



# Financial Report 2025

Enabling growth

# As a bank committed to responsibility, KfW promotes sustainable prospects for people, companies, the environment and society.

KfW is one of the world's leading promotional banks. It applies its decades of experience to improve economic, social and environmental living conditions across the globe on behalf of the Federal Republic of Germany and the federal states. In 2025, KfW provided promotional funds totalling EUR 98.0 billion for this purpose. It has no retail branches and does not hold any customer deposits. To fund its business activities, KfW raised around EUR 71.0 billion in the international capital markets in 2025, of which around EUR 14.0 billion via "Green Bonds – Made by KfW". This makes KfW one of the world's largest issuers. In Germany, KfW Group has offices in Frankfurt am Main, Berlin, Bonn and Cologne. Its global network includes around 80 local and representative offices.

# Key figures of KfW Group

## Promotional business volume

	31 Dec. 2025	31 Dec. 2024
	EUR in billions	EUR in billions
	98.0	112.8

## Key figures of the income statement

	2025	2024
	EUR in millions	EUR in millions
Net interest income (before promotional expense)	2,957	2,900
Net commission income (before promotional expense)	685	675
Administrative expense (before promotional expense)	1,739	1,658
<b>Operating result before valuation (before promotional expense)</b>	<b>1,903</b>	<b>1,917</b>
Risk provisions for lending business	-155	39
Net gains/losses from hedge accounting and other financial instruments at fair value through profit or loss, before IFRS effects	258	102
Net gains/losses from securities and investments and from investments accounted for using the equity method	-9	19
<b>Operating result after valuation (before promotional expense and IFRS effects)</b>	<b>1,998</b>	<b>2,078</b>
Net other operating income (before promotional expense)	18	18
<b>Economic result</b>	<b>2,016</b>	<b>2,097</b>
Promotional expense	468	504
Taxes on income	189	239
<b>Consolidated profit before IFRS effects</b>	<b>1,359</b>	<b>1,354</b>
IFRS effects from hedging	-356	48
<b>Consolidated profit</b>	<b>1,002</b>	<b>1,402</b>
Cost-income ratio (before promotional expense) <sup>1)</sup>	47.7%	46.4%

<sup>1)</sup> Administrative expense (before promotional expense) in relation to adjusted income. Adjusted income is calculated as the sum of Net interest income and Net commission income (in each case before promotional expense).

## Key figures of the statement of financial position

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in billions</b>	<b>EUR in billions</b>
Total assets	540.7	545.4
Volume of lending	580.5	593.5
Volume of business	706.4	713.3
Equity	40.6	39.6
Equity ratio	7.5%	7.3%

## Key regulatory figures

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in billions</b>	<b>EUR in billions</b>
Risk position	140.3	126.2
Tier 1 capital	38.9	38.1
Regulatory capital	38.9	38.2
Tier 1 capital ratio	27.7%	30.2%
Total capital ratio	27.7%	30.3%

## Employees of KfW Group<sup>1)</sup>

	<b>2025</b>	<b>2024</b>
	8,699	8,493

<sup>1)</sup> Average number of employees during the financial year, without interns. Employees who are on parental leave are not included in the active workforce. The prior-year figure has not been adjusted due to immateriality.

# Contents

<b>Letter from the Executive Board</b>	<b>6</b>
<b>Management of KfW Group</b>	<b>12</b>
<b>Report of the Board of Supervisory Directors</b>	<b>13</b>
<b>Members and tasks of the Board of Supervisory Directors</b>	<b>17</b>
<b>Corporate Governance Report</b>	<b>20</b>
<b>Combined non-financial report</b>	<b>27</b>
General information	30
Environmental information	67
Social information	99
Governance information	140
Independent auditor's assurance report	143
<b>Combined management report</b>	<b>147</b>
Basic information on KfW Group	149
Economic report	158
Risk report	172
Forecast and opportunity report	200
Notes to the KfW annual financial statements prepared in accordance with the German Commercial Code	208
Declaration of compliance	215
Non-financial statements of KfW Group	215
<b>Consolidated financial statements</b>	<b>216</b>
Consolidated statement of comprehensive income	219
Consolidated statement of financial position	220
Consolidated statement of changes in equity	221
Consolidated statement of cash flows	222
Consolidated notes	224
<b>Attestations</b>	<b>327</b>
Responsibility statement	328
Independent auditor's report	329

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.



