KfW Financial Statements 2022

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 presented may not add 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 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 KfW Group financial report and is submitted to the German Company Register.

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 2022

Assets

	see note no.	31 Dec. 2022				31 Dec. 2021
		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				645		42,439
of which: with Deutsche Bundesbank		*645*				*(42,439)*
					645	**42,439**
Loans and advances to banks	(3)					
a) Due on demand				57,583		1,808
b) Other loans and receivables				331,493		332,256
					389,076	**334,064**
Loans and advances to customers	(4)				**135,414**	**110,489**
of which: secured with mortgages		*0*				*(0)*
of which: Municipal loans		*88,751*				*(67,204)*
Bonds and other fixed-income securities	(5), (10)					
a) Money market papers						
aa) Of public sector issuers			0			0
of which: eligible as collateral with Deutsche Bundesbank		*0*				*(0)*
ab) Of other issuers			3,376	3,376		2,691
of which: eligible as collateral with Deutsche Bundesbank		*0*				*(0)*
b) Bonds and notes						
ba) Of public sector issuers			8,157			5,126
of which: eligible as collateral with Deutsche Bundesbank		*7,858*				*(4,900)*
bb) Of other issuers			25,034	33,192		28,202
of which: eligible as collateral with Deutsche Bundesbank		*19,915*				*(22,618)*
c) KfW´s own bond issues				3,877		3,904
Nominal amount		4,517				*(4,490)*
					40,444	**39,923**

Assets

	see note no.	31 Dec. 2022				31 Dec. 2021
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equity investments	(6), (8), (10)				**916**	**907**
of which: in banks		*58*				*(63)*
of which: in financial services institutions		*0*				*(0)*
of which: in investment institutions		*0*				*(0)*
Shares in affiliated companies	(7), (8), (10)				**3,964**	**3,796**
of which: in banks		*429*				*(429)*
of which: in financial services institutions		*0*				*(0)*
of which: in investment institutions		*663*				*(487)*
Assets held in trust	(9)				**18,595**	**18,315**
of which: loans held in trust		*10,271*				*(10,561)*
Intangible assets	(10)					
Concessions, industrial property rights and similiar rights				24		49
					24	**49**
Property, plant and equipment	(10)				**811**	**842**
Other assets	(11)				**3,455**	**4,752**
Deferred charges	(12)				**3,613**	**6,753**
Special loss account consisting of provisions under Section 17 (4) of the D-Mark Balance Sheet Act					**26**	**26**
Total assets					**596,985**	**562,355**

Liabilities and equity

	see note no.	31 Dec. 2022				31 Dec. 2021
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Liabilities to banks	(13)					
a) Due on demand				10,584		7,982
b) With agreed terms or periods of notice				8,879		7,289
					19,463	**15,271**
Liabilities to customers	(14)					
Other liabilities						
a) Due on demand			196			422
b) With agreed terms or periods of notice			65,318	65,514		43,465
					65,514	**43,886**
Certificated liabilities	(15)					
Bonds and notes				455,107		443,617
					455,107	**443,617**
Liabilities held in trust	(16)				**18,595**	**18,315**
of which: Loans held in trust		*10,271*				*(10,561)*
Other liabilities	(17)				**223**	**82**
Deferred income	(18)				**4,284**	**8,479**
Provisions	(19)					
a) Provisions for pensions and similar obligations				1,921		1,796
b) Other provisions				1,037		1,094
					2,959	**2,889**
Obligatory charges under the D-Mark Balance Sheet Act					**0**	**1**
Fund for general banking risks					**200**	**200**

Liabilities and equity

	see note no.	31 Dec. 2022				31 Dec. 2021
		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 contributions outstanding			–450			–450
				3,300		3,300
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			15,781			14,755
dc) Special reserve under Section 17 (4) D-Mark Balance Sheet Act			48			48
				17,704		16,678
					30,641	**29,616**
Total liabilities and equity					**596,985**	**562,355**
Contingent liabilities	(21)					
On guarantees				704		711
					704	**711**
Other commitments	(22)					
Irrevocable loan commitments				120,671		104,332
					120,671	**104,332**

