KfW
Issuer Rating Report

STABLE
AAA

Scope's credit view (summary)

KfW's issuer rating has been equalised with the AAA sovereign credit rating of the Federal Republic of Germany given i) the explicit, unconditional, unlimited, statutory, direct and irrevocable guarantee of the Federal Republic of Germany (AAA/Stable) for KfW's obligations; and ii) the mature and very supportive legal framework of the bank, stipulated in the Law Concerning KfW (KfW law), which makes changes to KfW's business model or guarantee structure unlikely. In addition, KfW benefits from a maintenance obligation by the Federal Republic under the principle of *Anstaltslast*. Chartered under public law, the bank cannot be subject to insolvency proceedings.

KfW is the largest German government development bank and one of the largest sub-sovereign issuers in Europe. Under the direction of the Federal Finance Ministry and within a legal mandate, KfW plays a critical role in implementing Germany's economic policy. It has taken significant measures in response to the Covid-19 pandemic and the Russia-Ukraine war. The bank is also playing an increasingly important role in shaping German energy policy and securing energy supplies. KfW is a major contributor to the transformation of the economy towards renewable energy and energy independence, as well as to the economic stabilisation of Germany in the current challenging environment.

As a promotional bank, KfW does not seek to maximise profit. KfW's profitability is satisfactory, however the indirect negative effects of the Russia-Ukraine war may weigh on performance in the coming years. Keeping costs down will be a challenge given investments in modernisation and digitalisation as well as higher inflation, but management is committed to cost efficiency.

In the supplementary analysis, we also highlight KfW's strong capital metrics and its solid asset quality. Counterparty, market, liquidity and operational risks are managed in a prudent manner, reflecting KfW's extensive investment into risk management and compliance processes in recent years. We expect downside risks to remain manageable in 2023.

KfW has maintained an excellent capital market access and a strong funding and liquidity profile. In general, KfW actively supports the qualitative development of the green bond market, mainly through market initiatives and in direct dialogue with market participants.

As part of its sustainability strategy, KfW has launched several projects to implement the Paris Agreement in its financing activities, strengthen its ESG risk management and apply the EU taxonomy and the new EU directive on sustainability reporting from 2021.

Outlook

The **Outlook is Stable** and reflects the Stable Outlook on the ratings of KfW's guarantor, the Federal Republic of Germany.

There are no positive rating-change drivers as KfW is rated AAA, the highest rating on our rating scale.

What could move the rating down:

- A downgrade of Scope's sovereign rating assessment of the Federal Republic of Germany
- Any material change to the credit support by the Federal Republic of Germany, notably the explicit guarantee, public law status, *Anstaltslast* and exemptions from insolvency law and taxation

Ratings & Outlook

Issuer rating	AAA
Outlook	Stable
Senior unsecured debt rating	AAA
Short-term debt rating	S-1+

The ratings are not applicable to debt issued by unguaranteed subsidiaries of the rated bank.

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Bloomberg: RESP SCOP

Issuer profile

With total assets amounting to EUR 556.9bn at end-June 2023, KfW is a public law institution (*Anstalt öffentlichen Rechts*, AöR) 80% owned by the Federal Republic of Germany and 20% owned by the German federal states. Founded in 1948, KfW is Germany's national promotional bank, which supports the sustainable improvement of economic, environmental and social conditions around the world, with a focus on the German economy.

As a public law institution, KfW is not subject to insolvency proceedings and is exempt from the EU's Bank Recovery and Resolution Directive. KfW can only be dissolved by the KfW law.

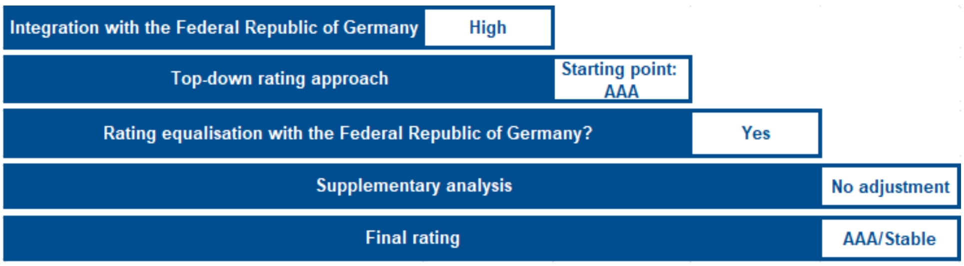
In addition to its domestic promotional lending programmes, KfW offers various financial services through its main subsidiaries: KfW IPEX-Bank, Deutsche Investitions- und Entwicklungsgesellschaft (DEG), KfW Capital and the business unit KfW Entwicklungsbank.

KfW group employs more than 8,000 staff between its headquarters in Frankfurt am Main, its two regional offices in Berlin and Bonn and around 80 offices worldwide.

Scope's approach to rating KfW

Top-down approach

We consider KfW to be a government-related entity (GRE)[1] and apply our top-down approach to rating KfW under our GRE rating methodology, with the AAA rating of the Federal Republic of Germany as the starting point. This is driven by our assessment of KfW's 'high' level of integration with the Federal Republic of Germany.