Stefan B. Wintels, Chief Executive Officer

# Letter from the Executive Board

Dear readers,

KfW had a particularly successful 2025 in several respects. At the heart of our domestic activities was the clear goal of strengthening the competitiveness of the German economy in the long term.



Melanie Kehr

To this end, we have specifically initiated investments in key future areas and intensified our efforts to mobilise large-scale private capital to meet the enormous investment needs for modernising our country. Together with the German Federal Government, our partners from the credit industry, associations and other relevant players, we were able to achieve important milestones on the way to this goal. The WIN (*Wachstums- und Innovationskapital für Deutschland*) initiative, coordinated by KfW and launched in September 2024 to promote start-ups, innovation, and venture capital, has already implemented or made a significant contribution to advancing numerous projects.

The second capital market conference on the energy transition also proved to be an impetus; not only saw it a significant increase in the number of participants, but also provided KfW and its partners with decisive incentives for future work. The Germany Fund, whose first building blocks were launched in December, also made significant progress. This new instrument marks a paradigm shift: away from sector-based, linear promotional structures towards capital market-oriented financing of key fields of the future.

We will build on these successes to further strengthen the international competitiveness and innovative capacity of Germany.

KfW also posted an excellent year for business in 2025. The group's new business volume reached EUR 98 billion; the core business alone accounted for EUR 96.9 billion – the second-highest figure in KfW's history. Around two thirds of new business, i.e. EUR 62 billion, was used for loans to private households, companies and municipalities in Germany. KfW made a special contribution in the area of housing: more than 750,000 housing units were promoted – an impressive 68% increase compared to the previous year.

In the SME Bank business sector, new commitments almost doubled to a total of EUR 23.5 billion. Commitments to new businesses and investments, as well as to innovation and digitalisation saw particularly strong growth. KfW is also heavily involved in climate action and renewable energies.

Our subsidiary KfW Capital, which is active in the venture capital segment, committed financing amounting to around EUR 748 million. The decline compared to the previous year is mainly due to one-off commitments for two facilities made in 2024 on behalf of the Federal Government as part of the Future Fund. Adjusted for these one-off commitments, KfW Capital even recorded an increase of 13.5% for 2025. Since it was founded in 2018, KfW Capital has directly co-financed more than 150 venture capital funds, which means it has indirectly co-financed more than 2,900 start-ups.



Bernd Loewen



Christiane Laibach

### Actively overcoming global challenges

KfW's international activities are marked by its prominent role in supporting European and German companies on global markets, creating market access, securing resource-efficient supply chains and promoting stable partnerships. With a total business volume of over EUR 36 billion in its international business areas, KfW has achieved a new record figure, which underscores its global responsibility. KfW IPEX-Bank continued its success story and expanded new business to EUR 24.2 billion, primarily through strong projects in the energy, mobility and infrastructure sectors. In this way, it supports the German and European export industries, which benefit from resilient supply relationships and innovative large-scale projects.

KfW Development Bank is firmly committed to promoting geostrategic infrastructure, more stable global supply chains and consistent climate and environmental action. At the same time, it does not leave its partner countries alone - especially in tense financing situations. With new commitments amounting to EUR 10 billion, two thirds of which are for climate projects, it emphasises its role in the global transformation and stresses the importance of European and German interests.

DEG focuses on promoting private investments in developing countries and emerging economies, significantly expanding relevance and impact, while consciously focusing on growth. In 2025, EUR 2.4 billion was provided for private investments, especially with regard to companies linked to Germany. A record level of mobilisation was also achieved through the engagement of international investors.



Dr Stefan Peiß

### **Boosting impact and driving sustainable transformation**

With this international focus, KfW is helping to position Germany and Europe as strong, competitive and reliable players on the international markets and to secure market access for German companies. As a result, it is a partner in sustainable development and remains committed to its self-image as a bank committed to responsibility.