Income Statement of KfW

for the period from 1 January – 31 December 2022

	see note no.	2022				2021
		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)	9,839				3,820
Less negative interest from lending and money-market transactions		–203				–335
			9,635			3,485
b) Fixed-income securities and bonds		141				–62
Less negative interest from fixed-income securities and bonds		–31				–50
			110			–112
				9,746		3,373
Interest expense	**(23)**	**8,661**				**2,201**
Less positive interest from the banking business		–503				–708
				8,158		1,492
					1,588	**1,881**
Current income from						
a) Shares and other non-fixed income securities				0		0
b) Equity investments				17		30
c) Shares in affiliated companies				51		12
					68	43
Income from profit pooling, profit and loss transfer and partial profit transfer agreements					**0**	41
Commissions income				**643**		657
Commissions expense				**180**		175
					463	482
Other operating income	**(24)**				**99**	152
General administrative expenses						
a) Personnel expense						
aa) Salaries and wages			540			507
ab) Social security contributions and expense for pension provision and other employee benefits			142			101
of which: for pensions		*64*				*25*
				682		607
b) Other administrative expenses				468		457
					1,150	1,064
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	**(10)**				**75**	80
Other operating expense	**(24)**				**54**	209

	see note no.	2022				2021
		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					**95**	113
Depreciation, amortisation and impairment of equity investments, shares in affiliated companies and securities held as fixed assets					**2**	0
Income from reversals of write-downs of equity investments, shares in affiliated companies and securities held as fixed assets					**0**	31
Reversal of the fund for general banking risk					**0**	400
Expense from loss absorption					**1**	0
Result from ordinary activities					**1,031**	1,790
Taxes on income					**3**	4
Other taxes					**3**	2
Profit					**1,026**	1,784
Allocation to retained earnings						
to the special reserve under Article 10 (3) of the KfW Law	(20)		–1,026			–1,784
				–1,026		–1,784
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 and Investment 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 – "DMBilG"*) 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. 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. The option under Section 253 (3) sentence 6 HGB is being exercised for the valuation of equity investments held in KfW's fixed assets at the lower of cost or market (strenges Niederstwertprinzip). 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 accounted for at present value are the key component of KfW's promotional expenses. KfW grants these reductions for certain domestic promotional loans for new business during the first fixed interest rate period in addition to passing on KfW's favourable funding conditions (obtained on the strength of its triple-A rating). 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, which is based on their economic 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 and a general discount applied at the average market rate based on an assumed residual term of 15 years.

	31 Dec. 2022
Actuarial discount rate (10-year average interest rate)	1.78%
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	3.00%

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 credit 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 also 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 principal 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 accounting: loss-free valuation of the banking book (interest book) (IDW RS BFA 3, new version) 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 low interest rate environment in a portion of this financial year is reported in a separate column under Interest income and Interest expense.

2) Changes in accounting policies

Conversion to the SAP data processing system

KfW switched to preparing the annual financial statements in a new data processing system in the reporting year that enables HGB and IFRS data to be processed in parallel. This transition enables processes and methods to be standardised, ensuring a high level of uniformity and stability in production processes. The related changes in accounting methods result in breaching the general principle of consistency of recognition and measurement, which constitutes justifiable exceptional circumstances in accordance with Section 252 (2) HGB, as a truer and fairer view of the net assets, financial and earnings position is conveyed.

The following changes compared to prior presentation have resulted, with an effect on the amount of the profit for the year:

- Fees incurred in direct connection with the origination of a loan were previously recognised in full through profit or loss under commission income. Since these fees are predominantly similar in nature to interest, they are now distributed over the term of the loan and reported in interest income. This reduced commission income by EUR 90 million; interest income increased by EUR 23 million. The deferred fees are reported under deferred income.
- Premiums and discounts on securities, issues and upfront payments for swaps are amortised using the effective interest rate method, whereas before they were amortised using the straight-line method. Moreover, discounts on asset-backed securities are now recognised over the expected term and no longer over the legal term. Consequently, interest expense increased by EUR 4 million. As the IFRS data allows for use of the effective interest rate method, securities yet to be amortised in accordance with HGB were adjusted to the IFRS figures in the opening statement of financial position as of 1 January 2022 in order to synchronise HGB and IFRS data.

- The statement of financial position items denominated in foreign currencies were previously converted into euros at the average spot exchange rate on the last day of the month and the income statement items denominated in foreign currencies at the average monthly exchange rate. Now foreign exchange rates are converted based on the SAP standard for inconsistent revenue (e.g. posting individual impairments) at the average spot exchange rate on the transaction or valuation date and for consistent revenue (e.g. deferred interest) at the average spot exchange rate on the last day of the relevant month. As KfW has a closed currency position, the effects on profit for the year and financial statement items are negligible.
- The general risk provisions in accordance with HGB for loans to be measured at fair value in accordance with IFRS are now created in the amount of the expected 12-month loan loss, whereas fair-value discounts in the sense of carrying amount reductions were previously recognised for simplification reasons. The effects are explained in connection with the presentation of the first-time application of BFA 7.

