts by county
Access to Basic Services	<ul style="list-style-type: none"> • Number of beneficiaries • Number of projects
Providing public goods and services in economically disadvantaged Counties and Municipalities	<ul style="list-style-type: none"> • Number of beneficiaries

All reporting will be made public on NRW.BANK’s website⁵.

Opinion: ISS ESG finds that the reporting proposed by NRW.BANK’s Social Bond Framework is aligned with the Social Bond Principles. The level, frequency and scope of reporting is transparently defined, and examples of information reported are provided.

External review

Second Party Opinion

NRW.BANK commissioned ISS ESG to provide an external review in form of an SPO before Social Bond/CP issuance.

External Verification

NRW.BANK is committed to engage an assurance provider, or an External Reviewer to assess the compliance of any bonds issued or loans drawn against the NRW.BANK Social Bond Framework on an annual basis. The resulting report will be publicly available at NRW.BANK’s website.⁶

⁵ <https://www.nrwbank.com/opencms/en/investor-relations/index.html>

⁶ <https://www.nrwbank.com/en/press/publications.html>

PART II: SUSTAINABILITY QUALITY OF THE ASSET POOL

Affordable housing (Private mortgages)

As a Use of Proceeds category, affordable housing has a strong contribution to the SDGs 10 “Reduced inequalities” and 11 “Sustainable communities and cities”.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Energy Efficiency prerequisites

- ✓ 100% of the assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency. Assets constructed and financed from 01.01.2020 onwards meet the NZEB standard (ENEV 2019 or EPC of A), and assets financed up to 31.12.2020 got at least an EPC B

Construction standards

- ✓ 100% of the assets are located in Germany, where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).

Responsible treatment of customers with debt repayment problems

- ✓ For 100% of the assets, basic pre-emptive actions to prevent client debt repayment problems (e.g. screenings of mortgages) are in place.
- ✓ For 100% of the assets, sustainable solutions for customers with debt repayment problems are in place (e.g. debt counselling, foreclosure as a last resort).
- ✓ The issuer excludes the selling of contractually serviced loans.

Controversy assessment

Due to a low controversy risk, ISS ESG does not carry out a controversy assessment for residential mortgage loans.

SME Financing and employment generation

As a Use of Proceeds category, SME Financing and employment generation has a strong contribution to the SDG 8 “Decent work and economic growth”.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs.

ASSESSMENT AGAINST ISS ESG KPIs

Exclusion of controversial activities

- ✓ Controversial business activities (e.g. coal and fossil fuel) are excluded from financing under this framework.

Non-discrimination

- ✓ For 100% of loans, policies and measures are in place to prohibit discrimination in the workplace according to the national legislation.

Labour standards

- ✓ 100% of loans are granted to companies located in State North Rhine-Westphalia, where high labour and health and safety standards are in place (e.g. ILO core conventions).

Environmental management

- No information is available on assets for which comprehensive environmental management systems are in place. However, 100% of assets must implement measures in accordance with the environmental legislations of the state they are part of.

Controversy assessment

Due to a low controversy risk, ISS ESG does not carry out a controversy assessment for SME financing.

Access to Essential Services (education)

As a Use of Proceeds category, Access to Essential Services has a significant contribution to the SDG 4 “Quality education”.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs.

ASSESSMENT AGAINST ISS ESG KPIs

Facility standards

- ✓ 100% of assets are located in Germany, a country which has strong education standards and supervising bodies.
- ✓ 100% of assets have quality management systems in place (e.g. inspection on sites).

Labour standards

- ✓ 100% of assets are located in Germany, a country that provides for high labour, health and safety standards (e.g. ILO core conventions).

Access to education

- ✓ 100% of assets have high social standards regarding non-discrimination as provided by NRW.BANK sustainability guidelines.

Access to transportation

- ✓ 100% of assets have measures in place to ensure access to transportation (e.g. school busses).

Safety of buildings users

- ✓ 100% of assets provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems) as provided by national legislation.

Energy efficiency of buildings

- ✓ 100% of assets have good energy efficiency standards in place (ENEV 2016 or EPC label A).

Access to public goods & services (Economically disadvantaged municipal lending)

As a Use of Proceeds category, Access to public goods & services has a limited contribution to the SDG10 “Reduced inequalities”.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs.

