

»»» Corporate Governance 2017

Corporate Governance Report

As a member of KfW Group, KfW IPEX-Bank GmbH (KfW IPEX-Bank) has committed itself to acting responsibly and transparently in an accountable manner. Both the Management Board and the Board of Supervisory Directors of KfW IPEX-Bank recognise the principles of the German Federal Government's Public Corporate Governance Code (PCGC) as applicable to KfW IPEX-Bank. A Declaration of Compliance with the recommendations of the PCGC was issued for the first time on 23 March 2011. Since then, any instances of non-compliance have been disclosed annually and explained.

KfW IPEX-Bank has operated since 1 January 2008 as a legally independent, wholly-owned subsidiary of KfW Group. Its rules and regulations (Articles of Association, Rules of Procedure for the Board of Supervisory Directors and its Committees, and Rules of Procedure for the Members of the Management Board) contain the principles of management and control by the bank's bodies.

Declaration of compliance

The Management Board and the Board of Supervisory Directors of KfW IPEX-Bank hereby declare: 'Since the last Declaration of Compliance submitted on 22 March 2017, the recommendations of the Federal Government's Public Corporate Governance Code, as adopted by the Federal Government on 1 July 2009, have been and will continue to be fulfilled, with the exception of the following recommendations.'

D&O insurance deductible

KfW has concluded D&O insurance in the form of a group insurance policy which also provides insurance cover for members of the Management Board and the Board of Supervisory Directors of KfW IPEX-Bank. During the reporting period, in deviation from Clause 3.3.2 of the PCGC, these D&O insurance policies only provided for a deductible for members of the Management Board. This deductible complies with the provisions of Clause 3.3.2 of the PCGC.

Delegation to committees

The committees of the Board of Supervisory Directors of KfW IPEX-Bank essentially perform only preparatory work for the Board of Supervisory Directors. The Loan Committee takes final loan decisions for financing transactions that exceed certain predefined limits; this is contrary to Clause 5.1.8 of the PCGC. This procedure is necessary for both practical and efficiency reasons. The delegation of loan decisions to a loan committee is standard practice at banks. It serves to accelerate the decision-making process and to consolidate technical expertise within the committee. The Chairman of the Executive Committee – and not the Board of Supervisory Directors as per Clause 4.4.4 of the PCGC – decides on sideline activities exercised by the members of the Management Board.

Loans to members of bodies

According to the Rules of Procedure for the Board of Supervisory Directors and its committees, KfW IPEX-Bank may not grant individual loans to members of the Board of Supervisory Directors. Although the employment contracts of the members of the Management Board do not include a prohibition clause in this regard, neither do they grant an explicit legal entitlement. However, to ensure equal treatment, this prohibition does not apply – in derogation of Clause 3.4 of the PCGC – to utilisation of promotional loans made available under KfW programmes. Due to the standardisation of lending and the principle of on-lending through applicants' own banks, there is no risk of conflicts of interest with regard to programme loans.

Design of the Management Board's remuneration system

In derogation of clauses 4.3.1 and 5.1.8 of the PCGC, remuneration for members of management is determined by the general shareholders' meeting after consultation with the Board of Supervisory Directors, in accordance with Section 5 (1) sentence 2 of the Articles of Association, rather than set by the supervisory body itself.

Allocation of responsibilities

The Management Board has adopted Rules of Procedure, after consulting with the Board of Supervisory Directors and with the shareholder's consent, which include regulations governing cooperation among the management. According to these rules the Management Board allocates responsibilities itself – without additional consent from the Board of Supervisory Directors, in deviation from Clause 4.2.2 of the PCGC, but with the shareholder's approval – in a schedule of responsibilities. This ensures that the Management Board has the flexibility it needs to make necessary changes so that responsibilities are divided up efficiently.

Cooperation between the Management Board and the Board of Supervisory Directors

The Management Board and the Board of Supervisory Directors work together closely for the benefit of KfW IPEX-Bank. The Management Board, in particular the CEO, is in regular contact with the Chairman of the Board of Supervisory Directors. The Management Board discusses important matters concerning corporate governance and corporate strategy with the Board of Supervisory Directors. The Chairman of the Board of Supervisory Directors informs the Board of Supervisory Directors of any issues of major significance and convenes an extraordinary meeting if necessary.