Moreover, the following changes in the presentation of items on the statement of financial position or income statement have no effect on the amount of the profit for the year:

- Current and deferred interest payments as well as reversals from upfront payments from interest rate swaps not allocated to hedging relationships pursuant to Section 254 HGB are now offset per interest rate swap and, depending on whether they yield income or expense, are reported under Interest income or Interest expense. These were always reported under Interest expense in the past. This results in an increase in Interest income of EUR 5.5 billion and an increase in Interest expense of the same amount.
- With FX swaps, the differences between principal, spot and forward trades were previously recognised as interest income from FX swaps. Interest on the differences was compounded up to the difference between the exchanges at the beginning and end of the agreement. Now, when the transaction is concluded, the repayment amount at the forward rate is recorded under Other liabilities and the difference between the spot swap at conclusion of the agreement and the repayment amount at the forward rate is recorded as a pro rata interest receivable/liability against Loans and advances to banks /Liabilities to banks (prepaid expenses and deferred charges/deferred income). These pro rata amounts are amortised in Net interest income. Other liabilities are derecognised when they are exchanged for cash. As of the reporting date, there is no difference in the amount reported in the statement of financial position, only a change in recognition between Loans and advances to/Liabilities to banks and Other liabilities. This difference amounts to EUR 207 million in the reporting year.
- Compensation from the early termination of swap agreements without a subsequent swap was previously reported in Interest income. This will be reported under Net other operating income from now on. This results in a decrease in Other operating income of EUR 20 million and a decrease in Interest expense of the same amount.

First-time application of IDW RS BFA 7

The general valuation allowances in KfW's single-entity financial statements as of 31 December 2022 were calculated pursuant to the IDW RS BFA 7 requirements for the first time. As KfW prepares its financial statements in accordance with IFRS, it makes use of the simplification rule under IDW RS BFA 7 and thus, as in the past, calculates the risk provisions pursuant to the HGB accounting standards for the majority of the loan portfolios based on the IFRS 9 calculation model with the parameters exposure at default, probability of default and loss given default (see Accounting policies). For a few special portfolios of lesser amounts, general valuation allowances are calculated using a separate calculation method that identifies foreseeable risks and losses by estimating the risk parameters differently.

The first-time application of IDW RS BFA 7 results in two changes in accounting methods, which result in breaching the general principle of consistency of recognition and measurement, and which constitute justifiable exceptional circumstances in accordance with Section 252 (2) HGB, as a truer and fairer view of the net assets, financial and earnings position is conveyed:

The first change concerns the general valuation allowances for loans classified and measured at fair value in accordance with IFRS 9. For these loans, the general risk provisions are currently calculated in the amount of the one-year expected credit loss in line with the HGB rules. KfW switched to preparing the annual financial statements in a new data processing system in the reporting year that enables HGB and IFRS data to be processed in parallel. This change, which is also related to preparation of the annual financial statements in the new data processing system, replaces the previous assumption of fair value discounts as general risk provisions with a uniform measurement of credit risks pursuant to HGB and IFRS in line with the simplification rule under IDW RS BFA 7.

The second change concerns presentation of a modification result under IFRS 9 HGB accounting rules previously recognised a modification loss in accordance with IFRS 9 through profit or loss as an additional general risk provision – in addition to general risk provisions. First-time application of IDW RS BFA 7 eliminates such treatment.

The changes in accounting methods as of 31 December 2022 result in a reduction in general valuation allowances and corresponding risk provision income of EUR 3 million in comparison to application of the previous method as of 31 December 2022.

Notes to the assets

3) Loans and advances to banks

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
This item includes:		
Loans and advances		
To affiliated companies	24,683	23,075
To companies in which KfW holds a stake	0	0
Without underwriting borne by the on-lending bank	22,174	24,139
Subordinated loans	402	415
Due		
On demand	57,583	1,808
Within 3 months	19,454	17,609
Between 3 months and 1 year	37,740	39,956
Between 1 year and 5 years	153,685	154,575
In more than 5 years	117,501	118,088
Accrued interest	3,113	2,027
Total	**389,076**	**334,064**

An adjusting item in the amount of EUR 644 million (2021: EUR 610 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, KfW reported loans and advances to banks and customers with a cash value of EUR 33.4 billion (2021: EUR 35.5 billion).

4) Loans and advances to customers

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
This item includes:		
Loans and advances		
To affiliated companies	244	261
To companies in which KfW holds a stake	0	1
Subordinated loans	1,116	1,245
Due		
With no fixed maturity	12,752	13,661
Within 3 months	4,717	2,948
Between 3 months and 1 year	14,625	9,878
Between 1 year and 5 years	57,280	45,038
In more than 5 years	45,228	38,511
Accrued interest	812	453
Total	**135,414**	**110,489**

An adjusting item in the amount of EUR 39 million (2021: EUR 32 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. KfW reported loans and advances to customers of EUR 22.4 billion, for measures to ensure the liquidity of energy sector companies and the necessary infrastructure.

