



KfW Financial Statements 2021

Contents

Combined management report	3
Annual financial statements	5
Statement of financial position of KfW	6
Income statement of KfW	10
Notes	12
Board of Supervisory Directors	33
Responsibility statement	36
Independent auditor's report	37

The figures in tables were calculated exactly and added up. Figures may not add up to totals because of independent rounding. Actual zero amounts and amounts rounded to zero are presented as EUR 0 million.



Combined management report

The KfW management report is combined with the KfW Group's management report in accordance with Section 315 (5) in conjunction with Section 298 (2) of the German Commercial Code (*Handelsgesetzbuch* – “HGB”). The combined management report is included in the financial report and is submitted to the operator of the electronic Federal Gazette (*Bundesanzeiger*) and disclosed in the *Bundesanzeiger*.

The KfW single-entity financial statements and the KfW Group financial report are also available online at www.kfw.de.



Annual financial statements

Statement of financial position of KfW

as of 31 December 2021

Assets

	see note no.	31 Dec. 2021				31 Dec. 2020
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Cash reserves						
a) Cash in hand				0		0
b) Balances with central banks				42,439		44,177
<i>of which: with Deutsche Bundesbank</i>		42,439				(44,177)
					42,439	44,177
Loans and advances to banks	(2)					
a) Due on demand				1,808		7,545
b) Other loans and receivables				332,256		315,608
					334,064	323,153
Loans and advances to customers	(3)				110,489	111,362
<i>of which: secured with mortgages</i>		0				(0)
<i>of which: Municipal loans</i>		67,204				(69,496)
Bonds and other fixed-income securities	(4), (9)					
a) Money market papers						
aa) Of public sector issuers			0			0
<i>of which: eligible as collateral with Deutsche Bundesbank</i>		0				(0)
ab) Of other issuers			2,691	2,691		2,688
<i>of which: eligible as collateral with Deutsche Bundesbank</i>		0				(0)
b) Bonds and notes						
ba) Of public sector issuers			5,126			4,611
<i>of which: eligible as collateral with Deutsche Bundesbank</i>		4,900				(4,383)
bb) Of other issuers			28,202	33,328		27,644
<i>of which: eligible as collateral with Deutsche Bundesbank</i>		22,618				(22,341)
c) KfW's own bond issues				3,904		3,676
Nominal amount		4,490				(4,218)
					39,923	38,618

Assets

	see note no.	31 Dec. 2021				31 Dec. 2020
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equity investments	(5), (7), (9)				907	833
<i>of which: in banks</i>		63				(34)
<i>of which: in financial services institutions</i>		0				(0)
Shares in affiliated companies	(6), (7), (9)				3,796	3,653
<i>of which: in banks</i>		429				(429)
<i>of which: in financial services institutions</i>		0				(0)
Assets held in trust	(8)				18,315	17,213
<i>of which: loans held in trust</i>		10,561				(10,799)
Intangible assets	(9)					
Concessions, industrial property rights and similiar rights				49		61
					49	61
Property, plant and equipment	(9)				842	859
Other assets	(10)				4,752	692
Deferred charges	(11)				6,753	2,672
Special loss account consisting of provisions under Section 17 (4) of the D-Mark Balance Sheet Act					26	26
Total assets					562,355	543,320

Liabilities and equity

	see note no.	31 Dec. 2021				31 Dec. 2020
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Liabilities to banks	(12)					
a) Due on demand				7,982		3,489
b) With agreed terms or periods of notice				7,289		20,452
					15,271	23,941
Liabilities to customers	(13)					
Other liabilities						
a) Due on demand			422			464
b) With agreed terms or periods of notice			43,465	43,886		46,510
					43,886	46,974
Certificated liabilities	(14)					
Bonds and notes				443,617		412,754
					443,617	412,754
Liabilities held in trust	(15)				18,315	17,213
<i>of which: Loans held in trust</i>		<i>10,561</i>				<i>(10,799)</i>
Other liabilities	(16)				82	7,291
Deferred income	(17)				8.479	4,040
Provisions	(18)					
a) Provisions for pensions and similar obligations				1,796		1,649
b) Other provisions				1,094		1,026
					2,889	2,675
Obligatory charges under the D-Mark Balance Sheet Act					1	0
Fund for general banking risks					200	600

Liabilities and equity

	see note no.	31 Dec. 2021				31 Dec. 2020
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equity	(20)					
a) Called in capital						
Subscribed capital			3,750			3,750
less uncalled outstanding contributions			-450	3,300		-450
b) Capital reserve				8,447		8,447
c) Reserve from the ERP Special Fund				1,191		1,191
d) Retained earnings						
da) Statutory reserve under Article 10 (2) of the KfW Law			1,875			1,875
db) Special reserve under Article 10 (3) of the KfW Law			14,755			12,971
dc) Special reserve under Article 17 (4) of the D-Mark Balance Sheet Act			48	16,678		48
				29,616		27,831
Total liabilities and equity				562,355		543,320
Contingent liabilities	(21)					
On guarantees				711		667
				711		667
Other commitments	(22)					
Irrevocable loan commitments				104,332		99,729
				104,332		99,729

Income Statement of KfW

for the period from 1 January – 31 December 2021

	see note no.	2021				2020
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Interest income from						
a) Lending and money-market transactions	(23)	3,820				4,651
Less negative interest from lending and money-market transactions		-335	3,485			-259
b) Fixed-income securities and bonds		-62				-9
Less negative interest from fixed-income securities and bonds		-50	-112			-25
				3,373		4,358
Interest expense	(23)	2,201				2,851
Less positive interest from the banking business		-708	1,492			-409
				1,492		2,442
					1,881	1,916
Current income from	(24)					
a) Shares and other non-fixed income securities				0		0
b) Equity investments				30		39
c) Shares in affiliated companies				12		40
					43	79
Income from profit pooling, profit and loss transfer and partial profit transfer agreements					41	31
Commissions income				657		611
Commissions expense				175		162
					482	449
Other operating income	(25)				152	281
General administrative expenses						
a) Personnel expense						
aa) Salaries and wages			507			461
ab) Social security contributions and expense for pension provision and other employee benefits			101	607		90
of which: for pensions			25			17
b) Other administrative expenses				457		413
					1,064	964
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(9)				80	82
Other operating expense	(25)				209	138

	see note no.	2021				2020
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Income from the reversals of impairment losses on receivables and certain securities and reversals of provisions for loan losses					113	43
Depreciation, amortisation and impairment of equity investments, shares in affiliated companies and securities held as fixed assets					0	9
Income from reversals of write-downs of equity investments, shares in affiliated companies and securities held as fixed assets					31	0
Reversal of the fund for general banking risk					400	0
Result from ordinary activities					1,790	1,607
Taxes on income					4	6
Other taxes					2	2
Profit					1,784	1,599
Allocation to retained earnings						
to the special reserve under Article 10 (3) of the KfW Law	(20)		-1,784			-1,599
				-1,784		-1,599
Net retained profits					0	0

Notes

KfW is a public law institution with registered office in Frankfurt am Main.