During the reporting year, the Management Board informed the Board of Supervisory Directors about all relevant matters regarding KfW IPEX-Bank, and particularly any matters concerning the bank's net assets, financial position and results of operations, its risk assessment, risk management, risk controlling and re-

muneration systems. In addition, they discussed the bank's overall business development and strategic direction.

Management Board

The members of the Management Board manage the activities of KfW IPEX-Bank with the appropriate due care and diligence of a prudent businessperson pursuant to the law, the Articles of Association and Rules of Procedure for the Members of the Management Board, as well as the decisions of the general shareholders' meeting and of the Board of Supervisory Directors. The allocation of responsibilities within the Management Board is governed by a schedule of responsibilities. The members of the Management Board were responsible for the following areas during the reporting year:

- Mr Klaus R. Michalak:
Finance, Products and Corporate Affairs including Compliance (CEO and CFO)
- Mr Andreas Ufer (until 16 March 2017): Risk,
since 17 March 2017: Markets II and Treasury
- Mr Markus Scheer: Markets I
- Ms Claudia Schneider (since 17 March 2017): Risk
- Mr Christian Murach (until 16 March 2017): Markets II

The members of the Management Board are obliged to act in the best interests of KfW IPEX-Bank, may not consider personal interests in their decisions, and are subject to a comprehensive non-competition clause during their employment with KfW IPEX-Bank. The members of the Management Board must immediately disclose any conflicts of interest to the shareholder. No such situation occurred during the reporting year.

Board of Supervisory Directors

The company has a mandatory Board of Supervisory Directors in accordance with Section 1 (1) No 3 of the German One-Third Participation Act (*Dritteltbeteiligungsgesetz – DrittelbG*). The Board of Supervisory Directors advises and monitors the Management Board in the management of the bank.

In accordance with KfW IPEX-Bank's Articles of Association, the Board of Supervisory Directors has nine members: two representatives from KfW, two representatives from the Federal Government – one each from the Federal Ministry of Finance and the Federal Ministry for Economic Affairs and Energy – and two representatives from industry as well as three employee representatives. In accordance with the Rules of Procedure for the Board of Supervisory Directors and its Committees, the latter is to be chaired by a representative of KfW. As the Chairman until 25 October 2017 was Dr Norbert Kloppenburg, and his successor from that date was Prof. Dr Joachim Nagel, this requirement is met. During the reporting year and as of 31 December

2017, the Board of Supervisory Directors included one female representative.

In accordance with the Rules of Procedure for the Board of Supervisory Directors and its Committees, adapted to the requirements of Section 25d (3) of the German Banking Act (*Kreditwesengesetz – KWG*), the members of the Board of Supervisory Directors may not include anyone who is on the management board of a company and also a member of more than two companies' administrative or supervisory bodies, or who is a member of more than four companies' administrative or supervisory bodies. However, pursuant to Section 64r (14) of the Banking Act, this rule does not apply to mandates for administrative and supervisory bodies already held by members of the Board of Supervisory Directors as of 31 December 2013. This 'grandfather clause' applies to two members of the Board of Supervisory Directors. In addition, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) may authorise a member of an administrative or supervisory body to assume an additional mandate. One member of the Board of Supervisory Directors has received such authorisation for an additional mandate. Members of the Board of Supervisory Directors should also not serve in an administrative, supervisory or consulting role for any significant competitors of the company. The members of the Board of Supervisory Directors complied with these recommendations during the reporting period. Conflicts of interest should be disclosed to the Board of Supervisory Directors. Where loans were submitted to the Loan Committee for approval, there were no cases in which members abstained from the vote in order to avoid a conflict of interest. One member of the Board of Supervisory Directors participated in fewer than half of the board meetings during the reporting year.

Committees of the Board of Supervisory Directors

The Board of Supervisory Directors has established the following committees to fulfil its advisory and monitoring responsibilities in a more efficient manner.

The Executive Committee is responsible for personnel-related matters and the bank's management policies, as well as – insofar as necessary – preparation for the meetings of the Board of Supervisory Directors.