KfW drives innovation not only in its promotional programmes, but also within its own organisation. The use of digital technologies and, in particular, artificial intelligence is being strategically driven forward throughout the group. An interdisciplinary team develops future-proof applications that improve work processes and make customer experiences even more efficient. KfW sees the opportunities offered by digital innovation as an integral part of its ambition to become faster, more effective and more efficient.

### **Satisfying consolidated earnings**

Despite a slight decline compared to the previous year, KfW Group achieved a good economic result of EUR 2.0 billion in financial year 2025, based on strong operational activities and a continued positive but declining valuation result. This enabled a high level of promotional expense of EUR 0.5 billion to be granted, which was slightly below the prior-year figure. Consolidated profit [after IFRS effects] amounted to EUR 1 billion, which is below the prior-year figure of EUR 1.4 billion, but in line with KfW's long-term earnings ambition. Profit before IFRS effects was EUR 1.4 billion and thus once again reached the high level of the previous year. Overall, the earnings position proved to be satisfactory in a challenging environment.

### Risk-bearing capacity remains at a very high level

At the end of 2025, the regulatory equity ratios remained at a very good level with a total capital ratio and a (common equity) tier 1 capital ratio of 27.7%, and thus significantly above the bank's overall capital requirement. This means that KfW is well capitalised and has sufficient buffers to mitigate future potential risks and support current and future market initiatives even more strongly.

Compared to the previous year, the ratios fell by around 2.5 percentage points, which is due to the increase in the total risk amount following the implementation of the more capital-intensive CRR III in the first quarter of 2025 (31 December 2024: total capital ratio of 30.3%; tier 1 capital ratio of 30.2%).

### Shaping the future together – living responsibility

In 2025, KfW once again proved that it creates added value at crucial points: for citizens, companies, municipalities and the international role of Germany. With innovative strength and a sense of responsibility, it is shaping the next steps towards a sustainable future. To lead Germany on a stable and sustainable growth path, KfW has set clear priorities: investing in people and municipalities, promoting the innovative capacity of companies, and actively shaping Germany's role in the world. These areas are interlinked, as a resilient energy supply, affordable and climate-friendly housing, innovative business models, and a strong international presence are the foundations for the future success of our country.



**Stefan B. Wintels**  
(Chief Executive Officer)



**Melanie Kehr**



**Christiane Laibach**



**Bernd Loewen**



**Dr Stefan Peiß**

# Management of KfW Group

## Executive Board

**Stefan B. Wintels** (Chief Executive Officer)  
**Katharina Herrmann** (until 30/04/2025)  
**Melanie Kehr**

**Christiane Laibach**  
**Bernd Loewen**  
**Dr Stefan Peiß** (CRO)

## General Manager

**Dr Susanne Maurenbrecher** (since 01/10/2025)

## Directors at KfW Group

**Tim Armbruster**  
**Richard Arnold** (from 01/03/2025 to 31/03/2025)  
**Dr Anke Brenken**  
**Jörg Brombach**  
**Cecilia Fernández de Córdova Carvajal**  
(until 31/03/2025)  
**Dr Thomas Duve** (until 31/12/2025)  
**Dr Lutz-Christian Funke**  
**Dr Karsten Hardraht**  
**Dr Carsten Heineke**  
**Dr Andrea Hauser**  
**Christoph Johnscher** (since 01/04/2025)  
**Detlev Kalischer** (until 31/03/2025)  
**Verena Köttker**  
**Christian Krämer**

**Dr Stephan Lauer**  
**Dr Susanne Maurenbrecher** (until 30/09/2025)  
**Jörg Menzel**  
**Stephan Opitz**  
**Gaetano Panno**  
**Wolfgang Reuß**  
**Ingo Schumann**  
**Matthias Schwenk**  
**Mirko Sedlacek**  
**Dr Annette Sölter**  
**Birgit Spors** (until 30/06/2025)  
**Dr Dominik Steinkühler** (since 01/09/2025)  
**Robert Szwedo**  
**Marta Lambert Vinos** (since 01/04/2025)  
**Eva Witt**

## Members of the Management Board of KfW IPEX-Bank GmbH

**Belgin Rudack** (CEO)  
**Dr Velibor Marjanovic**  
**Claudia Schneider** (CRO)  
**Aida Welker**

KfW IPEX-Bank is responsible for the export and project finance business sector. Since the beginning of 2008, it has been a legally independent subsidiary of KfW which is subject to the German Banking Act (*Kreditwesengesetz – “KWG”*) and banking supervisory regulations.