Source: Scope Ratings

Ratings are equalised with those of the Federal Republic of Germany

We have equalised our ratings of KfW with those of the Federal Republic of Germany under our top-down approach. The Federal Republic of Germany provides an explicit, unconditional, unlimited, statutory, direct and irrevocable guarantee for all of KfW's existing and future obligations in respect to funds borrowed, bonds and notes issued, derivative transactions entered into by KfW and obligations of third parties expressly guaranteed by KfW. Under the statutory guarantee, if KfW fails to make a payment on securities issued by KfW or under the guarantee of KfW, the Federal Republic of Germany is liable for that payment. The direct obligation against the Federal Republic can be enforced even before any legal action is taken against KfW.

In addition, under the German administrative law principle of Anstaltslast, the Federal Republic must ensure that KfW is able to continue its operations and meet its obligations. Although Anstaltslast is not a formal guarantee of KfW's obligations, this legal principle ensures that KfW's obligations are backed by the Federal Republic of Germany. No

[1] See section 1.1 of Scope's GRE rating methodology for the definition of a GRE.

appropriation or other action by the German Bundestag is required to meet its obligations under Anstaltslast.

IPEX-Bank excluded from guarantees

In a formal understanding reached in March 2002, the European Commission confirmed that KfW's promotional activities will continue to benefit from the statutory guarantee of the Federal Republic of Germany and Anstaltslast. However, the institution must separate these activities from its commercial business (i.e. activities that are not considered promotional).

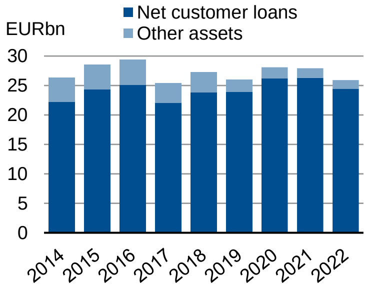
Since 2008, IPEX-Bank has been conducting the commercial export and project finance business as a wholly owned, legally independent subsidiary of KfW group. IPEX-Bank was legally separated from KfW to comply with EU state aid rules. KfW continues to fund IPEX-Bank internally on an arm's length basis, at market rates and without granting any institutional liability or guarantee from the German government.

Regulatory framework

Supervision mostly in line with general financial institutions

KfW is neither a credit institution nor a financial services institution under the German Banking Act or relevant EU directives and regulations. However, bank regulatory provisions apply to KfW. These include capital adequacy requirements and a special regime for minimum requirements for risk management. KfW remains, however, exempt from rules regarding liquidity, disclosure and recovery and resolution. It is the responsibility of Germany’s Federal Financial Supervisory Authority in cooperation with the Bundesbank to ensure compliance. The Federal Ministry of Finance in consultation with the Federal Ministry of Economics and Energy and Climate Action are in charge of KfW’s legal supervision.

Figure 1: IPEX-Bank assets



Source: KfW data, Scope Ratings

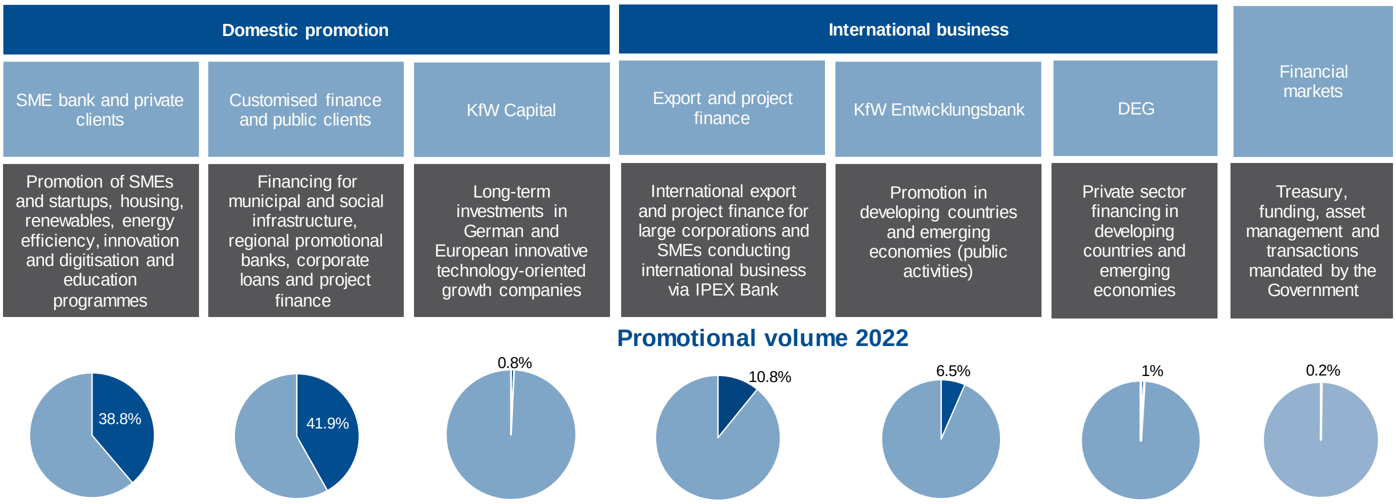
The group companies IPEX-Bank and DEG are, on the other hand, credit institutions. IPEX-Bank is fully subject to the provisions of the German Banking Act, while DEG is only subject to some. The group company KfW Capital is a medium-sized investment firm and subject in particular to the regulatory requirements of the German Securities Trading Act and the Investment Firm Act.