The Remuneration Control Committee is responsible for overseeing remuneration and ensuring that systems of remuneration for members of the Management Board and employees are appropriate.

The Risk Committee is responsible for risk-related issues. In particular, it advises the Board of Supervisory Directors on matters relating to risk tolerance and risk strategy.

The Loan Committee is responsible for loan-related issues. It takes final decisions on all loan-related matters for which the Management Board requires the approval of the Board of Supervisory Directors pursuant to the Articles of Association and/or Rules of Procedure for the Members of the Management Board.

The Audit Committee is responsible for matters regarding accounting and risk management, as well as preparatory work for the issuance of the audit assignment and the establishment of audit priorities as part of the annual audit of the bank's financial statements. It discusses the quarterly reports and annual financial statements in preparation for meetings of the full Board of Supervisory Directors.

The chairs of the committees report to the Board of Supervisory Directors on a regular basis. The Board of Supervisory Directors has the right to change or rescind the competencies delegated to the committees at any time – with the exception of the competencies of the Remuneration Control Committee.

The Board of Supervisory Directors provides information about its work and that of its committees during the reporting year in its report. An overview of the members of the Board of Supervisory Directors and its committees is available on the website of KfW IPEX-Bank.

Shareholder

KfW Beteiligungsholding GmbH owns 100% of the share capital of KfW IPEX-Bank. The general shareholders' meeting is responsible for all matters for which another governing body does not hold sole responsibility, either by law or by the Articles of Association. It is responsible in particular for the approval of the annual financial statements, for the determination of the amount available for payment of performance-based, variable remuneration within the company, for the appointment and removal of members of the Board of Supervisory Directors who are not employee representatives, and members of the Management Board, for the formal approval of their work at the end of each financial year, and for the appointment of the auditor.

Supervision

Since its spin-off, KfW IPEX-Bank has been fully subject to the provisions of the German Banking Act. With effect from 1 January 2008, BaFin granted the bank a licence to act as an IRBA (Internal Ratings-Based Approach) bank for rating corporates, banks, sovereigns and specialist financing transactions (elementary/slotting approach). The bank uses the standard approach to calculate the regulatory capital requirements associated with operational risks. Due to the special status of KfW (in accordance with Section 2 (1) No 2 of the German Banking Act, KfW is not considered a credit institution), there is a financial holding group within the meaning of Section 10a of the German Banking Act in conjunction with Article 11 ff. of the CRR, for which KfW IPEX-Bank is the superordinated undertaking. KfW IPEX-Bank has incorporated KfW Beteiligungsholding GmbH into the consolidated group for regulatory reporting purposes as a subordinated undertaking within the meaning of Section 10a (1) sentence 3 of the German Banking Act.

Protection of deposits

With effect from 1 January 2008, BaFin assigned KfW IPEX-Bank to the statutory deposit guarantee scheme of the Association of German Public Banks (*Entschädigungseinrichtung des Bundesverbandes Öffentlicher Banken Deutschlands GmbH*). The bank is also a member of the deposit guarantee fund of the Association of German Public Banks (*Bundesverband Öffentlicher Banken Deutschlands e.V.*) on a voluntary basis.

Transparency

KfW IPEX-Bank provides all important information about itself and its annual financial statements on its website. The Communication department also regularly provides information regarding the latest developments at the bank. Annual Corporate Governance Reports including the Declaration of Compliance with the PCGC are always available on the website of KfW IPEX-Bank.

Risk management

Risk management and risk controlling are key responsibilities within the integrated risk/return management at KfW IPEX-Bank. Using the risk strategy, the Management Board defines the framework for the bank's business activities regarding risk tolerance and risk-bearing capacity. This ensures that KfW IPEX-Bank can fulfil its particular responsibilities with an appropriate risk profile in a sustainable, long-term manner. The bank's overall risk situation is analysed and documented comprehensively in monthly risk reports to the Management Board as well as by internal committees of KfW Group that meet on a regular basis, and decisions are taken on risk-related measures. The Board of Supervisory Directors is regularly – at least once per quarter – given detailed information on the bank's risk situation.