The financial statements of KfW have been prepared in accordance with the requirements of the German Commercial Code (*Handelsgesetzbuch* – “HGB”), the German Accounting Regulation for Banks and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* – “RechKredV”) and the Law Concerning KfW (KfW Law). The special provisions of the D-Mark Balance Sheet Act (*D-Mark-Bilanz-Gesetz* – “DMBiG”) have also been observed.

The KfW statement of financial position and income statement presentation of items was adjusted as follows: Equity was expanded to include the Reserves from the ERP Special Fund and the three sub-items in Retained earnings: Statutory reserve under Article 10 (2) KfW Law and Special reserve under Article 10 (3) KfW Law and Special reserve under Section 17 (4) of the D-Mark Balance Sheet Act. Disclosures on items in the statement of financial position which may be provided in either the statement of financial position or the notes are provided in the notes.

1) Accounting policies

Cash reserves, Loans and advances to banks and customers and Other assets have been shown at cost, notional amount or lower fair value. Cash reserves also include cash proceeds from assets held in trust. The resulting payment obligations are reported as liabilities to customers. Differences between notional amounts and lower paid out amounts of receivables, which are similar in nature to interest, have been included in Deferred income and recognised over the term through profit or loss in Interest income. There was a change this financial year in the valuation of equity investments held in KfW's fixed assets. Contrary to previous accounting practice, the option under Section 253 (3) sentence 6 HGB is being exercised starting this financial year. Securities and investments are therefore valued strictly at the lower of cost or market (*strenges Niederstwertprinzip*). The change provides better insight into the economic situation of securities and investments as of the reporting date. The change does not result in any material impact on earnings. Shares in affiliated companies are recognised at cost. In the case of permanent impairments, assets are written down to the lower value.

Interest rate reductions are recognised in the income statement as they arise, at their present value at the time the loan terms and conditions are determined. These transactions are measured applying the parameters of the general promotional loan market the first time they are recorded at fair value. Consequently, these transactions result in interest rates below the market rate, which has a negative impact on KfW's earnings position.

The difference that normally results upon loan commitment – the present value of the nominal scheduled interest rate reductions during the first fixed interest rate period – is recognised in profit or loss with a negative impact on interest expense and accounted for as an adjusting item in Loans and advances under the statement of financial position items Loans and advances to banks or Loans and advances to customers. The adjustment to the carrying amount is amortised in Net interest income using the effective interest rate method. In the event of unscheduled repayment in full, this is recognised in profit or loss under Interest income. Differences that relate to irrevocable loan commitments are reported in Provisions. Changes to the portfolio are offset via the adjustments to the carrying amounts of already disbursed promotional loans recognised on the assets side.

The securities held as a liquidity reserve are valued strictly at the lower of cost or market (*strenges Niederstwertprinzip*), where they are not hedged. For securities held as fixed assets, the modified lower of cost or market principle (*gemildertes Niederstwertprinzip*) has generally been applied. In some cases, hedge accounting is applied for securities and their interest hedges (primarily interest rate swaps) in accordance with Section 254 HGB. No securities have been

allocated to the trading book. Reversals of impairment losses have been accounted for in accordance with the statutory requirements. Structured securities with embedded derivatives are accounted for as one unit and are valued strictly at the lower of cost or market value.

Property, plant and equipment and intangible assets are reported at cost, reduced by straight line depreciation/amortisation over their expected useful life. Impairment is recognised as required. Minor fixed assets are combined to form a collective item and are depreciated/amortised over a period of five years using the straight-line method. The bank opted not to recognise internally generated intangible fixed assets.

Liabilities are recognised at their settlement value; differences between agreed higher repayment amount and issue amount are recognised in the item Deferred charges. Zero-coupon bonds issued are recognised at their current redemption amount.

Provisions for pensions and similar obligations are valued in accordance with actuarial principles on the basis of Heubeck AG's 2018 G actuarial tables. The projected unit credit method with the following parameters is applied to KfW's calculations for all active staff members.

	31 Dec. 2021
Actuarial discount rate (10-year average interest rate)	1.87 %
Rate of salary increases (depending on pay scale)	2.20 %
Rate of pension increases (depending on pension scheme)	1.00 % to 2.50 %
Rate of staff turnover	2.00 %

Other provisions are reported in the amount of the estimated expenditure required to settle the obligation as dictated by prudent business judgement, taking future price/cost increases into account. Provisions with a remaining life of more than one year are discounted with the market interest rate published by the Deutsche Bundesbank.

Risks, primarily for lending business as a result of the structure of KfW's business, were sufficiently addressed through valuation allowances and provisions. KfW distinguishes between significant receivables (non-retail, volume from each individual borrower of EUR 1 million or more) and non-significant receivables (retail). For significant receivables, an individual assessment of credit exposure regarding expected cashflows is undertaken when there are indications of impairment. The calculation takes into account the scope and value of the collateral as well as the political risk. For non-performing loans, interest income is generally accrued based on the probability of collection. For non-significant receivables with indications of impairment, a general risk provision (specific valuation allowance – retail) is created based on homogeneous sub-portfolios.

The automatically determined portfolio valuation allowance includes the expected basic loss resulting from the portfolio valuation model for all receivables (non-retail and retail receivables) without indicators of impairment. These are calculated based on the changes in credit quality since initial recognition, either in the amount of the one-year expected loss or, if there has been significant deterioration in credit risk since initial recognition, in the amount of the lifetime expected credit loss.

Additions and reversals are recognised net in the item Impairment of receivables and certain securities and additions to provisions for loan losses or Income from the reversals of impairment losses on receivables and certain securities and reversals of provisions for loan losses. The same applies to unrealised and realised results from equity investments, shares in affiliated companies and securities held as fixed assets. The possibility of netting in the income statement in accordance with Section 340c (2) and Section 340f (3) HGB has been utilised.

The assets and debts in foreign currencies and the spot transactions not completed on the reporting date have been converted into euros at the average spot exchange rate. The bank applies the principle of special cover in accordance with Section 340h HGB in conjunction with Section 256a HGB.

The valuation of interest-related transactions in the banking book (*Refinanzierungsverbund*) follows the management of interest rate fluctuation risk at KfW. The principle of prudence is applied by recognising a provision for anticipated losses from onerous contracts in accordance with Section 340a in conjunction with Section 249 (1) sentence 1, 2nd alternative HGB for any excess obligations resulting from the valuation of the interest-related banking book. The requirements of the statement of the Banking Committee of the German Institute of Auditors (*Institut der Wirtschaftsprüfer – "IDW"*) on the loss-free valuation of the banking book ("BFA 3") are taken into account. To determine any excess obligation, KfW calculates the net value of all discounted future period results of the banking book for each period. In addition to net interest and relevant commission income, this includes the associated administrative costs and risk costs in the amount of expected losses. No provision for contingent losses was required during the reporting year.