5) Bonds and other fixed-income securities

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Due within the following year		
Money market papers, bonds and notes	8,032	7,799
Own bond issues	32	26
Total	**8,063**	**7,825**
Listed securities	36,200	36,445
Unlisted securities	4,244	3,478
Marketable securities	**40,444**	**39,923**
Subordinated assets	731	776
Repurchase agreements	546	690

6) Equity investments

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Listed securities	48	76
Unlisted securities	71	73
Marketable securities	**119**	**149**

7) Shares in affiliated companies

As in 2021, this item does not contain any listed securities.

8) Disclosures on shareholdings

	Name and domicile of company	Share held in %	Equity EUR in thousands	Profit/loss for the year EUR in thousands
1	DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne[1)]	100.0	2,516,872	10,250
2	KfW Beteiligungsholding GmbH, Bonn[1)]	100.0	1,770,628	165,933
3	KfW Capital GmbH & Co. KG, Frankfurt am Main[1)]	100.0	662,601	0
4	tbg Technologie–Beteiligungsgesellschaft mbH, Bonn[1)]	100.0	71,878	4,705
5	Interkonnektor GmbH, Frankfurt am Main[1)]	100.0	71,780	–9,887
6	Finanzierungs– und Beratungsgesellschaft mbH, Berlin[1)]	100.0	5,669	15
7	Deutsche Energie–Agentur GmbH (dena), Berlin[2)]	26.0	6,995	923
8	Berliner Energieagentur GmbH, Berlin[2)]	25.0	7,937	534

	Name and domicile of company where KfW holds at least 5 % of voting rights	Share of voting rights in %
1	ProCredit Holding AG & Co. KGaA, Frankfurt am Main[2)]	13.2
2	Access Microfinance Holding AG, Berlin[2)]	12.7
3	Finca Microfinance Holding Company LLC, Wilmington, USA[2)]	8.9
4	AB Microfinance Bank Nigeria Ltd., Lagos, Nigeria[2)]	5.9

1) Preliminary financial statements 31 December 2022
2) Most recent available financial statements 31 December 2021

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.

9) Assets held in trust

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Loans and advances to banks	762	1,135
Loans and advances to customers	10,279	10,019
Equity investments	7,554	7,160
Total	**18,595**	**18,315**

10) Fixed assets

Statement of changes in fixed assets as of 31 December 2022

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. 2022[3]					226,457	1,311,293	
Additions 2022		9,528	168,300		5,688	21,864	
Disposals 2022	Changes[2]			51,599	1,574	35,348	
Transfers 2022					0	0	
Acquisition costs/ production costs as of 31 Dec. 2022					230,572	1,297,809	
Accumulated depreciation/ amortisation as of 1 Jan. 2022					177,919	469,295	
Depreciation/amortisation 2022[5]					29,555	37,181	
Reversal of impairments 2022					0	0	
Depreciation/amortisation of additions 2022					746	7,841	
Depreciation/amortisation of disposals 2022					1,574	27,044	
Depreciation/amortisation of transfers 2022					0	0	
Accumulated depreciation/ amortisation as of 31 Dec. 2022					206,647	487,272	
Net carrying amount 31 Dec. 2022		916,458	3,964,421	33,163,837	23,925	810,537	**38,879,177**
Net carrying amount 31 Dec. 2021		906,930	3,796,121	33,215,436	48,538	841,998	**38,809,023**

[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 2022:
– Total amount of land and buildings used for the bank's activities EUR 757,521 thousand
– Total amount of office furniture and equipment EUR 53,015 thousand
[5] Depreciation/amortisation 2022 includes impairments of EUR 0 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 2022 (2021: EUR 33.2 billion). This includes securities with a carrying amount of EUR 23.4 billion (2021: EUR 13.2 billion), for which an impairment loss of EUR 93 million (2021: EUR 35 million) was not recognised as they will be held to maturity.

11) Other assets

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Main items:		
Adjusting item from the currency translation of derivatives	2,803	4,043
Amount receivable from the Federal Agency for Special Tasks associated with Unification	623	641

Under Other assets, KfW reported a currency adjustment item in the amount of EUR 2.8 billion (2021: EUR 4.0 billion on the assets side). 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 German Democratic Republic in liquidation (*Staatliche Versicherung der DDR in Abwicklung – "SinA"*). Actuarial provisions have thus been set up in the same amount.