As an independent banking subsidiary, IPEX-Bank could come under direct ECB supervision, including stress testing, if it grew its balance sheet to above EUR 30bn. At end-2022, IPEX-Bank had a balance sheet of EUR 25.9bn (Figure 1).

Business model

KfW's domestic promotional activities are organised into three business areas: i) SME bank and private clients, which integrates highly standardised direct and on-lending offerings; ii) customised finance and public clients, which caters to institutional counterparties and individual financing services; iii) KfW Capital, which aggregates KfW's venture capital investments and aims to sustainably improve the supply of venture and growth capital for innovative technology companies in Germany.

Figure 2: KfW group business overview



Source: KfW data, Scope Ratings

KfW's international activities include export and project finance as well as international promotional finance. Through IPEX-Bank, KfW finances German and European companies in global markets to support the competitiveness and internationalisation of German and European exporters and ensure the supply of credit to the German export industry. This occurs where export transactions are at risk due to a lack of liquidity supply from banks.

KfW also supports economic and social progress in developing and emerging countries through KfW Entwicklungsbank and DEG. The business unit KfW Entwicklungsbank finances development projects worldwide on behalf of the German federal government, primarily the Federal Ministry for Economic Cooperation and Development and the European Union. DEG finances and advises German and local companies active in developing and emerging countries.

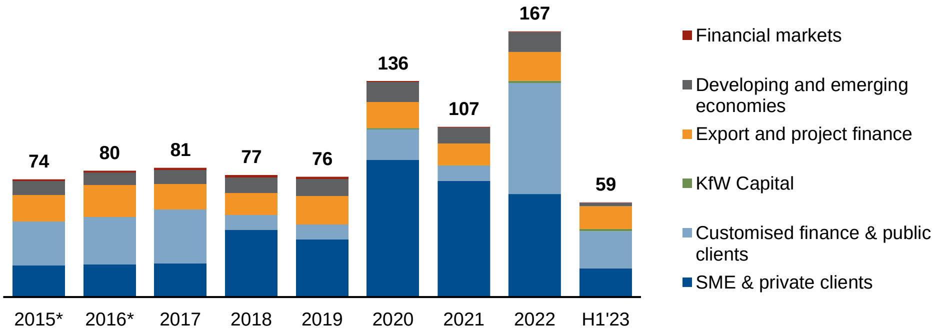
Additional indemnities for specific activities

The German federal government can directly mandate KfW to acquire assets on its behalf or to undertake exceptional government lending measures, e.g. recently expired Covid-19 special programmes or transactions to support systemically important energy utilities securing the energy supply in Germany since 2022. The credit risks associated with the mandated transactions are borne by the federal government. In addition to these mandated transactions, KfW has launched special programmes to safeguard the liquidity of companies affected by the Russia-Ukraine war and a special programme for municipalities to invest in refugee facilities.

Transformation agenda to tackle environmental and digital challenges

Under its mission statement 'Digital Transformation and Development Bank', KfW has introduced its new transformation agenda, KfWplus. In line with its promotional principles, KfW focuses on financing projects in the areas of climate change & the environment (with a financing share of more than 38%), as well as digitalisation & innovation. With this refocusing, KfW aims to strengthen resilience to challenges in Germany and Europe by gearing its promotional measures towards their impact and to mobilise private capital for sustainable transformation.

Figure 3: Promotional business volumes (in EUR bn)



* from 2017, private clients are reported together with SME instead of public clients
Source: KfW data, Scope Ratings

Normalisation of promotional volumes

KfW's new business volumes reached EUR 58.7bn in H1 2023, down from EUR 95.1bn in H1 2022, reflecting the normalisation of funding and financing compared to the exceptional year of 2022 (Figure 3). The record-high business volumes in 2022 were mainly due to EUR 58.3bn of mandates on behalf of the federal government to support energy suppliers. Demand for the federal government's efficient buildings programmes was also particularly strong in 2022 at EUR 37.4bn.

The core domestic business stabilised in H1 2023 at EUR 42.8bn (H1 2022: EUR 87bn) due to the expiry of the Covid-19 special programmes, a shift from broad-based to targeted support for energy-efficient housing and reduced demand for loans as a result of higher interest rates. At the same time, KfW benefited from the prolongation of mandated transactions in the energy sector and the rise in international financing.

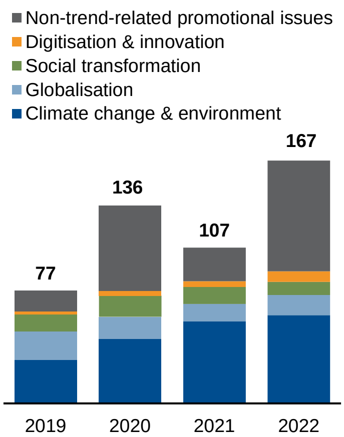
For 2023, KfW expects a new business volume of around EUR 80bn, subject to changes in the federal government economic and political measures.

