

»»» Report of the Board of Supervisory Directors 2021

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KfW IPEX-Bank is responsible for export and project finance within KfW Group. As of the end of December 2021, 901 employees worked at the bank's headquarters in Frankfurt and ten locations outside Germany.

The year 2021 was again dominated by the COVID pandemic. Apart from a short period in late summer, employees continued to work mainly from home. Similarly, aside from one in-person meeting in September, meetings of the Board of Supervisory Directors could take place only as virtual or hybrid meetings.

In 2021, the Board of Supervisory Directors continued to comprehensively carry out its duties of monitoring and advising the Management Board and cooperating closely with the same. It was informed by the Management Board of all significant developments at the bank in a timely, proactive and comprehensive manner. The Board of Supervisory Directors was involved, in line with its supervisory function, in all decisions of major importance for the bank. In addition, the Chairs of the Board of Supervisory Directors and of the Audit Committee discussed important topics and pending decisions with the Management Board in regular meetings.

Meetings of the Board of Supervisory Directors

In accordance with its Rules of Procedure, the Board of Supervisory Directors again held an ordinary meeting each quarter in 2021. It was provided with regular updates from the Management Board on the bank's current state in terms of results, the risk situation and business development. It received relevant risk and performance reports, as well as the interim financial statements, and discussed these at length. Where required, the Board of Supervisory Directors granted its approval in relevant cases, following intensive consultation and review.

The Board of Supervisory Directors was supported in its duties by five committees, each consisting of four members of the Board of Supervisory Directors. In accordance with their respective areas of responsibility, these committees examined current issues in depth, prepared recommendations and reported accordingly to the Board of Supervisory Directors.

The **Executive Committee** is primarily responsible for personnel matters in relation to the Management Board and for the bank's management policies. The Executive Committee monitored compliance with the Management Board's Rules of Procedure and advised the Board of Supervisory Directors regarding the annual evaluation of the structure, size, composition and performance of the Management Board and the Board of Supervisory Directors. In accordance with the previously adopted suitability guidelines governing the principles on selecting, monitoring and planning the succession of members of the Management Board and of the Board of Supervisory Directors, as well as of key personnel, the Executive Committee analysed the self-evaluation conducted by members of the Board of Supervisory Directors and used this as a basis for selecting topics to be covered by training courses in the coming year. The Executive Committee also addressed the two vacancies expected at Management Board level in 2022 and the associated consultation with the Board of Supervisory Directors. The committee met four times during the reporting year.

The **Remuneration Control Committee** dealt in particular with the remuneration strategy and the process for identifying risk takers. It supported the Board of Supervisory Directors with monitoring duties to ensure that systems of remuneration for the various groups (Management Board, employees, head of the risk controlling function, head of the compliance function and risk takers) were designed appropriately. It also examined the suitability of the remuneration systems for members of the Management Board and for employees and the compatibility of these systems with the corporate strategy, which is geared towards the company's sustainable development. The committee made a recommendation in this regard to the Board of Supervisory Directors to then be put to the shareholder. In addition, it assessed the impact of these remuneration systems on the company's risk, capital and liquidity situation, as required by the German Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung – InstitutsVergV*). The committee was able to consult with KfW IPEX-Bank's Remuneration Officer at all times when performing its supervisory duties. Four committee meetings took place during 2021.

The **Risk Committee** is responsible for advising the Board of Supervisory Directors on the current risk situation, future risk tolerance and the risk strategy, and helps it to monitor implementation of this strategy by senior management. During its meetings, risk reports and risk-specific developments in selected portfolios were discussed in detail. It ensured that the risk strategy of KfW IPEX-Bank is commensurate with the company's specified risk appetite. In addition, the committee monitored implementation of the risk culture and examined whether the incentives set within the remuneration system take sufficient account of the company's risk, capital and liquidity structure and of the probability and due dates of income. The committee met four times during the reporting year.

The **Audit Committee** deals primarily with accounting matters and monitors the underlying process. Another core responsibility is to closely supervise the performance of audits by the auditor as well as to monitor the auditor's independence and services provided by the auditor. The committee recommended that the Board of Supervisory Directors approve the annual financial statements as of 31 December 2020 and the 2020 management report. The Audit Committee also received detailed reports from the Internal Auditing department on the resolution status of audit findings and current supervisory assessments. In this connection the Audit Committee also dealt in depth with the further development of the new organisational structure of the Internal Auditing department and the enhanced collaboration with KfW Group's Internal Auditing department. Further areas covered by the committee included monitoring the effectiveness of the risk management system, in particular the internal control system (ICS) and the Internal Auditing department as well as the compliance report. It held five meetings during 2021.

The **Loan Committee** is responsible for final approval of loans. In 2021, it took decisions on a total of eight loan applications at the appropriate authorisation level and passed two anticipatory resolutions (on employee loans and on transactions pursuant to Section 15 (6) of the German Banking Act) for the 2022 calendar year. In one loan decision a member of the committee abstained from voting due to a potential conflict of interest. During the reporting period the committee met six times and passed one resolution by means of the circulation method.

Within the framework of their respective areas of responsibility, these committees addressed relevant issues in detail and, where appropriate, made recommendations to the Board of Supervisory Directors. The work of the committees was reported regularly and in detail in subsequent meetings of the Board of Supervisory Directors. The recommendations made by the committees during the reporting year were confirmed by the Board of Supervisory Directors without exception.

Training courses

In 2021, KfW IPEX-Bank offered members of the Board of Supervisory Directors two training sessions, in which the Management Board also participated. The topics covered were 'Current regulatory changes' and 'Modern Customer Relationship Management in corporate banking'.

Changes to the Board of Supervisory Directors

There were three changes to the composition of the Board of Supervisory Directors and its committees in 2021. Ms Laibach was appointed as a member of the Board of Supervisory Directors in place of resigned chair Dr Hengster and was elected as the new chair by the remaining members on 8 July 2021. On 25 March 2021 Ms Kollmann resigned from the Board, and on 14 December 2021, following the formation of a new Federal Government, State Secretary Dr Nußbaum resigned as one of the two representatives from the Federal Government. As of 31 December 2021 both of these positions remained unoccupied.

Audit of the 2021 annual financial statements

Following completion of the audit and after conducting a final review of the annual financial statements as of 31 December 2021 and of the 2021 management report, the Board of Supervisory Directors approved the audit result, the annual financial statements and the management report at its first ordinary meeting, which took place on 25 March 2022, with no objections, and recommended that the general shareholders' meeting approve the annual financial statements.

Discussion centred on the audit report of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), covering the audit of the annual financial statements as of 31 December 2021 that were prepared by the Management Board as of 1 March 2022, and the management report for the 2021 financial year. EY issued an unqualified audit opinion on 8 March 2022.

The Board of Supervisory Directors would like to expressly thank the Management Board and all employees for their hard work during the 2021 financial year in what continues to be an exceptionally challenging environment. The coronavirus pandemic and the measures adopted to contain it have taken a toll on everyone, and this situation continues unabated. In light of this overall situation especially, the commitment again shown by our staff and their continued achievements this year are particularly commendable.

KfW IPEX-Bank has proved that it is capable – even in the second year of the COVID pandemic under extreme operating conditions – of comprehensively fulfilling its mission of supporting German and European export companies on the world's markets.

Frankfurt am Main, March 2022

On behalf of the Board of Supervisory Directors



Christiane Laibach
Chair of the Board of Supervisory Directors