12) Prepaid expenses and deferred charges

The line item Deferred charges primarily includes upfront payments for derivative financial instruments in the amount of EUR 2.0 billion (2021: EUR 6.3 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 1.5 billion (2021: EUR 328 million).

Notes to the liabilities and equity

13) Liabilities to banks

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
This item includes:		
Liabilities to		
Affiliated companies	161	155
Companies in which KfW holds a stake	0	0
Due		
On demand	10,584	7,982
Within 3 months	6,053	3,343
Between 3 months and 1 year	0	2
Between 1 year and 5 years	541	1,781
In more than 5 years	914	701
Accrued interest	1,370	1,461
Total	**19,463**	**15,271**

Cash collateral of EUR 10.5 billion (2021: EUR 8.0 billion) was transferred to Liabilities to banks.

14) Liabilities to customers

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
This item includes:		
Liabilities to		
Affiliated companies	137	170
Companies in which KfW holds a stake	0	0
Due		
On demand	196	422
Within 3 months	15,382	5,743
Between 3 months and 1 year	14,270	15,753
Between 1 year and 5 years	28,451	14,047
In more than 5 years	6,866	7,865
Accrued interest	349	57
Total	**65,514**	**43,886**

KfW raised funds via the Economic Stabilisation Fund (WSF), among other sources, to fund loans under the coronavirus special programmes. KfW also granted loans in financial year 2022 to ensure the liquidity of energy sector companies and the necessary infrastructure. The WSF also provided the necessary funding for this purpose.
Holdings of promissory note loans (*Schuldscheindarlehen*) from KfW raising funds via the WSF amounted to EUR 52.8 billion (including premiums) (2021: EUR 42.0 billion).

15) Certificated liabilities

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Total bonds and notes issued	**455,107**	**443,617**
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	109,513	117,543

16) Liabilities held in trust

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Liabilities to banks	286	0
Liabilities to customers	18,309	18,315
Total	**18,595**	**18,315**

17) Other liabilities

As in the previous financial year, the adjusting item from the currency translation of derivatives was reported as an asset under Other assets in the statement of financial position.

18) Deferred income

Deferred income includes in particular premiums from certificated liabilities and other capital raised totalling EUR 2.3 billion (2021: EUR 3.0 billion) and accrued upfront payments for derivative financial instruments of EUR 2.0 billion (2021: EUR 5.2 billion) deferred pro rata temporis.

19) Provisions

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Main items:		
Provisions for pensions and similar obligations	1,921	1,796
Actuarial provisions in connection with the transfer to KfW of the insurance business of SinA	623	641
Provisions for credit risks	79	76
Provisions for variable compensation components incl. social security payments	72	70
Irrevocable loan commitments below market rate	95	69
Retransfer obligation with respect to land	53	53

There was a difference of EUR 123 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.

20) Equity

	31 Dec. 2021 EUR in millions	Profit for the year EUR in millions	Other changes EUR in millions	31 Dec. 2022 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	14,755	1,026	0	15,781
c) Special reserve under Section 17 (4) of the D-Mark Balance Sheet Act	48	0	0	48
Equity	**29,616**	**1,026**	**0**	**30,641**

The entire profit for 2022 is to be allocated to retained earnings. As of year-end 2022, KfW's equity amounted to EUR 30.6 billion.

Other required notes to the liabilities and equity

21) Contingent liabilities

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
This item includes:		
Guarantees for export financing	292	342
Municipal loans	116	102
Promotional loans for federal states	113	103
SME programme	74	44
Ship and shipyard financing	60	71
Guarantees for other financing	49	49
Total	**704**	**711**

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 liabilities

Irrevocable loan commitments	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
This item includes:		
Mittelstandsbank & Private Kunden (*SME Bank & Private Clients*)	52,184	55,288
Individualfinanzierung & öffentliche Kunden (*Customised Finance & Public Clients*)	37,404	18,043
Loans for the Promotion of developing countries and emerging economies	16,409	16,194
Export and project finance	9,761	10,020
Guarantees	314	325
Forward agreements	400	265
Other loan commitments	4,200	4,198
Total	**120,671**	**104,332**

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 234 million (2021: EUR 385 million) in negative interest from lending and money-market transactions and from fixed-income securities as a result of the low interest rate environment still persisting during part of the year. Of this amount, EUR 106 million (2021: EUR 210 million) is attributable to deposits with the Deutsche Bundesbank, EUR 25 million (2021: EUR 48 million) to receivables from the Federal Government resulting from the privatisation of Deutsche Telekom AG and Deutsche Post AG and EUR 19 million (2021: EUR 47 million) to money-market transactions.
KfW reported negative interest from fixed-income securities in the amount of EUR 31 million (2021: EUR 50 million) under sub-item b) Interest income from fixed-income securities and bonds.