Negative interest incurred as a result of the persisting low interest rate environment is reported in a separate column under Interest income and Interest expense.

Notes to the assets

2) Loans and advances to banks

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
This item includes:		
Loans and advances		
To affiliated companies	23,075	21,972
To companies in which KfW holds a stake	0	0
Without underwriting borne by the on-lending bank	24,139	19,266
Subordinated loans	415	1,018
Due		
On demand	1,808	7,545
Within 3 months	17,609	16,168
Between 3 months and 1 year	39,956	30,394
Between 1 year and 5 years	154,575	157,066
In more than 5 years	118,088	109,766
Accrued interest	2,027	2,214
Total	334,064	323,153

An adjusting item in the amount of EUR 610 million (2020: EUR 737 million) is reported under Loans and advances to banks due to interest rates being below the market rate for promotional loans disbursed with additional promotional support in the form of interest rate reductions impacting KfW's earnings.

From the special programmes for coronavirus aid 2020, which were merged in the "Bach" bank-in-bank model, KfW reported loans and advances to banks and customers with a cash value of EUR 35.5 billion (2020: EUR 29.9 billion).

3) Loans and advances to customers

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
This item includes:		
Loans and advances		
To affiliated companies	261	298
To companies in which KfW holds a stake	1	1
Subordinated loans	1,245	1,392
Due		
With no fixed maturity	13,661	12,011
Within 3 months	2,948	3,707
Between 3 months and 1 year	9,878	8,617
Between 1 year and 5 years	45,038	45,761
In more than 5 years	38,511	40,732
Accrued interest	453	536
Total	110,489	111,362

An adjusting item in the amount of EUR 32 million (2020: EUR 46 million) is reported under Loans and advances to customers due to interest rates being below the market rate for promotional loans disbursed with additional promotional support in the form of interest rate reductions impacting KfW's earnings.

4) Bonds and other fixed-income securities

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
Due within the following year		
Money market papers, bonds and notes	7,799	7,662
<i>Notional amount</i>	7,750	7,606
Own bond issues	26	564
<i>Notional amount</i>	25	546
Total	7,825	8,226
<i>Notional amount</i>	7,775	8,152
Listed securities	36,445	35,656
Unlisted securities	3,478	2,962
Marketable securities	39,923	38,618
Subordinated assets	776	345
Repurchase agreements	690	33

The capital resources of KfW IPEX-Bank GmbH were restructured in financial year 2021 through liquidity-neutral conversion of KfW's silent contribution (a total of EUR 1.0 billion). This involved KfW subscribing a subordinated interest-bearing bearer security of KfW IPEX-Bank GmbH in the amount of EUR 600 million. KfW reported this bond

under unlisted but marketable securities. KfW has also granted KfW IPEX-Bank GmbH a subordinated interest-bearing loan (tier 2 capital) in the amount of EUR 400 million.

5) Equity investments

	31 Dec. 2021 EUR in millions	31 Dec. 2020 EUR in millions
Listed securities	76	75
Unlisted securities	73	46
Marketable securities	149	121

6) Shares in affiliated companies

As in 2020, this item does not contain any listed securities.

7) Disclosures on shareholdings

Name and domicile of company		Share held	Equity	Profit/loss for the year
		in %	EUR in thousands	EUR in thousands
1	DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne ¹⁾	100.0	2,506,622	215,585
2	KfW Beteiligungsholding GmbH, Bonn ¹⁾	100.0	1,651,613	72,243
3	KfW Capital GmbH & Co. KG, Frankfurt am Main ¹⁾	100.0	487,101	0
4	Interkonnektor GmbH, Frankfurt am Main ¹⁾	100.0	88,866	20,201
5	tbg Technologie-Beteiligungsgesellschaft mbH, Bonn ¹⁾	100.0	67,173	13,013
6	Finanzierungs- und Beratungsgesellschaft mbH, Berlin ¹⁾	100.0	5,654	612
7	Deutsche Energie-Agentur GmbH (dena), Berlin ²⁾	26.0	6,072	499
8	Berliner Energieagentur GmbH, Berlin ²⁾	25.0	7,543	556
9	eCapital Technologies Fonds II GmbH & Co. KG, Münster ²⁾	24.8	13,044	-24

Name and domicile of company where KfW holds at least 5% of voting rights		Share of voting rights	Equity	Profit/loss for the year
		in %	EUR in thousands	EUR in thousands
1	ProCredit Holding AG & Co. KGaA, Frankfurt am Main ²⁾	13.2	779,729	41,396
2	Access Microfinance Holding AG, Berlin ²⁾	12.7	50,900	-11,691
3	Finca Microfinance Holding Company LLC, Wilmington, USA ²⁾	8.9	184,125	-18,427
4	AB Microfinance Bank Nigeria Ltd., Lagos, Nigeria ²⁾	5.9	9,258	-234

¹⁾ Preliminary financial statements 31 December 2021

²⁾ Most recent available financial statements 31 December 2020

The exemptions of Section 286 (3) No. 1 HGB were applied. The list of shareholdings shows significant equity investments with a capital share greater than 20 %. The other equity investments are of minor importance.

8) Assets held in trust

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
Loans and advances to banks	1,135	1,071
Loans and advances to customers	10,019	10,053
Equity investments	7,160	6,089
Total	18,315	17,213

9) Fixed assets

Statement of changes in fixed assets as of 31. Dec 2021

EUR in thousands		Equity invest-ments ¹⁾	Shares in affiliated companies ¹⁾	Securities held as fixed assets ¹⁾	Intangible assets	Property, plant and equipment ⁴⁾	Total
Acquisition costs/ production costs as of 1 Jan. 2021 ³⁾					216,152	1,328,171	
Additions 2021		73,568	143,500	974,938	17,968	33,468	
Disposals 2021	Changes ²⁾				7,662	50,347	
Transfers 2021					0	0	
Acquisition costs/ production costs as of 31 Dec. 2021					226,457	1,311,293	
Accumulated depreciation/ amortisation as of 1 Jan. 2021					155,629	469,139	
Depreciation/amortisation 2021 ⁵⁾					29,952	49,557	
Reversal of impairments 2021					0	0	
Depreciation/amortisation of additions 2021					2,215	8,663	
Depreciation/amortisation of disposals 2021					7,662	49,401	
Depreciation/amortisation of transfers 2021					0	0	
Accumulated depreciation/ amortisation as of 31 Dec. 2021					177,919	469,295	
Net carrying amount 31 Dec. 2021		906,930	3,796,121	33,215,436	48,538	841,998	38,809,023
Net carrying amount 31 Dec. 2020		833,362	3,652,621	32,240,498	60,523	859,032	37,646,036

¹⁾ The bank exercised the option under Section 34 (3) RechKredV to consolidate Securities and investments

²⁾ Including price changes

³⁾ The simplification under Section 31 (3) of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – "EGHGB") has been applied.