## Members of the Management Board of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

**Roland Siller** (CEO)  
**Monika Beck**  
**Joachim Schumacher**

DEG was founded in 1962 and has been a wholly-owned subsidiary of KfW Group since 2001. DEG is one of the largest European development finance institutions for long-term project and corporate financing. It has been financing and structuring investments by private companies in developing and emerging market countries for more than 60 years.

## Members of the Management Board of KfW Capital GmbH & Co. KG

**Dr Jörg Goschin**  
**Alexander Thees**

KfW Capital has been on the market as a venture capital fund investor since 2018. As a wholly-owned subsidiary of KfW, it invests in VC funds with support of the German Federal Government, which in turn finance start-ups and innovative technology companies in Germany. KfW Capital is also investing directly in start-ups through co-investments with VC funds.

# Report of the Board of Supervisory Directors

## Meetings of the Board of Supervisory Directors

The Board of Supervisory Directors and its committees constantly monitored the conduct of KfW's business activities and the management of its assets. It has taken the necessary decisions on the provision of financing and the conduct of other business in accordance with the conditions set forth in the KfW Law and Bylaws. The Board of Supervisory Directors, the Presidial and Nomination Committee and the Remuneration Committee each met three times in 2025 for this purpose; the Audit Committee met twice and the Risk and Credit Committee seven times.



Katherina Reiche,  
Federal Minister for Economic Affairs and Energy

At the meetings, the Board of Supervisory Directors acknowledged the information provided by the Executive Board on:

- KfW's 2024 annual and consolidated financial statements;
- the business activities and current developments in each of KfW's business sectors, including KfW IPEX-Bank, DEG and KfW Capital;
- the group's net assets, its general financial, earnings and risk position, and on sensitive risk areas in particular;
- banking supervisory issues relating to KfW, current consultations with the banking supervisory authorities, compliance with regulatory capital requirements, audits completed and ongoing and the resulting measures, as well as potential effects of future regulatory changes.

In addition, the Board of Supervisory Directors addressed the following key issues based on the reports submitted by the Executive Board on the individual business sectors:

- **Domestic** corporate finance was characterised by a dynamic increase in commitments due to the change in the EU reference rate. Promotion was increasingly focused on improving the competitiveness and resilience of companies located in Germany, in particular with the launch of the Germany Fund (*"Deutschlandfonds"*), created in conjunction with the Federal Ministry of Finance (BMF) and the Federal Ministry for Economic Affairs and Energy. The promotional offerings in the security and defence sector were also discussed. A further focal point of domestic promotion was digital education in collaboration with the newly established TUMO centres.
- As regards activities in the **promotion of developing countries and emerging economies**, the Board of Supervisory Directors discussed the strategy realignment of Financial Cooperation, in which KfW will be placing greater emphasis on German interests.
- The international Export and project finance business sector continued to focus on supporting German investors, as well as on KfW IPEX-Bank's submission to supervision by the ECB effective since 1 January 2025.

The Board of Supervisory Directors was informed at the meetings as well as, in writing, quarterly, of the group's net assets, financial and earnings position, its risk situation, the development of its promotional business, and Internal Auditing's activity. The Executive Board also kept the Chair of the Board of Supervisory Directors and his deputy informed of key developments at the bank between meetings.

The Board of Supervisory Directors discussed key aspects of the business strategy and approved the planning for 2026. It acknowledged the multi-year business strategy, the risk strategy, the new digital operational resilience (“DOR”) strategy, and the IT strategies for the group.

Each member of the Board of Supervisory Directors is obliged to inform the Chair of the Board of Supervisory Directors or the relevant committee about potential conflicts of interest before a resolution is made. A total of 14 cases of potential or actual conflicts of interest arose in the Risk and Credit Committee during the reporting period; this resulted in 15 cases of abstaining from voting or refraining from participating in resolutions.