Compliance

The success of KfW IPEX-Bank depends to a large extent on the trust of its shareholder, clients, business partners, employees and the general public in terms of its performance and, especially, its integrity. This trust is based not least on implementing and complying with the relevant legal and regulatory provisions and internal procedures, and all other applicable laws and regulations. The compliance organisation at KfW IPEX-Bank includes, in particular, measures for ensuring adherence to data protection requirements, securities compliance and compliance with financial sanctions, as well as measures for preventing money laundering, terrorist financing and other criminal activities, and for achieving an appropriate level of information security. There are corresponding binding rules and procedures that ensure the day-to-day implementation of such values and determine the associated corporate culture; these are continually updated to reflect the current legislative framework as well as market requirements. Compliance also encompasses regulatory compliance. Training sessions on all compliance-related issues are held on a regular basis for KfW IPEX-Bank employees.

Accounting and annual audit

On 26 October 2016, the shareholder of KfW IPEX-Bank appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor of the financial statements for the 2017 financial year. The Board of Supervisory Directors then issued the audit assignment to Ernst & Young on 24 November 2016 and in

October 2017 determined the audit priorities together with the auditor. The bank and the auditor agreed that the Chairman of the Audit Committee would be informed without delay of any findings and incidents arising during the audit that could be of importance to the work of the Board of Supervisory Directors. It was furthermore agreed that the auditor would inform the Audit Committee Chairman if it identified any facts during the audit that would render the Declaration of Compliance with the PCGC incorrect, and/or record this in the audit report. A declaration of auditor independence was obtained.

Efficiency review of the Board of Supervisory Directors

The Board of Supervisory Directors has always regularly reviewed the efficiency of its activities. Since Section 25d (11) of the German Banking Act entered into force on 1 January 2014, the Board of Supervisory Directors has been obliged to evaluate itself and the Management Board on an annual basis. It performed its latest evaluation in the fourth quarter of 2017 on the basis of structured questionnaires. The overall outcome of the assessment was a score of 1.5. The Board of Supervisory Directors' self-evaluation does not indicate an urgent or acute need for any measures to be taken. The evaluation of the Management Board began at the end of 2017 and will be completed in the first quarter of 2018.

Remuneration for the Management Board

The remuneration system for the Management Board of KfW IPEX-Bank is intended to remunerate the members of the Management Board appropriately according to their roles and areas of responsibility and to take account of both individual performance and the performance of the bank. Management Board contracts are drawn up based on the 1992 version of the principles for the appointment of board members at German federal credit institutions (*Grundsätze für die Anstellung der Vor-*

standsmitglieder bei den Kreditinstituten des Bundes). The contracts take PCGC requirements into account.

Components of remuneration

The remuneration of the Management Board consists of a fixed annual base annual salary and a variable, performance-based bonus. All contracts are in accordance with Section 25a (5) of the German Banking Act in conjunction with the German Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung – IVV*). However, the new requirements of the Ordinance as amended on 4 August 2017 were implemented for the first time when targets were agreed for the 2018 financial year. The establishment of the variable, performance-based bonus component is based on an agreement regarding targets that is concluded with the Management Board by the shareholder – after consultation with the Board of Supervisory Directors – at the beginning of each year. This agreement includes financial, quantitative and qualitative targets for both the Group and the bank, targets specific to the areas of responsibility for each member of the Management Board, and also personal targets. In the subsequent years, in line with currently applicable legal requirements, the performance-based bonus, which is calculated according to the achievement of targets, is either paid out immediately – on a pro rata basis – or deferred. Deferred remuneration components are tracked by means of a 'bonus account'. These components are paid out on a pro rata basis over a holding period that is set in accordance with currently applicable legal requirements, provided that the legal requirements in this regard have been met. Beyond this holding period, it is possible for claims for deferred remuneration components to be reduced, up to and including their complete elimination, depending upon the bank's financial performance or as a result of any misconduct.

Summary of total remuneration paid to members of the Management Board and of the Board of Supervisory Directors

	2017	2016	Change
	EUR in thousands	EUR in thousands	EUR in thousands
Members of the Management Board	1,946	1,817	128
Members of the Board of Supervisory Directors	224	214	10
Total	2,169	2,031	138

Remuneration report

The remuneration report describes the basic structure of the remuneration system for members of the Management Board and of the Board of Supervisory Directors; it also discloses the remuneration of the individual members. The level of remuneration for the Management Board and the Board of Supervisory Directors is disclosed in the notes to the financial statements.