⁴⁾ Of which net carrying amount as of 31 December 2021:

– Total amount of land and buildings used for the bank's activities EUR 768,616 thousand

– Total amount of office furniture and equipment EUR 73,382 thousand

⁵⁾ Depreciation/amortisation 2021 includes impairments of EUR 100 thousand in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – "HGB").

Bonds and other fixed-income securities, as well as shares and other non-fixed income securities, intended for permanent use for business activities and therefore usually held until maturity, have been included with the securities held as fixed assets. They are presented separately from current assets and valued according to the modified lower of cost or market value principle.

The carrying amount of the marketable securities in fixed assets not valued strictly at the lower of cost or market value was EUR 33.2 billion as of 31 December 2021 (2020: EUR 32.2 billion). This includes securities with a carrying amount of EUR 13.2 billion (2020: EUR 17.4 billion), for which an impairment loss of EUR 35 million (2020: EUR 54 million) was not recognised as they will be held to maturity.

10) Other assets

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
Main items:		
Adjusting item from the currency translation of derivatives	4,043	0
Amount receivable from the Federal Agency for Special Tasks associated with Unification	641	639

Under Other assets, KfW reported a currency adjustment item in the amount of EUR 4.0 billion (2020: EUR 7.1 billion under Other liabilities). This resulted from the foreign currency valuation of swap transactions concluded to hedge foreign currency risks from receivables and liabilities. The foreign currency derivatives were used in the context of management of the foreign currency exposure.

The amount receivable from the Federal Agency for Special Tasks associated with Unification is reported due to the transfer to KfW of the insurance business of the State Insurance Company of the GDR in liquidation (*Staatliche Versicherung der DDR in Abwicklung – "SinA"*). Actuarial provisions have thus been set up in the same amount.

11) Deferred charges

The line item Deferred charges includes upfront payments for derivative financial instruments in the amount of EUR 6.3 billion (2020: EUR 2.2 billion) which are amortised pro rata temporis and the differences between the repayment amount and the lower issuing amount in the context of borrowed funds (discounts and placing commissions) in the amount of EUR 328 million (2020: EUR 385 million).

As regards the reference interest rate switch to alternative risk-free rates (IBOR reform), KfW is relying on a group-wide project structure. Amounts under the line items Deferred charges and Deferred income increased as a result of the transitions, in which legacy trades were closed and new trades concluded. KfW actively converted a large share of the derivatives referencing GBP, CHF and JPY LIBOR in the second half of 2021. Derivative financial instruments indexed to the above reference rates which have not been actively migrated by the end of the year are passively transitioned into the new interest-rate environment via ISDA fallbacks. However, ISDA fallbacks will only be applied if active conversion is not possible.

Notes to the liabilities and equity

12) Liabilities to banks

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
This item includes:		
Liabilities to		
Affiliated companies	155	154
Companies in which KfW holds a stake	0	0
Due		
On demand	7,982	3,489
Within 3 months	3,343	3,941
Between 3 months and 1 year	2	197
Between 1 year and 5 years	1,781	13,730
In more than 5 years	701	1,011
Accrued interest	1,461	1,573
Total	15,271	23,941

13) Liabilities to customers

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
This item includes:		
Liabilities to		
Affiliated companies	170	160
Companies in which KfW holds a stake	0	0
Due		
On demand	422	464
Within 3 months	5,743	4,609
Between 3 months and 1 year	15,753	6,070
Between 1 year and 5 years	14,047	27,594
In more than 5 years	7,865	8,177
Accrued interest	57	60
Total	43,886	46,974

KfW raised funds via the Economic Stabilisation Fund (WSF), among other sources, to fund loans under the coronavirus special programme 2020.

Holdings of promissory note loans (*Schuldscheindarlehen*) increased during the current financial year due to KfW raising funds via the WSF by EUR 3.0 billion to EUR 42.0 billion (including premiums) (2020: EUR 39.0 billion).

14) Certificated liabilities

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
The sub-item – Bonds and notes – includes:		
Liabilities to		
Affiliated companies	413	413
Companies in which KfW holds a stake	0	0
Due within the following year	117,543	106,150

15) Liabilities held in trust

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
Liabilities to banks	0	0
Liabilities to customers	18,315	17,213
Total	18,315	17,213

16) Other liabilities

The adjusting item from the currency translation of derivatives was reported as an asset under Other assets in the statement of financial position in 2021.

17) Deferred income

Deferred income includes in particular premiums from certificated liabilities and capital raised via the WSF totalling EUR 3.0 billion (2020: EUR 2.7 billion) and accrued upfront payments for derivative financial instruments of EUR 5.2 billion (2020: EUR 1.1 billion) deferred pro rata temporis.

In the context of the reference interest rate switch to alternative risk-free rates (IBOR reform), the amounts under the line item Deferred income increased. For further explanations, please refer to Deferred charges in section 11.

18) Provisions

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
Main items:		
Provisions for pensions and similar obligations	1,796	1,649
Actuarial provisions in connection with the transfer to KfW of the insurance business of SinA	641	639
Provisions for credit risks	76	95
Provisions for variable compensation components incl. social security payments	70	48
Irrevocable loan commitments below market rate	69	10
Early retirement	53	60
Retransfer obligation with respect to land	53	53

There was a difference of EUR 186 million between the discounting of provisions for pensions at the average market rate of the past ten years and the discounting of this item at the average market rate of the past seven years. This difference is excluded from distribution.

An adjusting item in the amount of EUR 69 million (2020: EUR 10 million) was reported in financial year 2021 under item b) Other provisions due to the interest rate being below the market rate for promotional loans irrevocably committed with additional promotional support in the form of interest rate reductions with an impact on KfW's earnings position.

19) Fund for general banking risks

The partial reversal of the fund for general banking risks (Section 340g HGB), reduced the total amount of that item as of 31 December 2021 to EUR 200 million (2020: EUR 600 million).

20) Equity

	31 Dec. 2020	Profit for the year	Other changes	31 Dec. 2021
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
KfW's subscribed capital	3,750	0	0	3,750
Uncalled outstanding contributions	-450	0	0	-450
Capital reserve	8,447	0	0	8,447
Reserve from the ERP Special Fund	1,191	0	0	1,191
Retained earnings				
a) Statutory reserve under Article 10 (2) of the KfW Law	1,875	0	0	1,875
b) Special reserve under Article 10 (3) of the KfW Law	12,971	1,784	0	14,755
c) Special reserve under Section 17 (4) of the D-Mark Balance Sheet Act	48	0	0	48
Equity	27,831	1,784	0	29,616

The entire profit for 2021 was allocated to retained earnings. As of year-end 2021, KfW's equity amounted to EUR 29.6 billion.