Five members of the Board of Supervisory Directors attended fewer than half of the board meetings in the reporting year, and one member of the Presidial and Nomination Committee. Two members, respectively, were absent from more than half of the meetings of the Remuneration Committee, of the Risk and Credit Committee and of the Audit Committee.

Members of the Board of Supervisory Directors attended six training events and eleven individual training sessions in 2025 to gain and maintain the expertise required in accordance with the German Banking Act.

### Committees of the Board of Supervisory Directors

In exercising its responsibilities prescribed in the bylaws, the **Presidial and Nomination Committee** discussed Executive Board matters. For instance, the committee addressed Katharina Herrmann’s resignation from the Executive Board and resolved a corresponding change in the distribution of responsibilities in connection with Melanie Kehr’s assumption of responsibility for domestic promotion. The Presidial and Nomination Committee was also informed about the appointment of Dr Susanne Maurenbrecher as managing director of KfW. The committee addressed the remuneration system for the Executive Board and approved the adjustment of Executive Board remuneration at the recommendation of the Remuneration Committee. In addition, the Presidial and Nomination Committee specified the orientation of KfW’s basic business policy in line with the strategic guidelines for 2026. It conducted the regular evaluation of the KfW bodies, discussed the promotion of representation of the underrepresented gender on the Board of Supervisory Directors, assessed the professional qualifications and composition of its members and made corresponding recommendations to the Board of Supervisory Directors. The Presidial and Nomination Committee regularly discussed the issue of dealing with potential conflicts of interest at Executive Board and Board of Supervisory Directors level. In addition, it was informed on matters including banking supervision issues, scaling and mobilisation (cases) at DEG, legal disputes and KfW Stiftung.

The **Remuneration Committee** dealt with the remuneration system for the Executive Board, the adjustment of Executive Board remuneration and an HR matter in the Executive Board of KfW. The Remuneration Committee was informed via reports in accordance with the Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung – “IVV”*) of matters including the annual risk analysis to identify risk takers. As part of this risk analysis, KfW, both as an individual institution and at group level, has to identify staff members whose work could have a material impact on the risk profile of the institution/the group. The Remuneration Committee also discussed the group-wide remuneration strategy and the assessment base for variable employee remuneration.

The **Risk and Credit Committee** reviewed, among other matters, the commitments, equity investments and intra-entity loans that must be presented to it under the KfW Law and KfW Bylaws, as well as the scope of borrowings required by KfW for its funding and the related swap transactions necessary for hedging. It discussed the risk situation, the effectiveness of the risk management system, and the adequacy of reporting on strategy and risk.

It also dealt with KfW’s exposure in various countries, regions and sectors, the development and assessment of political risks in relevant areas of activity, measures to further develop the risk culture, stress testing and market price risks, the risk profile of financing in certain sectors and the remuneration system, with a particular focus on the IVV.

The effects of current geopolitical developments on KfW were also addressed, such as the situation in the Middle East and the impact of US trade policy. Further topics included KfW’s foreign portfolio, minimisation of country risks, (climate) stress scenarios – including flood risks – and dealing with information security risks.

The committee also regularly discussed supervisory matters following KfW IPEX-Bank's change to ECB supervision as of 1 January 2025. The development of the cruise ship portfolio and KfW's contribution to the transformation in Germany and Europe were discussed as well, and lastly, the committee debated the risk strategy for 2026, including capital planning for the next few financial years, and the new DOR strategy for 2026.

The **Audit Committee** addressed the accounting process, KfW's net assets, financial and earnings position, the reports by Internal Auditing and Compliance and the 2024 annual financial statements of KfW Group. It made corresponding recommendations to the Board of Supervisory Directors for the approval of the 2024 annual financial statements and the appointment of the auditor for 2026 and adopted a resolution on the tender and conclusion of a framework agreement for the audit for financial years 2027 to 2030, with an option to extend until 2031. Based on information supplied by the Executive Board, it discussed the efficiency of the risk management system, the internal control system ("ICS") and the internal audit system. In addition, it addressed auditor independence and audit quality, determined focal points of the 2025 financial statements audit and discussed the initial results of the 2025 financial statements audit (audit report part I). The committee approved the audit plan of the Internal Auditing department for 2026. It monitored banking supervisory issues and closely reviewed the banking supervisory assessments, along with the resulting measures and projects to remedy the findings, and the combined non-financial report for 2024 (in accordance with the ESRS). Lastly, the committee dealt with current developments in IT.