ASSESSMENT AGAINST ISS ESG KPIs

Standards for public administration

- ✓ 100% of assets are located in Germany, a country with a low-level of corruption and a stable and democratic systems.

Environmental aspects of infrastructures financed

- ✓ For 100% of assets, good energy efficiency standards are in place (EPC label A).
- No information is available on assets for which a policy on responsible site selection is in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).
- No information is available on assets located within a maximum of 1 km from one or more modalities of public transport.

Social aspects of infrastructures financed

- ✓ 100% of assets ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems) as provided by national legislation.
- ✓ 100% of assets are located in Germany, a country that provides for high labour, health and safety standards (e.g. ILO core conventions).

Social aspects of programs and services financed

- ✓ 100% of loans is granted to municipalities targeted as under-privileged in terms of GDP/Capital, unemployment, access to basic services and infrastructures, etc.

Controversy assessment

Due to a low controversy risk, ISS ESG does not carry out a controversy assessment on municipality financing.

PART III: ASSESSMENT OF NRW.BANK'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as 'Prime'⁷ or 'Not Prime' based on its performance relative to the industry sector. It is also assigned a Decile Rank, indicating this relative industry group performance, with 1 indicating a high relative ESG performance, and 10 a low relative ESG performance.

COMPANY	STATUS	Rating	DECILE RANK
NRW.BANK	PRIME	C	5

This means that the company has a moderate sustainability performance, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS ESG. In ISS ESG's view, the securities issued by the 'Prime' company meet the basic requirements for sustainable investments.

As of 20.05.2020, this rating places NRW.BANK 17th out of 39 companies rated by ISS ESG in the Financials/Development Banks sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability standards for financial products and services
- Goal-oriented promotion of sustainability issues
- Climate change and related risks
- Labour standards and working conditions

In two of the key issues, "Climate change and related risks" and "Labour standards and working conditions", NRW.BANK rates above the average for the sector and achieves a significant outperformance. The bank lags the industry's average performance in "Sustainability standards for financial products and services".

The company has a minor controversy level, which is in line with the average sector controversy risk.

Details on the rating of the issuer can be found in Annex 1.

⁷ Prime is only awarded to the top sector performers, often less than 10% of companies within the respective sector.

DISCLAIMER

1. Validity of the SPO: the SPO is valid as long as no new asset category are added to the pool.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating

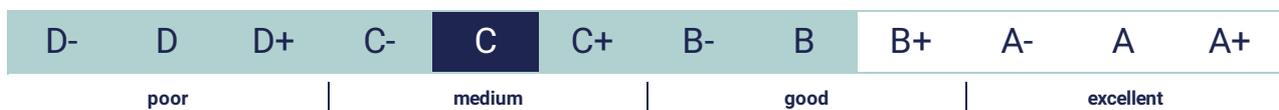
The following pages contain extracts from NRW.BANK's 2020 ISS ESG Corporate Rating.

ESG Corporate Rating

NRW.BANK

Industry	Financials/Development Banks	Status	Prime
Country	Germany	Rating	C
ISIN	DE000NRW1939	Prime Threshold	C
		Decile Rank	5

Absolute Rating



The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively

Decile Rank



Low relative performance

High relative performance

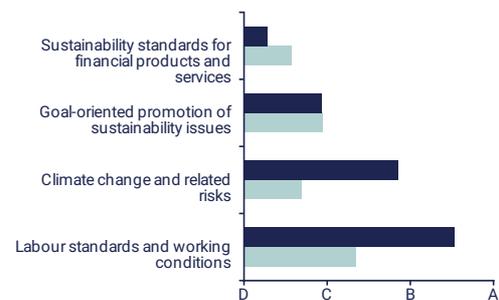
Indicates decile rank relative to industry group. A decile rank of 1 indicates a high relative ESG performance, while a 10 indicates a lower relative ESG performance.