Other required notes to the liabilities and equity

21) Contingent liabilities

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
This item includes:		
Guarantees for export financing	342	271
Promotional loans for federal states	103	111
Municipal loans	102	88
Ship and shipyard financing	71	54
SME programme	44	45
Guarantees for foreign loans	35	51
Guarantees for other financing	14	47
Total	711	667

The risk of guarantees is mitigated by possibilities of recourse to the principal and is largely based on that entity's credit rating and the value of any collateral. The bank regularly assesses the risk as part of credit risk monitoring. If there are reasons for a probable outflow of funds, the bank recognises individual provisions; general provisions are made for latent risks. Contingent liabilities are presented net of received cash collateral and provisions accounted for as liabilities.

22) Other commitments

Irrevocable loan commitments	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
This item includes:		
Mittelstandsbank & Private Kunden (<i>SME Bank & Private Clients</i>)	55,288	57,408
Individualfinanzierung & öffentliche Kunden (<i>Customised Finance & Public Clients</i>)	18,043	10,852
Loans for the Promotion of developing countries and emerging economies	16,194	14,757
Export and project finance	10,020	12,158
Guarantees	325	356
Forward agreements	265	0
Other loan commitments	4,198	4,198
Total	104,332	99,729

Irrevocable loan commitments are subject to regular credit risk monitoring. If there are indications that a loss will be incurred from an expected outflow of funds, the bank recognises an individual provision; latent risks are covered through the recognition of portfolio provisions.

Provisions recognised for the interest rate reductions in irrevocable loan commitments granted by KfW in the promotional lending business and negatively impacting its earnings position are deducted.

Notes to the income statement

23) Interest income and Interest expense

The Interest income item comprises EUR 385 million (2020: EUR 284 million) in negative interest from lending and money-market transactions and from fixed-income securities as a result of the persisting low interest rate environment. Of this amount, EUR 210 million (2020: EUR 145 million) is attributable to deposits with the central bank, EUR 48 million (2020: EUR 32 million) to receivables from the Federal Government resulting from the privatisation of Deutsche Telekom AG and Deutsche Post AG and EUR 47 million (2020: EUR 72 million) to money-market transactions.

KfW reported negative interest from fixed-income securities in the amount of EUR 50 million (2020: EUR 25 million) under sub-item b) Interest income from fixed-income securities and bonds. KfW reported a negative amount of EUR 62 million for interest income from fixed-income securities and bonds (2020: EUR 9 million expense). This negative amount resulted from offsetting interest income from fixed-income securities of EUR 264 million (2020: EUR 292 million), income and expense of the intervention portfolio (EUR 143 million income; 2020: EUR 161 million income), the offsetting interest payments of the hedging instruments concluded for the hedged transactions (EUR 323 million expense; 2020: EUR 303 million expense) and income and expense generated by premiums (EUR 147 million expense; 2020: EUR 159 million expense) (net reporting).

The Interest expense item comprises EUR 708 million (2020: EUR 409 million) in positive interest. This is largely made up of EUR 286 million (2020: EUR 197 million) in positive interest from certificated liabilities, EUR 253 million (2020: EUR 82 million) from promissory note loans (Schuldscheindarlehen) and EUR 140 million (2020: EUR 108 million) from money-market transactions.

As regards the pandemic-induced special programmes, KfW has funded its activities via the ECB's TLTRO III, among other sources, since financial year 2020. It raised EUR 13.4 billion in June 2020 via TLTRO III operation 4, and EUR 1.4 billion in March 2021 via TLTRO III operation 7. The maximum term of TLTRO III transactions is three years. Participants whose eligible net lending in a prescribed reporting period is equal to or higher than their individual benchmark will receive an interest rate reduced by 50 bp (financing of overall -1 %) for a specified period. The negative interest rate benefit made possible by the grant is not to be recognised until there is reasonable assurance that KfW will meet the attached conditions and that the grants will be issued. The targets for the reporting period March 2020 to March 2021 were met and the reduced interest rate for the period June 2020 to June 2021 taken into account. KfW recognised interest grants totalling EUR 34 million in 2021. The reduced interest grant was thus recognised in Net interest income on an accrual basis over the period in which the funding expenses to be compensated by the reduced rate grant were reported. KfW used the gross method for this purpose. The bank repaid the loans under TLTRO III operation 4 in December 2021.

Funding via the TLTRO tranches resulted in positive effects from interest expense totalling EUR 109 million in financial year 2021 (2020: EUR 71 million).

24) Current income

The distribution of KfW Beteiligungsholding GmbH for financial year 2020 in the amount of EUR 12 million was reported under sub-item c) Current income from shares in affiliated companies.

25) Other operating income and Other operating expense

In accordance with Sections 277 (5) sentence 2 and 340h HGB, expenditure on and income from currency conversion have been presented as gross figures in Other operating expense (EUR 12 million, 2020: EUR 9 million) and Other operating income (EUR 15 million, 2020: EUR 4 million). Exchange rate-related value changes of specific valuation allowances denominated in foreign currencies are also presented in Other operating expense or Other operating income. Other operating income is largely attributable to the fee paid under the agency agreement with KfW IPEX-Bank GmbH of EUR 107 million (2020: EUR 92 million). Other operating expense includes valuation effects generated by discounting pension provisions in the amount of EUR 130 million.

26) Auditor's fees

KfW has exercised the option under Section 285 No. 17 HGB, and refers to the breakdown of auditor fees in KfW Group's consolidated financial statements.

27) Geographical markets

As KfW does not have any foreign branch offices, the total amounts reported under certain income line items in accordance with Section 34 (2) No. 1 RechKredV were not broken down by region.

Other required notes

28) Assets and liabilities in foreign currencies

	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions
Assets in foreign currencies	50,230	47,536
Liabilities in foreign currencies	197,919	184,638

29) Other financial commitments

The bank has remaining payment obligations totalling EUR 262 million in connection with equity finance operations, of which EUR 41 million is to associated companies.

Moreover, as of 31 December 2021, it also has remaining payment obligations of EUR 664 million to affiliated companies, primarily to KfW Capital GmbH & Co. KG.

In isolated cases, KfW staff or third parties appointed by KfW take on executive body functions at companies in which KfW holds equity investments or with which it has another relevant creditor relationship. The risks arising therefrom are covered by the directors and officers liability insurance policy of the respective company. Liability risks may arise for KfW in the event that no effective insurance coverage is in place.

30) Derivatives reporting

KfW uses the following forward transactions/derivative products, mainly to hedge interest and exchange rate risks, and other price and credit risks:

1. Interest rate forward transactions/derivative products
 - Interest swaps
 - Interest rate options, swap options
 - Caps and floors
2. Currency-related forward transactions/derivative products
 - Cross-currency swaps
 - FX swaps
 - Currency forwards
 - Spot FX deals

The following presentation of derivatives transactions is in accordance with the requirements of Section 285 No. 19 HGB and Section 36 RechKredV. It discloses the positive and negative fair values of the derivatives positions as of 31 December 2021.