For the 2015 financial year and subsequent financial years, the rules for payment of performance-based bonuses have been amended in accordance with the relevant provisions of the Re-

muneration Ordinance for Institutions. According to these rules, 60% of the performance-based bonus is deferred and paid out over the payment period required by the Ordinance. Each 'annual tranche' of the payment (and the 40% tranche paid immediately) is divided into two components: 50% of the annual tranche is allocated to the 'cash component' and the remaining 50% to the 'sustainability component'. Unlike the cash component, the sustainability component is subject to an additional one-year 'holding period' before being paid out.

The 'value' of the sustainability component of this variable remuneration may also increase or decrease over the course of the payment period. Depending on the bank's performance, both the cash and sustainability components may be cancelled in their entirety.

The overview below shows the total remuneration paid to the individual members of the Management Board, divided into fixed and variable remuneration components and other remuneration, as well as additions to pension provisions. The members' bonus accounts containing the deferred performance-based bonus components are also shown.

Annual remuneration paid to active members of the Management Board and additions to pension provisions during 2017 and 2016 in EUR thousands¹⁾

	Salary		Variable remuneration		Other remuneration ⁴⁾		Total		Bonus account ⁵⁾		Additions to pension provisions	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	EUR in thousands		EUR in thousands		EUR in thousands		EUR in thousands		EUR in thousands		EUR in thousands	
Klaus R. Michalak (CEO)	402	395	74	36	15	15	491	446	276	239	278	121
Christian K. Murach ²⁾	86	395	75	46	5	19	166	460	151	207	30	429
Markus Scheer	402	395	75	46	23	23	501	464	217	207	418	76
Claudia Schneider ³⁾	312	-	-	-	4	-	316	-	66	0	95	-
Andreas Ufer	402	395	37	21	32	30	471	446	187	140	256	63
Total	1,605	1,579	262	150	79	88	1,946	1,817	898	793	1,077	689

¹⁾ Rounding differences may occur in the table for computational reasons.

²⁾ Left KfW IPEX-Bank GmbH with effect from 16 March 2017

³⁾ Appointed to the Management Board of KfW IPEX-Bank GmbH as of 17 March 2017

⁴⁾ This remuneration is presented in analogy with the figures stated in the Notes in accordance with Section 285 (9) of the German Commercial Code excluding employer benefits according to the German Social Insurance Act (*Sozialversicherungsgesetz*). These totalled EUR 50 thousand in 2017 (previous year: EUR 49 thousand).

⁵⁾ As well as individual performance-based bonuses carried forward from previous years, the bonus account also includes the provision for bonuses for financial year 2017. In this financial year bonus components due for payment and carried forward were paid out in part with a premium due to a sustainable value increase of KfW IPEX-Bank. There were no deductions for penalties.

Responsibilities

The shareholder consults on the remuneration system for the Management Board, including its contractual elements, and reviews it regularly. It approves the remuneration system after consulting with the Board of Supervisory Directors. The most recent review of the system's appropriateness took place on 23 June 2017.

Contractual fringe benefits

Other remuneration primarily includes contractual fringe benefits. The members of the Management Board of KfW IPEX-Bank are entitled to a company car for both business and private use. Costs incurred as a result of private use of a company car are borne by the members of the Management Board in accordance with currently valid tax legislation.

The members of the Management Board are insured under a group accident insurance policy. They are covered by two insurance policies for the risks associated with their activities on the bank's management bodies. The first provides liability insurance for monetary damages (D&O insurance) and the second offers supplemental legal protection for monetary damages. Both policies are group insurance policies. During the reporting period, a deductible of 10% was agreed in relation to D&O insurance

policies for the members of the Management Board. Members of the Management Board of KfW IPEX-Bank acting in their management capacity are also protected by a special group legal expenses insurance policy for employees that covers criminal defence, which was taken out by KfW.

Other remuneration does not include remuneration received for the exercise of corporate mandates held and sideline activities performed by a member of the Management Board outside the Group with the approval of the competent bodies of KfW IPEX-Bank. The entire amount of such remuneration is considered personal income of members of the Management Board. In 2017, the members of the Management Board did not receive remuneration for exercising group mandates.