The committee chairpersons reported to the Board of Supervisory Directors regularly on the work of the committees.

### Changes on the boards

Katharina Herrmann stepped down from the KfW Executive Board at her own request with effect from 30 April 2025. The Board of Supervisory Directors would like to thank her for her commitment to the role. Dr Susanne Maurenbrecher was appointed managing director with effect from 1 October 2025.

In accordance with Article 7 (1) no. 1 of the KfW Law, in my capacity as Federal Minister for Economic Affairs and Energy, I assumed the position of Chair of the Board of Supervisory Directors for 2026 from my colleague Lars Klingbeil, Federal Minister of Finance.

Thomas Bareiß, Minister Dr Danyal Bayaz, Gero Bergmann, State Minister Prof. Dr R. Alexander Lorz, Dr Jan-Marco Luczak, Dirk Salewski, State Secretary Martin Schöffel and Karolin Schriever joined the Board of Supervisory Directors on 1 January 2026. Dr Jörg Kukies, Dr Robert Habeck, Annalena Baerbock, Steffi Lemke, Cem Özdemir, Svenja Schulze and Dr Volker Wissing stepped down from the Board of Supervisory Directors effective 6 May 2025. Lars Klingbeil, Katherina Reiche, Reem Alabali-Radovan, Alois Rainer, Carsten Schneider, Patrick Schnieder and Dr Johann Wadephul joined the Board of Supervisory Directors with effect from 6 May 2025. Other members to step down were Ulrich Lange as of 15 May 2025, Verena Hubertz as of 21 May 2025 and, as of 31 December 2025, Prof. Dr Ulrich Reuter, along with Volker Bouffier, Minister Gerald Heere, Harald Hübner, Dr Bettina Orlopp and Dr Kai H. Warnecke.

The following members stepped down with effect from 31 December 2025 and were reappointed according to schedule: Olav Gutting, Minister Dr Marcus Optendrenk, Daniel Quinten, Dr Thorsten Rudolph and Joachim Rukwied.

The Board of Supervisory Directors would like to thank all the members who stepped down for their work.

### Annual financial statements

Deloitte GmbH, which was appointed auditor for financial year 2025, has audited the annual financial statements, consolidated financial statements and the combined management report, all of which were prepared as of 31 December 2025 by the Executive Board, and issued an unqualified auditor's report thereon. The annual financial statements of KfW were prepared in accordance with the provisions of the German Commercial Code (HGB), and the consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable within the European Union.

At its meeting on 26 March 2026, the Board of Supervisory Directors approved the financial statements and the consolidated financial statements, both of which were prepared by the Executive Board, as stipulated in Article 9 (2) of the KfW Law, following a recommendation by the Audit Committee.

Frankfurt am Main, 26 March 2026

The Board of Supervisory Directors

A handwritten signature in blue ink, appearing to read 'J. K. ...', is positioned above the title 'Chair'.

Chair

# Members and tasks of the Board of Supervisory Directors

The Board of Supervisory Directors supervises the conduct of KfW's business and the administration of its assets. It approves, among other things, the annual financial statements. The Board of Supervisory Directors consists of 37 members. In the year under review, the Chair was held by the Federal Minister of Finance, the Deputy Chair by the Federal Minister for Economic Affairs and Climate Action, and by the succeeding Federal Minister for Economic Affairs and Energy.