All types of contracts are marked to market. In cases where market prices were not available for derivative instruments, fair values were established by means of market parameters based on generally accepted option price models and present value estimates.

Purchased and written options are presented as Other assets or Other liabilities at the amount paid as premiums.

Volume

	Notional amounts	Notional amounts	Positive fair values	Negative fair values
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2021
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Contracts with interest risks				
Interest swaps	544,058	547,573	13,454	8,789
Interest options				
<i>thereof: purchases</i>	0	0	0	0
<i>thereof: sales</i>	0	0	0	0
Caps and floors ¹⁾	517	438	4	4
	544,575	548,011	13,458	8,793
Contracts with currency risks				
Cross-currency swaps	176,952	123,656	5,012	3,218
FX swaps	41,880	39,010	1,557	63
Currency forwards	77	109	3	3
Spot FX deals	0	0	0	0
	218,909	162,775	6,572	3,284
Total	763,484	710,786	20,031	12,077

¹⁾ Only caps and floors which are traded on a stand-alone basis

Remaining life

Notional amounts	Interest risks ¹⁾		Currency risks	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Due				
Within 3 months	27,200	11,594	38,399	41,408
Between 3 months and 1 year	62,607	48,200	27,937	29,535
Between 1 year and 5 years	252,708	281,879	102,522	71,953
In more than 5 years	202,060	206,337	50,051	19,879
Total	544,575	548,011	218,909	162,775

¹⁾ Derivative financial instruments are shown without embedded derivatives

Counterparties

	Notional amounts	Notional amounts	Positive fair values	Negative fair values
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2021
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OECD-banks	763,313	709,770	20,031	12,074
Banks outside the OECD	161	165	0	3
Other counterparties	10	0	0	0
Public authorities	0	850	0	0
Total	763,484	710,786	20,031	12,077

31) Hedge accounting within the meaning of Section 254 HGB

The following section describes hedge accounting within the meaning of Sections 254 and 285 No. 23 HGB.

The table below details the volume of securities held as fixed assets and as a liquidity reserve (current assets), which are hedged against interest risks as of the reporting date.

	Carrying amounts	Notional amounts	Fair values
	EUR in millions	EUR in millions	EUR in millions
Securities held as fixed assets			
Bonds and other fixed-income securities	28,655	28,174	28,705
Securities held as liquidity reserves			
Bonds and other fixed-income securities	3,904	4,490	4,876
Total	32,559	32,664	33,581

KfW uses derivatives to hedge open positions only. The option to apply hedge accounting for economic hedges is exercised with KfW's own holdings of securities as designated hedged items. The net hedge presentation method is applied to the effective portion of the hedge.

A portion of the securities held as fixed assets is hedged on a micro-basis against interest risks by designating primarily interest rate swaps as hedges of fixed-income securities. Thanks to identical terms of the hedged item and hedging instrument, the offsetting effect is demonstrated both prospectively and retrospectively using the critical terms match method. Through the use of the modified lower of cost or fair value principle for the fixed assets, only permanent impairment losses are recognised in the income statement.

The fixed-income securities held as a liquidity reserve are also hedged against interest risks using micro hedges (primarily interest rate swaps). Any expense related to the ineffective portion of the hedge is recognised in the income statement. In addition, hedging relationships are designated as part of the repurchase of own issues, with matching certificated liabilities as hedging instruments. Due to the negative correlation of fair value changes and the similar risks of the hedged item and the hedging instrument, changes in fair value and in cash flows of hedged items and hedging instruments largely offset one another as of the reporting date. Considering the long-term designation of the hedging relationships, the offsetting effects in relation to the hedged risk are expected to continue almost fully until the hedging relationships mature.

In addition to hedging relationships pursuant to Section 254 HGB, derivative financial instruments used to hedge interest risks in the banking book and the interest-bearing hedged items are included in asset liability management. KfW manages the interest margin or fair value of all interest-bearing transactions in the banking book as a whole. Hedging relationships are also included in the loss-free valuation of the banking book (BFA 3).

32) Loans in the name of third parties and for third party account

Loans in the name of third parties and for third party account totalled EUR 11.8 billion as of 31 December 2021 (2020: EUR 9.6 billion).

33) Personnel

The average number of employees can be broken down as follows:

	2021	2020
Female employees	2,932	2,808
Male employees	3,174	3,023
Staff not covered by collective agreements	3,930	3,765
Staff covered by collective agreements	1,859	1,743
Staff in external offices	317	323
Total	6,106	5,831

34) Transactions with related parties and affiliated companies

The conditions and prices between KfW and related parties and affiliated companies reflect market conditions or are concluded in accordance with KfW's general conditions for its loan programmes open to the general public.

35) Remuneration and loans to members of the Executive Board and the Board of Supervisory Directors

	Salary	Variable compensation	Other compensation ⁵⁾	Total
Annual compensation 2021	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Dr Günther Bräunig ¹⁾ (Chief Executive Officer)	665.3	0.0	22.3	687.6
Stefan Wintels ²⁾ (Chief Executive Officer)	199.6	0.0	3.4	203.0
Dr Ingrid Hengster ³⁾	574.3	0.0	39.5	613.8
Melanie Kehr	541.0	0.0	14.4	555.4
Christiane Laibach ⁴⁾	315.6	0.0	19.9	335.5
Bernd Loewen	640.0	0.0	25.7	665.7
Dr Stefan Peiß	574.3	0.0	15.7	590.0
Total	3,510.1	0.0	140.9	3,651.0

¹⁾ Until 31 October 2021

²⁾ From 1 October 2021

³⁾ Until 31 December 2021

⁴⁾ From 1 June 2021

⁵⁾ Other compensation mostly comprises the use of company cars and insurance premiums and the taxes on these amounts.

Remuneration to members of the Board of Supervisory Directors totalled EUR 197 thousand. This amount breaks down as follows:

Remuneration for the members of the Board of Supervisory Directors is EUR 5 thousand p.a. and members of the Credit, Executive and Audit Committees receive EUR 0.6 thousand p.a., all paid on a pro-rata basis for memberships that commence or end during the year. Remuneration to members of the Federal Government who are members of the Board of Supervisory Directors pursuant to Section 7 (1) No. 2 KfW Law was set at EUR 0 for financial year 2021. Remuneration for the Chair of the Board of KfW Supervisory Directors and his deputies was also set at EUR 0.

Provisions in the amount of EUR 70,194 thousand were set up as of 31 December 2021 for obligations under pension agreements for former members of the Executive Board and their surviving dependents (2020: EUR 60,380 thousand). The regular remuneration totalled EUR 4,475 thousand.

There were no loans to members of the Executive Board as of 31 December 2021.