The Interest expense item comprises EUR 503 million (2021: EUR 708 million) in positive interest. This is largely made up of EUR 264 million (2021: EUR 286 million) in positive interest from certificated liabilities, EUR 206 million (2021: EUR 253 million) from promissory note loans (*Schuldscheindarlehen*) and EUR 19 million (2021: EUR 140 million) from money-market transactions.

24) Other operating income and Other operating expense

The positive result from Other operating income and Other operating expense amounts to EUR 45 million and is largely attributable to the fee paid under the agency agreement with KfW IPEX-Bank GmbH of EUR 91 million (2021: EUR 107 million), other operating expenses from valuation effects generated by discounting pension provisions in the amount of EUR 30 million, and the expenses from foreign currency translation of EUR 13 million (2021: EUR 3 million income).

25) 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.

26) 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

27) Assets and liabilities in foreign currencies

	31 Dec. 2022 EUR in millions	31 Dec. 2021 EUR in millions
Assets in foreign currencies	48,484	50,230
Liabilities in foreign currencies	177,168	197,919

28) Other financial commitments

The bank has remaining payment obligations totalling EUR 268 million in connection with equity finance operations, of which EUR 17 million is to associated companies.
Moreover, as of 31 December 2022, it also has remaining payment obligations of EUR 455 million to an affiliated company, 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.

29) 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 2022.

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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2022
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Contracts with interest risks				
Interest swaps	628,208	544,058	31,970	30,411
Interest options				
thereof: purchases	*0*	*0*	*0*	*0*
thereof: sales	*0*	*0*	*0*	*0*
Caps and floors[1]	659	517	30	30
	628,867	**544,575**	**32,000**	**30,441**
Contracts with currency risks				
Cross-currency swaps	119,859	176,952	6,862	4,496
FX swaps	35,600	41,880	58	800
Currency forwards	10	77	0	0
Spot FX deals	0	0	0	0
	155,469	**218,909**	**6,920**	**5,297**
Total	**784,337**	**763,484**	**38,920**	**35,737**

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

Remaining life

Notional amounts	**Interest risks[1]**		**Currency risks**	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Due				
Within 3 months	28,277	27,200	42,486	38,399
Between 3 months and 1 year	47,830	62,607	17,530	27,937
Between 1 year and 5 years	304,592	252,708	76,128	102,522
In more than 5 years	248,168	202,060	19,325	50,051
Total	**628,867**	**544,575**	**155,469**	**218,909**

[1] Derivative financial instruments are shown without embedded derivatives

30) 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	29,555	29,240	26,948
Securities held as liquidity reserves			
Bonds and other fixed-income securities	3,877	4,517	3,411
Total	**33,432**	**33,756**	**30,358**

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 (IDW RS BFA 3, new version).

31) 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 12.3 billion as of 31 December 2022 (2021: EUR 11.8 billion).

32) Personnel

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

	2022	2021
Female employees	3,015	2,932
Male employees	3,303	3,174
Gender not indicated	1	0
Staff not covered by collective agreements	*4,085*	*3,930*
Staff covered by collective agreements	*1,912*	*1,859*
Staff in external offices	*321*	*317*
Total	**6,319**	**6,106**

33) Transactions with related parties and affiliated companies

The conditions and prices between KfW and related parties and affiliated companies are concluded in customary business activities at market conditions.

The German Finance Agency transferred German government securities to KfW for funding under the Energy security package via uncollateralised securities lending transactions. Repo transactions were then concluded with the German Finance Agency, which underly the previously transferred German government securities, which were not recognised by KFW.

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

	Salary	**Other remuneration**[1)]	**Total**
Annual compensation 2022	**EUR in thousands**	**EUR in thousands**	**EUR in thousands**
Stefan Wintels (Chief Executive Officer)	810.3	18.8	829.1
Melanie Kehr	560.6	12.8	573.3
Christiane Laibach	549.1	24.8	573.9
Bernd Loewen	649.6	27.8	677.4
Dr Stefan Peiß	582.9	18.6	601.5
Total	**3,152.5**	**102.7**	**3,255.2**

[1)] Other remuneration 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 195 thousand. This amount breaks down as follows:

Compensation 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 during the year. Compensation to members of the Federal Government who are members of the Board of Supervisory Directors pursuant to Article 7 (1) No. 2 KfW Law was set at EUR 0 for financial year 2022. Compensation 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 74,964 thousand were set up as of 31 December 2022 for obligations under pension agreements for former members of the Executive Board and their surviving dependents (2021: EUR 70,194 thousand). The regular remuneration totalled EUR 4,868 thousand.