ESG considerations

Sustainability aspects integrated into agenda

KfW has set the course for a harmonised understanding, improved measurability and reporting on the sustainability impact of projects financed or co-financed by KfW. As part of this sustainable finance concept, bundled in the TranSForm project, KfW also aims to align its own contribution with the UN Sustainable Development Goals and the Paris climate targets. KfW has also committed to resource-efficient banking operations and a stronger role as a responsible employer at the organisational and process levels. Moreover, its strategy programme is in line with the mandate of the federal government, its Climate Action Programme 2030 and the German Sustainability Strategy.

Figure 4: Promotional business volume by megatrend (EUR bn)



Source: KfW data, Scope Ratings

In its sustainable promotional activities, KfW divides the social and economic megatrends into the following categories: climate change & environment, globalisation, social transition and digitalisation and innovation, all of which are embedded in its strategic objectives. Other promotional activities not related to megatrends are also reported by KfW. (Figure 4).

Since 2020, KfW has been experiencing increasing demand for promotion in the area of climate change and the environment, especially for efficient buildings. In 2022, the share of environment-related financing accounted for 36% of total new business, which was below KfW's own strategic target of 38%. Without the Covid-19 and Ukraine/energy crises emergency measures, the share would have been 59%. In total, KfW has committed more than EUR 250bn worldwide to environmental and climate protection over the past ten years. In its in-house environmental protection efforts, KfW's goal is to achieve climate-neutral operations.

KfW invests in green bonds with a target volume of between EUR 2.0bn and EUR 2.5bn. Its EUR 2.6bn portfolio at end-June 2023 is backed by a mandate from the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection. The investment focus is on green bonds financing energy efficiency and renewable energy projects.

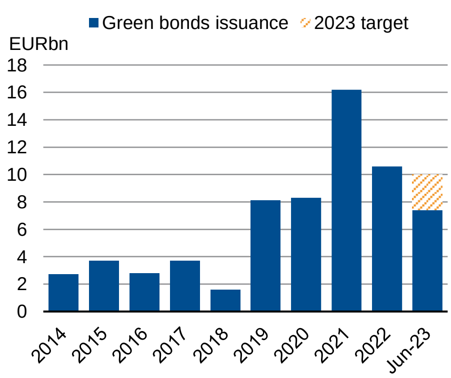
As a public law institution, KfW does not fall within the scope of the EU taxonomy. Its subsidiary IPEX-Bank, on the other hand, is subject to those requirements. KfW has addressed the establishment of the EU taxonomy with its TranSForm project at the group level. For 2023, KfW aims to apply sector guidelines for the financing of greenhouse gas-intensive sectors in line with the Paris Agreement on climate change and a group-wide exclusion list. At the beginning of 2023, KfW had already implemented the guidelines for the 1.5°C target using real emissions data from the financed assets.

Global top-tier green bond issuer

KfW has been an active issuer of green bonds since 2014 and is one of the largest issuers worldwide. It plans to issue a total of at least EUR 10bn in 2023 (Figure 5). As of end-June 2023, the issuance volume of green bonds amounted to EUR 7.4bn. In this context, KfW actively supports the qualitative development of the green bond market, mainly through market initiatives and direct dialogue with market participants.

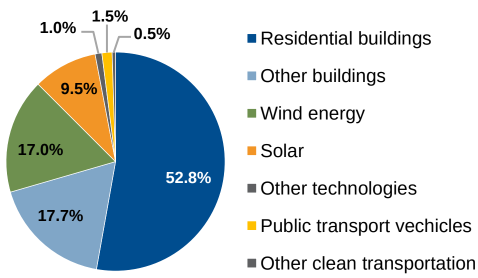
At end-2022, the net proceeds of KfW's green bonds issued in 2022 were fully allocated (Figure 6). 71% of all disbursements were related to energy efficiency projects (residential and non-residential buildings), 28% to renewable energy and around 2% to clean transportation. 93.2% of the disbursements were for projects located in Germany and the remainder was for projects located in other EU countries.

Figure 5: Green bond issuance



Source: Company data, Scope Ratings

Figure 6: Underlying green assets



Data as of YE 2022. Total EUR 15.2bn.
Source: Company data, Scope Ratings

Strong social commitment

KfW's social commitment is strong. This includes the funding of purely social activities and the promotion of education, diversity and equal opportunities for employees. KfW has a target of 6% of employees with disabilities, a family-friendly HR policy and remote working (40.2% of KfW staff at end-2022). KfW attaches great importance to women in management positions: at end-2022, women accounted for 40% of the executive board and 29.7% of senior management (i.e. the two management levels below the executive board).

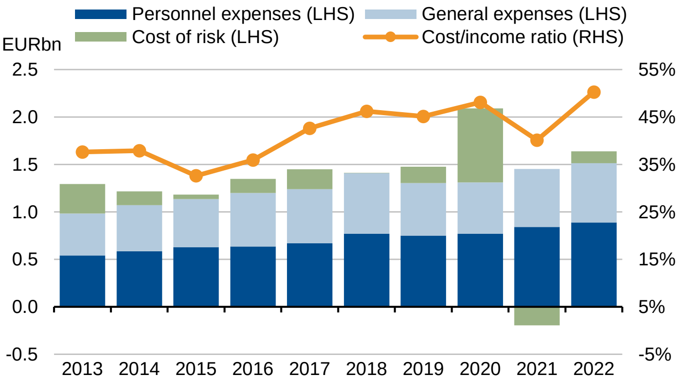
We do not have any governance concerns regarding KfW as governance risks are mainly limited by the KfW law. The KfW law sets the size of the supervisory board at 37 members, as well as its composition and duties. The KfW law does not provide for a general meeting of shareholders; this function is performed by the supervisory board. The board of managing directors is supervised by the supervisory board in accordance with the German Corporate Governance Code.