## **Dr Jörg Kukies**

Federal Minister of Finance  
Chair  
(1 January 2025 – 6 May 2025)

## **Lars Klingbeil**

Federal Minister of Finance  
Chair  
(6 May 2025 – 31 December 2025)  
Deputy Chair  
(since 1 January 2026)

## **Dr Robert Habeck**

Federal Minister for Economic Affairs  
and Climate Action  
Deputy Chair  
(1 January 2025 – 6 May 2025)

## **Katherina Reiche**

Federal Minister for Economic Affairs and Energy  
Deputy Chair  
(6 May 2025 – 31 December 2025)  
Chair  
(since 1 January 2026)

## **Reem Alabali-Radovan**

Federal Minister for Economic Cooperation  
and Development  
(since 6 May 2025)

## **Annalena Baerbock**

Federal Foreign Minister  
(until 6 May 2025)

## **Thomas Bareiß**

Member of the German Bundestag  
Member appointed by the German Bundestag  
(since 1 January 2026)

## **Dr Danyal Bayaz**

Minister of Finance of the State  
of Baden-Württemberg  
Member appointed by the German Bundesrat  
(since 1 January 2026)

## **Katharina Beck**

Member of the German Bundestag  
Member appointed by the German Bundestag

## **Dr André Berghegger**

Managing Director of the German Association of  
Towns and Municipalities  
Representative of municipalities

## **Gero Bergmann**

Member of the Board of Management of BayernLB  
Representative of the mortgage banks  
(since 1 January 2026)

## **Volker Bouffier**

Former Minister President of the State of Hesse  
Member appointed by the German Bundesrat  
(until 31 December 2025)

## **Stefan Evers**

Mayor and Senator for Finance of the State of Berlin  
Member appointed by the German Bundesrat

## **Yasmin Fahimi**

Chair of the German Trade Union Confederation (DGB)  
Representative of trade unions

## **Robert Feiger**

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

## **Dr Heiko Geue**

Minister of Finance of the State  
of Mecklenburg-Vorpommern  
Member appointed by the German Bundesrat

## **Tanja Gönner**

Director General of the Federation of  
German Industries (BDI)  
Representative of industry

### **Olav Gutting**

Member of the German Bundestag  
Member appointed by the German Bundestag

### **Gerald Heere**

Minister of Finance of the State of Lower Saxony  
Member appointed by the German Bundesrat  
(until 31 December 2025)

### **Marion Höllinger**

Member of the Board of Directors of the  
Association of German Banks (BdB)  
Representative of the commercial banks

### **Verena Hubertz**

Member of the German Bundestag  
Member appointed by the German Bundestag  
(until 21 May 2025)

### **Harald Hübner**

Ministerial Director at the Bavarian State Ministry  
of Finance and Regional Identity  
Member appointed by the German Bundesrat  
(until 31 December 2025)

### **Dr Dirk Jandura**

President of the Federation of German Wholesale,  
Foreign Trade and Services (BGA).  
Representative of trade

### **Andrea Kocsis**

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

### **Stefan Körzell**

Member of the Executive Board  
of the German Trade Union Confederation (DGB)  
Representative of trade unions

### **Ulrich Lange**

Member of the German Bundestag  
Member appointed by the German Bundestag  
(until 15 May 2025)

### **Steffi Lemke**

Federal Minister for the Environment,  
Nature Conservation, Nuclear Safety and  
Consumer Protection  
(until 6 May 2025)

### **Prof. Dr R. Alexander Lorz**

State Minister of Finance of the state of Hesse  
Member appointed by the German Bundesrat  
(since 1 January 2026)

### **Dr Jan-Marco Luczak**

Member of the German Bundestag  
Member appointed by the German Bundestag  
(since 1 January 2026)

### **Dr Helena Melnikov**

Chief Executive of the German Chamber  
of Commerce and Industry (DIHK)  
Representative of industry

### **Rainer Neske**

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

### **Dr Marcus Optendrenk**

Minister of Finance of the State  
of North Rhine-Westphalia  
Member appointed by the German Bundesrat

### **Dr Bettina Orlopp**

Chief Executive Officer of Commerzbank AG  
Representative of the mortgage banks  
(until 31 December 2025)

### **Cem Özdemir**

Federal Minister of Food and Agriculture  
(until 6 May 2025)

### **Christian Piwarz**

Saxon State Minister of Finance  
Member appointed by the German Bundesrat

**Daniel Quinten**

Member of the Board of Managing Directors of the National Association of German Cooperative Banks (BVR)  
Representative of the cooperative banks