The members of the Management Board are entitled, as are all other members of the bank's staff, to participate in deferred compensation, a supplemental company pension plan involving deferred compensation payments deducted from salary, insofar as such a plan is generally offered.

In addition, contractual fringe benefits include the costs of security measures for residential property occupied by members of the Management Board; these costs are not reported under

Other remuneration but instead under Non-personnel expense. As in the previous year, the bank did not incur any costs for security measures in the 2017 financial year.

Contractual fringe benefits also comprise employer benefits as per the German Code of Social Law (*Sozialgesetzbuch – SGB*); in analogy to the figures in the Notes (Section 285 Clause 9 of the German Commercial Code [*Handelsgesetzbuch – HGB*]), these are not reported under Other remuneration. Contractual fringe benefits that cannot be granted tax-free are subject to taxation as non-cash benefits for members of the Management Board.

There were no outstanding loans to members of the Management Board in 2017.

Retirement pension payments and other benefits in the case of early retirement

According to Section 5 (1) of the Articles of Association of KfW IPEX-Bank, the appointment of a member of the Management Board is not to extend beyond statutory retirement age. Board members who turn 65 and/or reach statutory retirement age and whose contract for serving on the Management Board has expired are entitled to retirement pension payments. Two board members who were first appointed as members of the Management Board prior to 2014 may, at their request, retire early when they reach 63 years of age. Members of the Management Board are also entitled to retirement pension payments if their employment ends due to ongoing disability.

Pension commitments for Management Board members as well as for their surviving dependents are based on the 1992 version of the principles for the appointment of board members at German federal credit institutions. The PCGC is taken into account when contracts of employment are drawn up for members of the Management Board.

A severance payment cap has been included in the employment contracts of members of the Management Board in accordance with PCGC recommendations. This cap limits payments to a member of the Management Board following premature termination of employment without good cause as per Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*) to two years' annual salary or the remuneration including fringe benefits for the remainder of the contract, whichever is lower.

In principle, the maximum retirement pension entitlement equals 70% of the pensionable remuneration. In one case this entitlement amounts to 55% of the final gross basic salary. The pensionable remuneration is derived from the most recent gross basic salaries paid. The retirement pension entitlement increases over an individually agreed period by a fixed percentage with every year of service completed until the maximum pension entitlement is attained.

If the employment contract of a member of the Management Board is terminated or not extended for good cause pursuant to Section 626 of the Civil Code, the retirement pension entitlements will expire according to the legal principles established for employment contracts.

Retirement pension payments to former members of the Management Board totalling EUR 174 thousand (previous year: EUR 172 thousand) were made in the 2017 financial year.

In addition, deferred performance-based bonuses totalling EUR 29 thousand were paid to former members of the Management Board. As of 31 December 2017, further deferred bonus components of EUR 15 thousand remained in the bonus account (previous year: EUR 44 thousand).

Provisions for pensions for former members of the Management Board and their surviving dependents totalled EUR 11,821 thousand at the end of the 2017 financial year (previous year: EUR 7,184 thousand).

Remuneration for the Board of Supervisory Directors

The members of the Board of Supervisory Directors receive annual remuneration at a level determined by the general shareholders' meeting. As per the shareholder resolution of 14 April 2010, the remuneration scheme of 2008 and 2009 was continued in 2010 and for the following years. According to its provisions, the net annual remuneration for a member of the Board of Supervisory Directors is EUR 22,000; the net annual remuneration for the Chairman is EUR 28,600.

Remuneration is earned on a pro rata basis when service is rendered for less than one year.

In addition, the members of the Board of Supervisory Directors receive a net fee of EUR 1,000 for each meeting of the Board of Supervisory Directors or of one of its committees that they attend. Members of the Board of Supervisory Directors can also claim, to a reasonable extent, reimbursement for travel and other miscellaneous expenses that they have incurred in the performance of their duties.

The representatives from KfW on the Board of Supervisory Directors of KfW IPEX-Bank have waived this remuneration and the meeting attendance fees since 1 July 2011 in accordance with a fundamental and permanent decision by the Executive Board of KfW.