Profitability

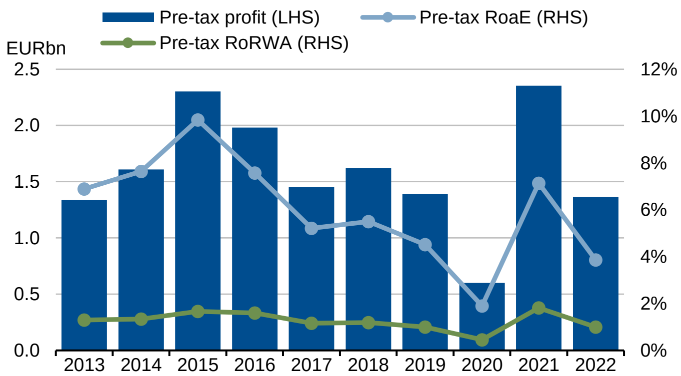
As a development bank, KfW is not in the business of profit maximisation, although management has a strong focus on efficiency. In 2022, the cost-income ratio rose to a still healthy level of around 50%, reflecting higher general administrative expenses and a slight overall decline in net interest and commission income. Personnel expenses increased in 2022 due to an increase in full-time equivalents, collective wage and special payments to employees to compensate for inflation (Figure 7).

Figure 7: Performance indicators

7.1 Operating efficiency and cost of risk



7.2 Profitability



ROAE: return on average equity
RORWA: return on risk-weighted assets
Source: SNL, Scope Ratings

Despite the challenging environment in 2022, KfW's earnings remained satisfactory with a consolidated profit of EUR 1.4bn (2021: EUR 2.2bn). The YoY decrease was largely due to a decrease of its operative result, higher but still moderate cost of risk as well as reduced but positive revaluations in the investment portfolio and derivatives used for hedging. Compared to 2021, which was boosted by pent-up demand after the pandemic, however, it was lower.

Net interest is main income source

At EUR 2.1bn in 2022 (2021: EUR 2.4bn), net interest income is KfW's main source of income. Net fee and commission income has also made a strong contribution to earnings growth in recent years. At EUR 617m in 2022, it was well above the five previous years' average of EUR 535m. This was mainly due to increased demand for federal promotional programmes, particularly in the areas of energy efficiency and renewable energy, including charging infrastructure.

Risk provisions led to a decline in net profits in 2022

As a result of the deterioration in the macroeconomic environment in 2022, loan loss provisions for KfW's lending business increased, though to a manageable level of EUR 124m, compared with a net release of EUR 196m in the previous year. The previous year was characterised by the release of pandemic-related provisions, low specific loan loss provisions and recoveries on written-off loans. The increase in provisions in 2022 was accompanied by a management overlay to cover potential spill-over effects from the impact of the Russia-Ukraine war and the energy crisis. At the same time, provisioning remained modest due to the partial reduction of the Russia-Ukraine exposure through successful restructuring.

In H1 2023, KfW's consolidated profit remained satisfactory at EUR 885m (H1 2022: EUR 949bn), largely due to the development of its operative business and moderate cost of risk (EUR -109m), as well as revaluations in the investment portfolio (EUR -30m) and derivatives used for hedging (EUR 177m).

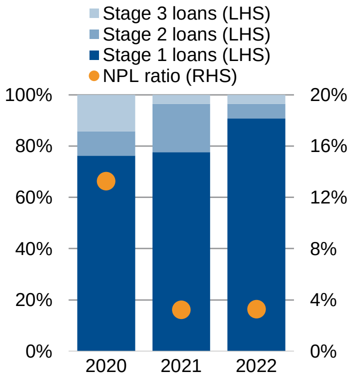
We expect profits to remain stable in H2 2023. For 2023, KfW expects its consolidated profits to decrease compared to the previous year to around EUR 950m. We believe the target is realistic as we expect the indirect negative impact of the Russia-Ukraine war to continue to weigh on costs of risk and possibly also on the revaluation results in 2023. Cost efficiency is likely to come under pressure from investments in modernisation and digitalisation, as well as higher inflation. However, in 2023 and 2024, we consider a net loss to be very unlikely.

Asset quality

Financial institutions dominate exposure

In accordance with its statutory mandate, KfW generally has to involve financial institutions in the allocation of promotional funding. The loans are granted to banks, which then pass on the funds to the final borrowers. In Germany, KfW lends to commercial banks and regional development banks (*Landesförderinstitute*), which are responsible for promotional activities in their respective federal states. Given the nature of KfW's business, which involves on-lending most of its funds through other financial institutions, the concentration on a few German groups is unavoidable (Figure 8.1) but well collateralised. This is laid down in KfW's internal risk modelling as well as in the application of the standard regulatory limits for large exposures. The portion of loans extended directly to the final borrowers (e.g., municipalities, project finance and education programmes) is small (Figure 8.2).