36) Responsibilities of the Executive Board members

Dr Günther Bräunig (CEO 1 January 2021 to 30 September 2021, Co-CEO 1 October 2021 to 31 October 2021)

General Secretariat, Group Development and Economics, Legal, Financial Markets (from 1 June 2021), Internal Auditing, KfW Development Bank (until 31 May 2021) and Sustainability

Stefan Wintels (Co-CEO 1 October 2021 to 31 October 2021, CEO since 1 November 2021)

General Secretariat, Group Development and Economics, Legal, Financial Markets, Internal Auditing and Sustainability

Dr Ingrid Hengster (until 31 December 2021)

Domestic Marketing and Digital Channels, Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients), Mittelstandsbank & Private Kunden (SME Bank & Private Clients), New Business Credit Service, KfW Capital, DEG, Export and Project Finance (until 31 May 2021)

Melanie Kehr

Information Technology, Transaction Management and Central Services

Christiane Laibach (since 1 June 2021)

KfW Development Bank, DEG and Export and Project Finance (from 1 June 2021)

Bernd Loewen

Accounting, Organisation and Consulting, Human Resources, Portfolio Credit Services and Financial Markets (until 31 May 2021)

Dr Stefan Peiß

Risk Controlling, Credit Risk Management and Compliance

37) Group affiliation

KfW is included in the consolidated financial statements of KfW Group, Frankfurt am Main, as of 31 December 2021. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and disclosed in German in the electronic Federal Gazette (*Bundesanzeiger*).

38) Events after the end of the financial year

KfW expects that the latest developments in the Russia-Ukraine conflict, with Russia's attack on Ukraine on 24 February 2022, will have a negative impact on German and global economic output in 2022. This may therefore adversely affect achievement of our objectives set for financial year 2022. In KfW's current assessment, the crisis particularly affects KfW's loan exposures in Ukraine and Russia. KfW's exposure in Russia has been decreasing since 2014 and amounted to EUR 174 million as of 31 January 2022. It is partially covered by export and credit insurance, and amounts to EUR 31 million net. KfW's exposure in Ukraine is EUR 390 million and is largely covered by guarantees from the Federal Republic of Germany; that net exposure amount is EUR 1 million. Indirect effects of the conflict can also be expected on KfW's loan and equity investment exposures and therefore on KfW's business and earnings position as well. For instance, there may be a negative impact on the energy and commodity markets, and consequences of being affected by the sanctions imposed. It is not really possible to give a precise forecast of the overall impact on the net assets, financial and earnings position at present, given the dynamic development, particularly concerning uncertain further escalation or de-escalation steps of the military conflict. KfW will continue to closely monitor the development of the conflict and the consequences for KfW's business.

No further events of particular impact on KfW's net assets, financial and earnings position occurred after the end of the financial year.

39) Mandates held by executive directors or other employees in supervisory boards of large corporations in accordance with Section 267 (3) HGB

Mandates held by Executive Board members

Dr Günther Bräunig (CEO 1 January 2021 to 30 September 2021, Co-CEO 1 October 2021 to 31 October 2021)

Deutsche Post AG, Bonn

Deutsche Telekom AG, Bonn

Deutsche Pfandbriefbank AG, Munich

Dr Ingrid Hengster (until 31 December 2021)

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne

Deutsche Bahn AG, Berlin

KfW IPEX-Bank GmbH, Frankfurt am Main (KfW IPEX-Bank) (until 8 July 2021)

Christiane Laibach (since 1 June 2021)

KfW IPEX-Bank GmbH, Frankfurt am Main (KfW IPEX-Bank) (since 8 July 2021)

Bernd Loewen

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne

Dr Stefan Peiß

KfW IPEX-Bank GmbH, Frankfurt am Main

Mandates of other employees

Dr Lutz-Christian Funke

Eurogrid GmbH, Berlin

IKB – Deutsche Industriebank AG, Düsseldorf

50Hertz Transmission GmbH

Christian Krämer

ProCredit Holding AG & Co. KGaA, Frankfurt am Main (until 27 May 2021)

Dr Jan Martin Witte

ProCredit Holding AG & Co. KGaA, Frankfurt am Main (since 27 May 2021)

40) The bank's executive bodies

Board of Supervisory Directors

Dr Robert Habeck

Federal Minister for Economic Affairs
and Climate Action

Chair

(since 1 January 2022)

Deputy Chair

(8 December 2021 – 31 December 2021)

Olaf Scholz

Federal Minister of Finance

Chair

(1 January 2021 – 8 December 2021)

Christian Lindner

Federal Minister of Finance

Deputy Chair

(since 1 January 2022)

Chair

(8 December 2021 – 31 December 2021)

Peter Altmaier

Federal Minister for Economic Affairs
and Energy

Deputy Chair

(1 January 2021 – 8 December 2021)

Doris Ahnen

Minister of State at the Ministry

of Finance of the State

of Rhineland-Palatinate

Member appointed by the

German Bundesrat

(until 31 December 2021)

Annalena Baerbock

Federal Foreign Minister

(since 8 December 2021)

Sören Bartol

Member of the German Bundestag

Member appointed by the

German Bundestag

(until 13 December 2021)

Dr Danyal Bayaz

Minister of Finance of the State

of Baden-Württemberg

Member appointed by the

German Bundesrat

(since 8 October 2021)

Katharina Beck

Member of the German Bundestag

Member appointed by the

German Bundestag

(since 13 January 2022)

Dr André Berghegger

Member of the German Bundestag

Member appointed by the

German Bundestag

Dr Holger Bingmann

Former President of the Federation

of German Wholesale, Foreign Trade

and Services (BGA)

Representative of trade

(until 31 December 2021)

Volker Bouffier

Minister President of the State
of Hesse

Member appointed by the

German Bundesrat

Dr Andreas Dressel

Senator for Finance of the Free

and Hanseatic City of Hamburg

Member appointed by the

German Bundesrat

(since 1 January 2022)

Ingeborg Esser

Managing Director of the Federal

Association of German Housing and

Real Estate Companies (GdW)

Representative of the housing industry

Robert Feiger

Chair of the Federal Executive Committee

of the IG Bauen-Agrar-Umwelt (IG Bau)

trade union

Representative of the trade unions

(since 6 January 2021)

Albert Füracker

State Minister at the Bavarian

State Ministry of Finance and for

Regional Identity

Member appointed by the

German Bundesrat

Verena Göppert

Permanent Deputy of the Executive Director of the Association of German Cities
Representative of the municipalities
(until 31 December 2021)

Olav Gutting

Member of the German Bundestag
Member appointed by the German Bundestag
(until 31 December 2021)

Dr Louis Hagen

Chief Executive Officer of Münchener Hypothekenbank eG
Representative of the mortgage banks

Prof. Dr Hans-Günter Henneke

Managing Member of the Executive Committee of the Federation of German Districts
Representative of municipalities
(since 1 January 2022)