Details regarding the remuneration of the Board of Supervisory Directors during the 2017 and 2016 financial years are listed in the following tables; travel expenses and other miscellaneous expenses were reimbursed based upon receipts and are not included in this table.

Remuneration paid to members of the Board of Supervisory Directors for 2017 in EUR

Member	Dates of service	Annual net remuneration	Attendance fees ¹⁾	Total
Dr Kloppenburg	1 Jan. – 25 Oct.	–	–	–
Prof. Dr Nagel	25 Oct. – 31 Dec.	–	–	–
Dr Peiß	1 Jan. – 31 Dec.	–	–	–
State Secretary Machnig ²⁾	1 Jan. – 31 Dec.	–	–	–
Dr Schuknecht	1 Jan. – 31 Dec.	22,000.00	16,000.00	38,000.00
Ms Kollmann	1 Jan. – 31 Dec.	22,000.00	14,000.00	36,000.00
Dr Rupp	1 Jan. – 31 Dec.	22,000.00	17,000.00	39,000.00
Mr Gasten	1 Jan. – 31 Dec.	22,000.00	13,000.00	35,000.00
Mr Knittel	22 Mar. – 31 Dec.	18,335.00	13,000.00	31,335.00
Mr Koch	22 Mar. – 31 Dec.	18,335.00	8,000.00	26,335.00
Dr Marschhausen	1 Jan. – 22 Mar.	5,500.00	5,000.00	10,550.00
Mr Weigmann	1 Jan. – 22 Mar.	5,500.00	2,000.00	7,500.00
Total		135,670.00	88,000.00	223,670.00

1) Lump sum of EUR 1,000 net per meeting attended

2) Remuneration not claimed

Remuneration paid to members of the Board of Supervisory Directors for 2016 in EUR

Member	Dates of service	Annual remuneration	Attendance fees ¹⁾	Total
Dr Kloppenburg	1 Jan. – 31 Dec.	–	–	–
Mr Loewen	1 Jan. – 20 Mar.	–	–	–
Dr Peiß	21 Mar. – 31 Dec.	–	–	–
Dr Rupp	1 Jan. – 31 Dec.	22,000.00	17,000.00	39,000.00
State Secretary Geismann ²⁾	1 Jan. – 20 Oct.	18,334.00	12,000.00	30,334.00
Dr Schuknecht ²⁾	3 Nov. – 31 Dec.	3,667.00	4,000.00	7,667.00
State Secretary Machnig ³⁾	1 Jan. – 31 Dec.	–	–	–
Ms Kollmann	1 Jan. – 31 Dec.	22,000.00	12,000.00	34,000.00
Dr Marschhausen	1 Jan. – 31 Dec.	22,000.00	19,000.00	41,000.00
Mr Goretzki	1 Jan. – 31 Jul.	12,834.00	6,000.00	18,834.00
Mr Gasten	1 Aug. – 31 Dec.	9,167.00	4,000.00	13,167.00
Mr Weigmann	1 Jan. – 31 Dec.	22,000.00	8,000.00	30,000.00
Total		132,002.00	82,000.00	214,002.00

¹⁾ Lump sum of EUR 1,000 net per meeting attended

²⁾ This amount is subject to the German Sideline Activity Earnings Regulation (*Bundesnebenverdienstordnung*).

³⁾ Remuneration not claimed

The indicated amounts are net values and were all paid for the reporting year.

There are no pension obligations in respect of members of the Board of Supervisory Directors.

Members of the Board of Supervisory Directors did not receive any remuneration for services provided personally during the reporting year.

No direct loans were extended to members of the Board of Supervisory Directors during the reporting year. The members

of the Board of Supervisory Directors are covered by two insurance policies for the risks associated with their board activities. The first provides liability insurance for monetary damages (D&O insurance) and the second offers supplemental legal protection for monetary damages. Both policies are group insurance policies of KfW. A deductible has not been agreed at present. Members of the Board of Supervisory Directors of KfW IPEX-Bank acting in their capacity as such are also protected by a special group legal expenses insurance policy for employees that covers criminal defence, which was taken out by KfW.

Frankfurt, March 2018

Management Board

Board of Supervisory Directors