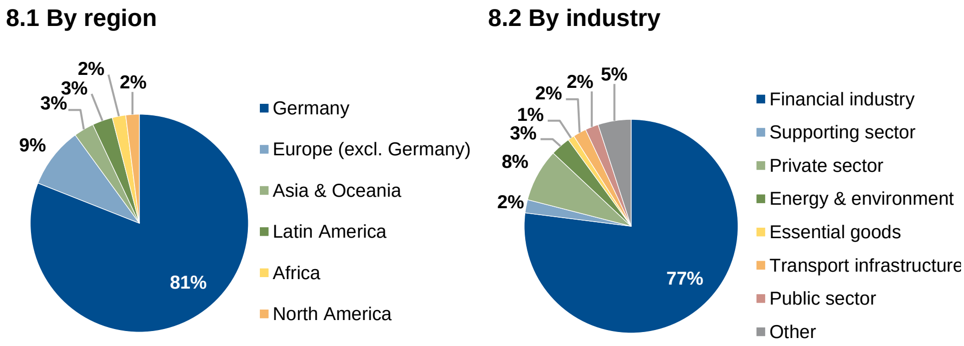
Figure 9: Customer loan quality (IFRS9)



NPL: non-performing loan
Source: SNL, Scope Ratings

As of end-2022, KfW reported EUR 5.3bn of stage 3 loans under IFRS 9, up 18% YoY and materially down from EUR 18.7bn at end-2020. A support measure of EUR 15bn for Greece was discontinued following a rating upgrade for Greece (Figure 9). A large part of these exposures is directly covered by federal guarantees and credit insurance.

Figure 8: Loan portfolio in terms of economic capital requirements



Data as of end-2022. Source: Company data, Scope Ratings

Capitalisation

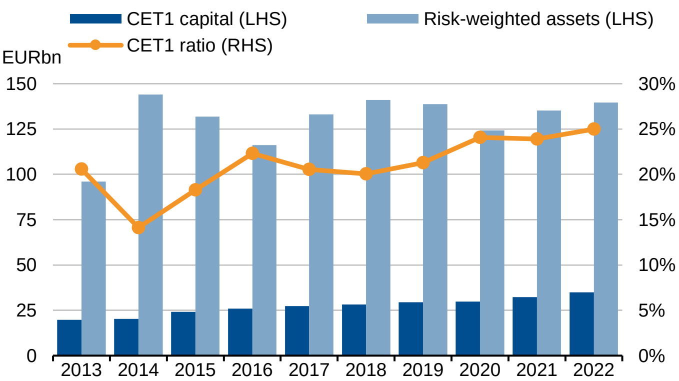
KfW benefits from continuous internal capital generation as it is prohibited from distributing profits. At the same time, it calculates the majority of its risk-weighted assets on the basis of the advanced internal ratings-based approach. With a common equity tier 1 (CET1) ratio of 27.5% as of end-June 2023, the regulatory capital ratio remains at a very good level. The increase in capital ratio was mainly driven by improved ratings for on-lending counterparties.

Strong capital buffer unlikely to change in dynamic environment

The impact of the macroprudential measures (increasing the domestic countercyclical capital buffer and addressing specific risks from residential real estate finance) implemented from February 2023 is low (Figure 10.2). KfW's portfolio does not contain any significant residential collateralised exposure as the residential programmes are concluded as part of the on-lending business and are collateralised by sub-borrower assignments.

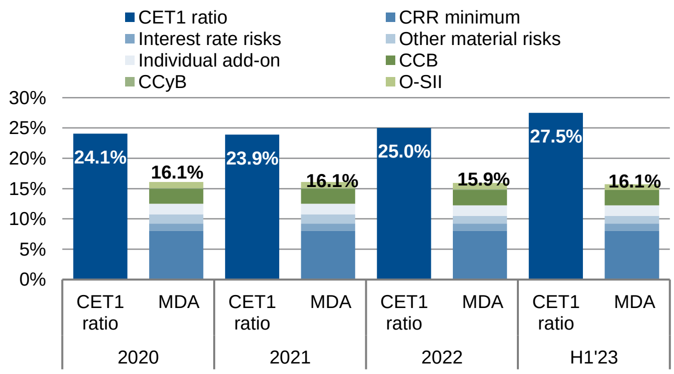
Figure 10: Capital adequacy

10.1 CET1 ratio



Source: SNL, Scope Ratings

10.2 SREP requirement (CET1 ratio)



Source: SNL, Company data, Scope Ratings

Improving risk-bearing capacity

In addition to complying with regulatory requirements, KfW also calculates its economic risk-bearing capacity based on an internal capital model (Table 1). The model includes market risk, which is only partially reflected in regulatory capital. The group's excess capital (EUR 16.9bn) decreased at end-2022 (2021: EUR 17.6bn) due to the increase in total capital requirements. The latter resulted mostly from higher market risks in 2022 driven by market volatility and the associated higher interest risk.