Industry Leaders

Company name (in alphabetical order)	Country	Grade
Asian Development Bank	PH	B
European Investment Bank	LU	B-
International Bank for Reconstruction and Development	US	B-

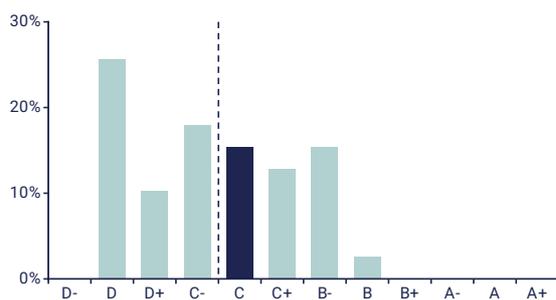
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

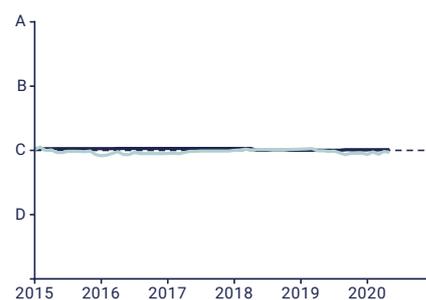


Distribution of Ratings

39 companies in the industry



Rating History



NRW.BANK

Analyst Opinion

Sustainability Opportunities

NRW.BANK is the promotional bank of the German federal state of North Rhine-Westphalia. Its three developmental focus areas lie in the promotion of housing, municipalities and infrastructure; SMEs, start-ups and exports; and the environment, climate, energy, innovation and education. As a promotional bank, NRW.BANK directly contributes to the UN's Sustainable Development Goals (SDGs).

Sustainability Risks

NRW.BANK manages the social and environmental risks associated with financed activities to some extent. Its various promotional programmes demand certain environmental and/or social prerequisites in order to be eligible for support. There is, however, no comprehensive ESG lending guideline that ensures the inclusion of a similar level of environmental and social standards across all financing activities, although the company excludes certain business areas from its lending portfolio. In addition, the bank does not further elaborate on the application processes of its environmental and/or social prerequisites. NRW.BANK carries out monitoring and evaluation efforts regarding the sustainable development impacts of minor parts of its promotional activities. It does provide some transparency on its promotional business on an aggregated level, displaying volumes, sectors and regions it has supported throughout a specific year. However, no disclosure is given on the level of the project or the client. Finally, on behalf of the German state of North Rhine-Westphalia, NRW.BANK is majority owner of numerous regional casinos and lottery companies.

In contrast, as regards its own operations, NRW.BANK is advanced in the provision of good working conditions for its staff and the environmental management of its buildings and operations.

Governance Opinion

NRW.BANK is wholly owned by the German federal state of North Rhine-Westphalia. While separate persons are holding the positions of CEO and chair of the board of directors, its governance structure does not ensure effective oversight of the executive management. The chairman of the board of directors (Andreas Pinkwart, as at August 2019) is not considered independent as he is a minister in the government of North Rhine-Westphalia and thus represents the only shareholder of the company. In addition, the majority of board directors is not independent, and neither are the established board committees charged with audit, remuneration and nomination. The company discloses its remuneration policy for executives, including variable and long-term components, which incentivise sustainable value creation.

Regarding the bank's governance of sustainability, there is no indication of an independent board committee on sustainability matters. However, NRW.BANK has several business ethics related guidelines in place, which cover the most important topics to some extent. These are accompanied by several relevant compliance procedures, although measures for whistleblower protection are still missing.

NRW.BANK

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
 - Degree of verification of allegations and claims
 - Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

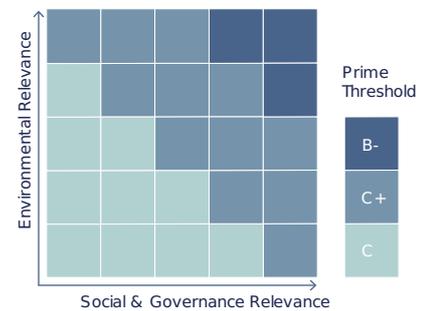
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

NRW.BANK

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Major Shareholders & Ownership Summary - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

ANNEX 2: Methodology

ISS ESG Social Bond KPIs

The ISS ESG Social Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of NRW.BANK's Social Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Asset evaluation methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” represented by a red circle, either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Social Bond KPIs. ISS ESG requires a minimum of 50% of the asset pool to positively qualify against the KPIs, represented by a green tick.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by NRW.BANK (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which NRW.BANK's Social Bond contributes to related SDGs and has a positive association with their respective sub-targets.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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