Reinhold Hilbers

Minister of Finance of the State of Lower Saxony
Member appointed by the German Bundesrat

Reiner Hoffmann

Chair of the Confederation of German Trade Unions (DGB)
Representative of the trade unions
(since 6 January 2021)

Gerhard Hofmann

Member of the Board of Managing Directors of the National Association of German Cooperative Banks (BVR)
Representative of the cooperative banks

Dr Bruno Hollnagel

Former member of the German Bundestag
Member appointed by the German Bundestag

Verena Hubertz

Member of the German Bundestag
Member appointed by the German Bundestag
(since 13 January 2022)

Dr Dirk Jandura

President of the Federation of German Wholesale, Foreign Trade and Services
Representative of trade
(since 1 January 2022)

Johannes Kahrs

Former member of the German Bundestag
Member appointed by the German Bundestag
(until 19 November 2021)

Alois Karl

Former member of the German Bundestag
Member appointed by the German Bundestag

Julia Klöckner

Federal Minister of Food and Agriculture
(until 8 December 2021)

Andrea Kocsis

Deputy Chair of ver.di – United Services Trade Union
Representative of the trade unions

Stefan Körzell

Member of the Federal Executive Board of the Confederation of German Trade Unions (DGB)
Representative of the trade unions
(since 6 January 2021)

Dr Joachim Lang

Director General of the Federation of German Industries (BDI)
Representative of industry
(since 6 January 2021)

Steffi Lemke

Federal Minister for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection
(since 8 December 2021)

Heiko Maas

Federal Minister for Foreign Affairs
(until 8 December 2021)

Dr Gerd Müller

Federal Minister for Economic Cooperation and Development
(until 8 December 2021)

Rainer Neske

Chair of the Board of Managing Directors of Landesbank Baden-Württemberg (LBBW)
Representative of industrial credit
(since 6 January 2021)

Cem Özdemir

Federal Minister of Food and Agriculture
(since 8 December 2021)

Dr Hans-Walter Peters

President of the Association of German Banks (BdB)
Representative of the commercial banks
(since 6 January 2021)

Achim Post

Member of the German Bundestag
Member appointed by the German Bundestag
(since 13 January 2022)

Michael Richter

Minister of Finance of the State of Saxony-Anhalt
Member appointed by the German Bundesrat
(since 1 January 2022)

Joachim Rukwied

President of the German Farmers' Association (DBV)
Representative of agriculture

Frank Schäffler

Member of the German Bundestag
Member appointed by the German Bundestag
(since 13 January 2022)

Andreas Scheuer

Federal Minister of Transport and Digital Infrastructure
(until 8 December 2021)

Helmut Schleweis

President of the German Savings Banks Association (DSGV)
Representative of the savings banks
(since 6 January 2021)

Svenja Schulze

Federal Minister for the Environment, Nature Conservation and Nuclear Safety
(until 8 December 2021)
Federal Minister for Economic Cooperation and Development
(since 8 December 2021)

Holger Schwannecke

Secretary General of the German Confederation of Skilled Crafts (ZDH)
Representative of the skilled crafts

Edith Sitzmann

Minister of Finance of the State of Baden-Württemberg
Member appointed by the German Bundesrat
(until 11 May 2021)

Dietmar Strehl

Senator for Finance of the Free Hanseatic City of Bremen
(since 1 January 2022)

Peter Strobel

Minister of Finance and European Affairs of the State of Saarland
Member appointed by the German Bundesrat
(until 31 December 2021)

Heike Taubert

Minister of Finance of the State of Thuringia
Member appointed by the German Bundesrat
(until 31 December 2021)

Michael Theurer

Member of the German Bundestag
Member appointed by the German Bundestag
(until 15 December 2021)

Dr Martin Wansleben

Chief Executive of the Association of German Chambers of Commerce and Industry (DIHK)
Representative of industry

Dr Volker Wissing

Federal Minister for Digital and Transport
(since 8 December 2021)

Responsibility statement

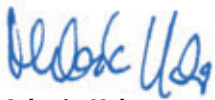
To the best of our knowledge, and in accordance with the applicable accounting principles, the annual financial statements give a true and fair view of the net assets, financial and earnings position of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and rewards associated with the expected development of the company.

Frankfurt am Main, 1 March 2022

KfW
The Executive Board



Stefan Wintels
(Chief Executive Officer)



Melanie Kehr



Christiane Laibach



Bernd Loewen



Dr. Stefan Peiß

Independent auditor's report¹⁾

To KfW

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of KfW, Frankfurt am Main, which comprise the statement of financial position as at December 31, 2021, the income statement for the fiscal year from January 1, 2021 to December 31, 2021, and notes to the financial statements, the recognition and measurement policies presented therein. In addition, we have audited the management report of KfW, which is combined with the group management report of KfW, for the fiscal year from January 1, 2021 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the declaration of compliance. In accordance with the German legal requirements, we have not audited the content of the sections "Declaration of compliance" and "Non-financial statement" of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the fiscal year from January 1, 2021 to December 31, 2021 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the sections "Declaration of compliance" and "Non-financial statement" of the management report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other information

According to Art. 8 KfW Bylaws the Board of Supervisory Directors is responsible for the preparation of the annual Report of the Board of Supervisory Directors. According to Art. 19 KfW Bylaws the Executive Board and the Board of Supervisory Directors are required to annually declare that they recognise the Public Corporate Governance Code und

¹⁾ Translation of the independent auditor's report issued in German language on the annual financial statements prepared in German language by the Executive Board of KfW, Frankfurt am Main. The German language statements are decisive.

to publish the declaration of compliance as part of the Corporate Governance Report. In all other respects, the Executive Board is responsible for the other information. The other information comprises the sections “Declaration of compliance” and “Non-financial statement” of the management report, the Statement by the Executive Board and the section “Key figures of KfW” of the Financial Report 2021, which we obtained prior to the date of this auditor’s report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Board of Supervisory Directors for the annual financial statements and the management report

The Executive Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the Executive Board is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Executive Board is responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Executive Board is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Board of Supervisory Directors is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor’s responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3a) HGB on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

Reasonable assurance opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the attached electronic file “KfW_JA_ZusLB_ESEF-2021-12-31” [Hash: sha256: d8fc-c801d4ebd02ce16cd905212e206ad5eee27fbbb90150fc6c32963b5fc4e6] and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1, 2021 to December 31, 2021 contained in the “Auditor’s report on the annual financial statements and on the management report” above.

Basis for the reasonable assurance opinion

We conducted our assurance work on the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (10.2021). Accordingly, our responsibilities are further described below in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Board and the Board of Supervisory Directors for the ESEF documents

The Executive Board is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the Executive Board is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Executive Board is also responsible for the submission of the ESEF documents together with the auditor’s report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the Federal Gazette.

The Board of Supervisory Directors is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

Eschborn/Frankfurt am Main, 8 March 2022

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