Table 1: KfW economic risk-bearing capacity

EUR m	2018	2019	2020	2021	2022
Credit risk	11,346	9,057	10,010	9,949	10,657
Market risk	5,403	3,275	3,689	3,377	4,811
Operational risk	1,441	844	693	787	714
Project risk	81	91	57	60	147
Capital buffer for model risk		1,200	1,400	1,100	2,500
Economic capital requirement	18,369	14,467	15,849	15,272	18,829
Internal capital	28,297	29,775	30,372	32,851	35,715
Excess coverage	9,928	15,308	14,523	17,579	16,887
Solvency standard	99.99%	99.90%	99.90%	99.90%	99.90%

Source: Company data, Scope Ratings

Funding and liquidity

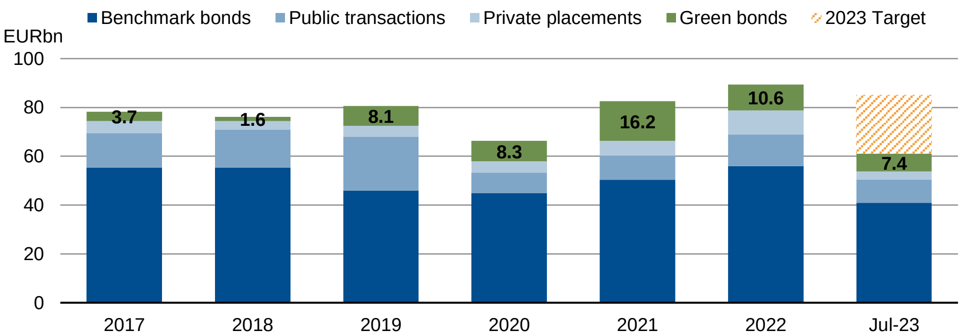
A large, steady capital market issuer with a globally diversified and stable investor base

As KfW is not permitted to take deposits, it raises most of the funds needed to fulfil its promotional mandate by issuing bonds on the international financial markets. Debt instruments accounted for 82% of financial liabilities at end-2022. Reflecting the medium and long-term nature of promotional loans, most bonds have an initial maturity of over one year. The group's duration gap is moderate, but risk is actively managed.

As the EU’s largest agency issuer, the group attracts a wide investor base comprised mostly of central banks, banks (KfW bonds benefit from 0% risk-weights as well as level 1 status in the EU and HQLA status in the US), asset managers and pension funds.

Each year, KfW determines its overall term-funding requirement based on the activities it expects to finance. To fund its involvement in various initiatives to mitigate the economic and social consequences of the Russia-Ukraine war and high demand in Germany, KfW raised a total of EUR 89.4bn on capital markets in 2022 (Figure 11). The planned funding volume for 2023 is EUR 85bn, of which at least EUR 10bn is to be issued as green bonds. KfW raised the equivalent of around EUR 61.1bn in H1 2023 on global capital markets, meaning it has already achieved 72% of the funding volume planned for 2023.

Figure 11: Capital market funding volume



Source: KfW data, Scope Ratings

KfW aims to optimise its market terms by basing its funding strategy on diversifying its instruments, currencies and investors. Interest rate and currency risks are reduced through hedging instruments and partly by matching funding liabilities with loans.

EUR and USD to remain key currencies

KfW regularly raises funds in a broad range of currencies (13 currencies in 2022). Both the euro and US dollar are considered core currencies, together accounting for around 80% of new capital market funding over the past few years. In H1 2023, bonds denominated in euro accounted for 65%, while USD denominated bonds accounted for 21%; the pound sterling (7%) and the Australian dollar (6%) also made important contributions to the funding mix.

KfW has access to funds from the Economic Stabilisation Fund for the financing of special programmes to support the German economy. As of end-June 2023, a total of EUR 25bn had been drawn from the Economic Stabilisation Fund to support energy suppliers. The outstanding volume amounts to around EUR 17bn as of end-June 2023.

Low liquidity risk

KfW operates large euro commercial paper (EUR 90bn) and United States commercial paper (USD 30bn) programmes, which are mainly used for liquidity purposes. In addition, the group maintains a liquidity portfolio of EUR and USD denominated fixed-income securities and balances with central banks. The remaining funds raised from the ECB targeted longer-term refinancing operations III at EUR 1.4bn were repaid in March 2022. The liquidity held serves to ensure the expected servicing of the support measures and the ability to respond to market events at short notice. We believe that liquidity risk is very low.