There were no loans to members of the Executive Board or Board of Supervisory Directors as of 31 December 2022.

35) Responsibilities of the Executive Board members

Stefan Wintels (Chief Executive Officer)
General Secretariat, Group Development and Economics, Legal, Financial Markets, Internal Auditing, Domestic Marketing and Digital Channels, Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients), Mittelstandsbank & Privatkunden (SME Bank & Private Clients) and Sustainability

Melanie Kehr
Information Technology, Transaction Management and Central Services

Christiane Laibach
KfW Development Bank, DEG and Export and Project Finance

Bernd Loewen
Accounting, Organisation and Consulting, Human Resources and Portfolio Credit Services

Dr Stefan Peiß
Risk Controlling, Credit Risk Management and Compliance

36) Group affiliation

KfW is included in the consolidated financial statements of KfW Group, Frankfurt am Main, as of 31 December 2022. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and submitted in German to the German Company Register.

37) Events after the end of the financial year

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

38) 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

Stefan Wintels (Chief Executive Officer)
Deutsche Post AG, Bonn (since 6 May 2022)
Deutsche Telekom AG, Bonn (since 7 April 2022)

Melanie Kehr
DekaBank Deutsche Girozentrale

Christiane Laibach
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne (since 1 June 2022)
KfW IPEX-Bank GmbH, Frankfurt am Main

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

Jan Klasen
Deutsche Energie-Agentur GmbH (dena) (since 16 March 2022)

Dr Jan Martin Witte
ProCredit Holding AG & Co. KGaA, Frankfurt am Main

39) The bank's executive bodies

Board of Supervisory Directors

Dr Robert Habeck
Federal Minister for Economic Affairs and Climate Action
Deputy Chair
(since 1 January 2023)
Chair
(1 January – 31 December 2022)

Christian Lindner
Federal Minister of Finance
Chair
(since 1 January 2023)
Deputy Chair
(1 January – 31 December 2022)

Annalena Baerbock
Federal Foreign Minister

Dr Danyal Bayaz
Minister of Finance of the State of Baden-Württemberg
Member appointed by the German Bundesrat
(until 31 December 2022)

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

Volker Bouffier
Former 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

Ingeborg Esser
Managing Director of the Federal Association of German Housing and Real Estate Companies (GdW)
Representative of the housing industry
(until 31 December 2022)

Robert Feiger
Chair of the Federal Executive Committee of the IG Bauen-Agrar-Umwelt (IG Bau) trade union
Representative of the trade unions

Albert Füracker
State Minister at the Bavarian State Ministry of Finance and Regional Identity
Member appointed by the German Bundesrat
(until 31 December 2022)

Tanja Gönner
Director General of the Federation of German Industries (BDI)
Representative of industry
(since 1 January 2023)

Gerald Heere
Minister of Finance of the State of Lower Saxony
Member appointed by the German Bundesrat
(since 1 January 2023)

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

Reinhold Hilbers
Former Minister of Finance of the State of Lower Saxony
Member appointed by the German Bundesrat
(until 31 December 2022)

Reiner Hoffmann
Former Chair of the German Confederation of Trade Unions (DGB)
Representative of the trade unions
(until 8 February 2023)

Gerhard Hofmann
Member of the Board of Managing Directors of the National Association of German Cooperative Banks (BVR)
Representative of the cooperative banks
(until 6 April 2022)

Dr Bruno Hollnagel
Former Member of the German Bundestag
Member appointed by the German Bundestag

Harald Hübner
Ministerial Director at the Bavarian State Ministry of Finance and Regional Identity
Member appointed by the German Bundesrat
(since 1 January 2023)

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 (BGA)
Representative of trade

Alois Karl
Former member of the German Bundestag
Member appointed by the German Bundestag
(until 31 December 2022)

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

Stefan Körzell
Member of the Executive Board of the German Confederation of Trade Unions (DGB)
Representative of the trade unions

Dr Joachim Lang
Former Director General of the Federation of German Industries (BDI)
Representative of industry
(until 31 December 2022)

Ulrich Lange
Member of the German Bundestag
Member appointed by the German Bundestag
(since 1 January 2023)

Steffi Lemke
Federal Minister for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection

Rainer Neske
Chair of the Board of Managing Directors at Landesbank Baden-Württemberg (LBBW)
Representative of industrial credit

Cem Özdemir
Federal Minister of Food and Agriculture

Dr Marcus Optendrenk
Minister of Finance of the State of North Rhine-Westphalia
Member appointed by the German Bundesrat
(since 1 January 2023)

