

# »»» Report of the Board of Supervisory Directors 2022

# Report of the Board of Supervisory Directors 2022

KfW IPEX-Bank is responsible for export and project finance within KfW Group. As of the end of December 2022, 903 employees worked at the bank's headquarters in Frankfurt and ten locations outside Germany.

The year 2022 was dominated by the COVID pandemic and by the consequences of the war in Ukraine. Employees often continued to work from home.

During 2022, the Board of Supervisory Directors continued to carry out its full range of duties in monitoring, advising and closely cooperating with the Management Board. 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 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 2022. It was provided with regular updates from the Management Board on the bank's current state regarding results, 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 extensive consultation and review.

The Board of Supervisory Directors was supported in its duties by five committees, with four members of the Board of Supervisory Directors belonging to each committee. 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. Accordingly, it made recommendations to the shareholder regarding the successor to the member of the Management Board who left in 2022 and the successor to the Chief Executive Officer who is leaving in 2023. The Executive Committee also 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 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 committee met five 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 corresponding recommendation to the Board of Supervisory Directors for 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 2022.

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. The Committee closely analysed the implications of the war in Ukraine, both in terms of the impact on credit risks and, in particular, with regard to the related issues of compliance and financial sanctions. 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 mainly 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 2021 and the 2021 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. 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 the reporting year.

The **Loan Committee** is responsible for final approval of loans. In 2022, it took decisions on a total of nine 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 2023 calendar year. During the reporting period the committee met five times and passed five resolutions 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 2022, 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 'Regulatory Affairs' and 'Information Technology'.

### **Changes to the Board of Supervisory Directors**

The following changes were made to the composition of the Board of Supervisory Directors in 2022: Dr Kukies resigned from the Board of Supervisory Directors on 14 February 2022 and Dr Pillath was appointed to succeed him as of 16 March 2022. Also with effect from 16 March 2022, Mr Philipp was appointed to succeed Dr Nußbaum, who resigned as of 14 December 2021.

At the beginning of the new term of office of the Board of Supervisory Directors on 25 March 2022, Ms Freitag was appointed to the Board of Supervisory Directors for the first time and Ms Sabine Schneider succeeded Mr Timm Rometzki on the Board of Supervisory Directors as the newly elected employee representative.

### **Audit of the 2022 annual financial statements**

Following completion of the audit and after conducting a final review of the annual financial statements as of 31 December 2022 and of the 2022 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 22 March 2023, with no objections, and recommended that the general shareholders' meeting approve the annual financial statements.

Discussion centred on the audit report of Deloitte GmbH Wirtschaftsprüfungsgesellschaft covering the audit of the annual financial statements as of 31 December 2022 that were prepared by the Management Board as of 28 February 2023, and the management report for the 2022 financial year. Deloitte issued an unqualified audit opinion on 7 March 2023.

The Board of Supervisory Directors would like to expressly thank the Management Board and all employees for their hard work during the 2022 financial year in what continues to be an exceptionally challenging environment. Especially against the backdrop of the overall situation, this year too, the commitment and achievements of our staff are to be particularly appreciated.

In 2022, under extreme operating conditions, KfW IPEX-Bank again proved that it is capable of comprehensively fulfilling its mission of supporting German and European export companies on the world's markets.

Frankfurt am Main, March 2023

On behalf of the Board of Supervisory Directors



Christiane Laibach  
Chair of the Board of Supervisory Directors

KfW IPEX-Bank GmbH  
Palmengartenstraße 5–9  
60325 Frankfurt am Main, Germany  
Phone +49 69 7431-3300  
Fax +49 69 7431-2944  
info@kfw-ipex-bank.de  
www.kfw-ipex-bank.de