I. Appendix: Selected financial information – KfW

	2018	2019	2020	2021	2022
Balance sheet summary (EURm)					
Assets					
Cash and interbank assets	297,683.0	309,865.0	339,677.0	350,738.0	365,805.0
Total securities	59,586.0	64,924.0	64,379.0	58,325.0	23,771.0
of which, derivatives	23,857.0	27,129.0	25,536.0	18,468.0	-14,372.0
Net loans to customers	125,528.0	127,988.0	138,991.0	138,770.0	162,305.0
Other assets	2,993.0	3,245.0	3,337.0	2,859.0	2,747.0
Total assets	**485,790.0**	**506,022.0**	**546,384.0**	**550,692.0**	**554,628.0**
Liabilities					
Interbank liabilities	8,220.0	14,899.0	22,570.0	13,753.0	11,662.0
Senior debt	418,581.0	436,260.0	425,340.0	447,669.0	424,913.0
Derivatives	12,518.0	9,204.0	13,708.0	6,401.0	14,519.0
Deposits from customers	12,303.0	10,131.0	48,519.0	44,697.0	63,768.0
Subordinated debt	0.0	0.0	0.0	0.0	0.0
Other liabilities	3,853.0	4,166.0	4,450.0	3,965.0	3,187.0
Total liabilities	**455,475.0**	**474,660.0**	**514,587.0**	**516,485.0**	**518,049.0**
Ordinary equity	30,315.0	31,362.0	31,797.0	34,207.0	36,579.0
Equity hybrids	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity	**485,790.0**	**506,022.0**	**546,384.0**	**550,692.0**	**554,628.0**
Core tier 1/ common equity tier 1 capital	*28,278.0*	*29,526.0*	*29,896.0*	*32,279.0*	*34,891.0*
Income statement summary (EURm)					
Net interest income	2,228.0	2,347.0	2,547.0	2,386.0	2,148.0
Net fee & commission income	362.0	499.0	573.0	623.0	617.0
Net trading income	428.0	-16.0	-413.0	653.0	213.0
Other income	27.0	61.0	17.0	-39.0	35.0
Operating income	**3,045.0**	**2,891.0**	**2,724.0**	**3,623.0**	**3,013.0**
Operating expenses	1,408.0	1,304.0	1,310.0	1,454.0	1,515.0
Pre-provision income	**1,637.0**	**1,587.0**	**1,414.0**	**2,169.0**	**1,498.0**
Credit and other financial impairments	3.0	173.0	781.0	-196.0	124.0
Other impairments	10.0	24.0	32.0	12.0	10.0
Non-recurring income	0.0	0.0	0.0	0.0	0.0
Non-recurring expense	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	**1,623.0**	**1,391.0**	**600.0**	**2,353.0**	**1,365.0**
Income from discontinued operations	0.0	0.0	0.0	0.0	0.0
Income tax expense	-13.0	23.0	76.0	137.0	-1.0
Other after-tax Items	0.0	0.0	0.0	0.0	0.0
Net profit attributable to minority interests	0.0	0.0	0.0	0.0	0.0
Net profit attributable to parent	**1,636.0**	**1,367.0**	**525.0**	**2,215.0**	**1,365.0**

Source: SNL, Scope Ratings

II. Appendix: Selected financial information – KfW

	2018	2019	2020	2021	2022
Funding and liquidity					
Net loans/ deposits (%)	1089%	1366%	274%	296%	242%
Liquidity coverage ratio (%)	NA	NA	NA	NA	NA
Net stable funding ratio (%)	NA	NA	NA	NA	NA
Asset mix, quality and growth					
Net loans/ assets (%)	25.8%	25.3%	25.4%	25.2%	29.3%
Problem loans/ gross customer loans (%)	13.5%	13.4%	13.2%	3.2%	3.3%
Loan loss reserves/ problem loans (%)	7.9%	8.2%	9.8%	37.6%	34.7%
Net loan growth (%)	-0.8%	2.0%	8.6%	-0.2%	17.0%
Problem loans/ tangible equity & reserves (%)	54.6%	53.2%	55.8%	12.7%	13.9%
Asset growth (%)	2.9%	4.2%	8.0%	0.8%	0.7%
Earnings and profitability					
Net interest margin (%)	0.5%	0.5%	0.5%	0.4%	0.4%
Net interest income/ average RWAs (%)	1.6%	1.7%	1.9%	1.8%	1.6%
Net interest income/ operating income (%)	73.2%	81.2%	93.5%	65.9%	71.3%
Net fees & commissions/ operating income (%)	11.9%	17.3%	21.0%	17.2%	20.5%
Cost/ income ratio (%)	46.2%	45.1%	48.1%	40.1%	50.3%
Operating expenses/ average RWAs (%)	1.0%	0.9%	1.0%	1.1%	1.1%
Pre-impairment operating profit/ average RWAs (%)	1.2%	1.1%	1.1%	1.7%	1.1%
Impairment on financial assets / pre-impairment income (%)	0.2%	10.9%	55.2%	-9.0%	8.3%
Loan loss provision/ average gross loans (%)	0.0%	0.1%	0.6%	-0.1%	0.1%
Pre-tax profit/ average RWAs (%)	1.2%	1.0%	0.5%	1.8%	1.0%
Return on average assets (%)	0.3%	0.3%	0.1%	0.4%	0.2%
Return on average RWAs (%)	1.2%	1.0%	0.4%	1.7%	1.0%
Return on average equity (%)	5.6%	4.4%	1.7%	6.7%	3.8%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	NA	NA	NA	NA	NA
Common equity tier 1 ratio (%, transitional)	20.1%	21.3%	24.1%	23.9%	25.0%
Tier 1 capital ratio (%, transitional)	20.1%	21.3%	24.1%	23.9%	25.0%
Total capital ratio (%, transitional)	20.1%	21.3%	24.3%	23.9%	25.2%
Leverage ratio (%)	NA	NA	NA	NA	NA
Asset risk intensity (RWAs/ total assets, %)	29.0%	27.4%	22.7%	24.5%	25.2%
Market indicators					
Price/ book (x)	NA	NA	NA	NA	NA
Price/ tangible book (x)	NA	NA	NA	NA	NA
Dividend payout ratio (%)	NA	NA	NA	NA	NA

Source: SNL, Scope Ratings

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