Dr Bettina Orlopp
Deputy Chair of Commerzbank AG
Representative of the mortgage banks
(since 1 January 2023)

Dr Hans-Walter Peters
Former President of the Association of German Banks (BdB)
Representative of the commercial banks

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

Daniel Quinten
Member of the Board of Managing Directors of the National Association of German Cooperative Banks (BVR)
Representative of the cooperative banks
(since 7 April 2022)

Michael Richter
Minister of Finance of the State of Saxony-Anhalt
Member appointed by the German Bundesrat

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)

Helmut Schleweis
President of the German Savings Banks Association (DSGV)
Representative of the savings banks

Svenja Schulze
Federal Minister for Economic Cooperation and Development

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

Dietmar Strehl
Senator for Finance of the Free Hanseatic City of Bremen
Member appointed by the German Bundesrat

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

Dr Kai H. Warnecke
President Haus & Grund Germany
Representative of the housing industry
(since 1 January 2023)

Dr Volker Wissing
Federal Minister for Digital and Transport

Frankfurt am Main, 28 February 2023

KfW
The Executive Board

Stefan Wintels
(Chief Executive Officer)

Melanie Kehr

Christiane Laibach

Bernd Loewen

Dr Stefan Peiß

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, 28 February 2023

KfW
The Executive Board

Stefan Wintels
(Chief Executive Officer)

Melanie Kehr

Christiane Laibach

Bernd Loewen

Dr Stefan Peiß

Independent auditor's report[1)]

To Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany, which comprise the statement of financial position as at 31 December 2022, and the income statement for the financial year from 1 January to 31 December 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report of Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the separate combined non-financial report of KfW as the parent company and the group in accordance with Section 289b (3), Sections 315c in conjunction with 289b (3) German Commercial Code (HGB), which is in turn part of the sustainability report of KfW Group and which is referred to in the section "Non-financial statement" of the combined management report, nor the other parts of the sustainability 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 and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined 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 audit opinion on the combined management report does not cover the content of the above-mentioned combined non-financial report of KfW as the parent company and the group in accordance with Section 289b (3), Sections 315c in conjunction with 289b (3) HGB, nor the other parts of the sustainability report of KfW Group.

Pursuant to Section 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 combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (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 Combined 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 audit opinions on the annual financial statements and on the combined management report.

[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.

Other Information

The executive directors are responsible for the other information. The other information comprises

- the separate combined non-financial report of KfW as the parent company and the group in accordance with Section 289b (3), Sections 315c in conjunction with 289b (3) HGB, which is in turn part of the sustainability report of KfW Group and which is referred to in the section "Non-financial statement" of the combined management report, and which is expected to be presented to us after the date of this auditor's report,
- the corporate governance report, which also includes the "Declaration of compliance", which is referred to in the section "Declaration of compliance" in the combined management report and which is expected to be presented to us after the date of this auditor's report, and
- the executive directors' confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB,
- but not the annual financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The board of supervisory directors is responsible for the report of the board of supervisory directors. In accordance with Section 19 of the KfW Bylaws, the executive directors and the board of supervisory directors are required to annually declare that they recognise the Federal Public Corporate Governance Code as amended and to publish the declaration of compliance as part of the corporate governance report. Otherwise, the executive directors are responsible for the other information.

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

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

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

Responsibilities of the Executive Directors and the Board of Supervisory Directors for the Annual Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, 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 directors are 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 (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are 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 directors are responsible for the preparation of the combined 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 directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined 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 combined 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 combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined 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 combined 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 audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 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 combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' 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 combined management report or, if such disclosures are inadequate, to modify our respective audit 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 combined 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 combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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 Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 6cd122a60afcc4056f14cfbee2b805c1a91d59baa4f7fbc32f185cb45b8665ae, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

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

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The board of supervisory directors is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of 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 Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit 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 file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reportingdate, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined 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 combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

Frankfurt am Main/Germany, 9 March 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Prof. Dr Carl-Friedrich Leuschner	Christian Schweitzer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Imprint

Published by
KfW Group
Communications Department
Palmengartenstrasse 5–9, 60325 Frankfurt am Main, Germany
Phone +49 69 7431 0, Fax +49 69 7431 2944
infocenter@kfw.de, www.kfw.de

Design and realisation
MEHR Kommunikationsgesellschaft mbH, Düsseldorf

KfW Group
Palmengartenstrasse 5–9
60325 Frankfurt am Main
Germany
Phone +49 69 7431 0
Fax +49 69 7431 2944
infocenter@kfw.de
www.kfw.de