**Alois Rainer**

Federal Minister of Agriculture, Food and Regional Identity  
(since 6 May 2025)

**Prof. Dr Ulrich Reuter**

President of the German Savings Banks Association (DSGV)  
Representative of the savings banks  
(until 31 December 2025)

**Dr Thorsten Rudolph**

Member of the German Bundestag  
Member appointed by the German Bundestag

**Joachim Rukwied**

President of the German Farmers' Association (DBV)  
Representative of agriculture

**Dirk Salewski**

President of the German Federal Association of Free Real Estate and Housing Companies (BFW)  
Representative of the housing industry  
(since 1 January 2026)

**Frank Schäffler**

Former Member of the German Bundestag  
Member appointed by the German Bundestag

**Jan Wenzel Schmidt**

Member of the German Bundestag  
Member appointed by the German Bundestag

**Carsten Schneider**

Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety  
(since 6 May 2025)

**Patrick Schnieder**

Federal Minister of Transport  
(since 6 May 2025)

**Martin Schöffel**

State Secretary at the Bavarian State Ministry of Finance and for Regional Identity  
Member appointed by the German Bundesrat  
(since 1 January 2026)

**Karolin Schriever**

Executive Member of the Board of the German Savings Banks Association (DSGV)  
Representative of the savings banks  
(since 1 January 2026)

**Svenja Schulze**

Federal Minister for Economic Cooperation and Development  
(until 6 May 2025)

**Holger Schwannecke**

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

**Dr Johann Wadepuhl**

Federal Minister of Foreign Affairs  
(since 6 May 2025)

**Dr Kai H. Warnecke**

President  
Haus & Grund Germany  
Representative of the housing industry  
(until 31 December 2025)

**Dr Volker Wissing**

Federal Minister for Digital and Transport and Federal Minister of Justice  
(until 6 May 2025)

# Corporate Governance Report

As the promotional bank of the Federal Republic of Germany, KfW has committed itself to making responsible and transparent action comprehensible. The Executive Board and the Board of Supervisory Directors of KfW recognise the Public Corporate Governance Code (*Public Corporate Governance Kodex* – “PCGK”) of the Federal Republic of Germany. A declaration of compliance with the recommendations of the PCGK was issued for the first time on 6 April 2011. Since then, any potential deviations have been disclosed and explained on an annual basis.

KfW is a public-law institution under the Law Concerning KfW (KfW Law). The KfW Law sets out KfW’s main structural features. For example, KfW does not have a general shareholders’ meeting. The shareholders are represented on the Board of Supervisory Directors of KfW and exercise control and shareholder functions (e.g. approval of the financial statements and adopting resolutions concerning the KfW Bylaws). The number of members, composition and duties of the Board of Supervisory Directors are set out in the KfW Law. The KfW Law also provides that the Board of Supervisory Directors is subject to legal supervision by the Federal Ministry of Finance in consultation with the Federal Ministry for Economic Affairs and Energy as well as direct control of the Federal Audit Office (*Bundesrechnungshof*). The KfW Law in conjunction with the Regulation concerning key banking supervision standards under the German Banking Act (*Gesetz über das Kreditwesen* – “KWG”) to be declared applicable by analogy to KfW and supervision of compliance to these standards to be assigned to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “BaFin”) (KfW Regulation), dated 20 September 2013 (last amended 27 December 2024), further stipulates that KfW is subject to supervision by BaFin in collaboration with the Bundesbank.

## Declaration of compliance

The Executive Board and Board of Supervisory Directors of KfW hereby declare: “Since the last declaration of compliance issued on 2 April 2025, the recommendations of the PCGK have been and will be fulfilled to the extent applicable to KfW as a public law institution with the exception of the following derogations:

### D&O insurance excess

KfW has taken out D&O insurance for members of the Executive Board and the Board of Supervisory Directors, which – in derogation of clause 4.3.2 of the PCGK – does not include any policy excess.

### Delegation to committees

The KfW Law sets out the size of the Board of Supervisory Directors at 37 members. To ease the work of the Board of Supervisory Directors, committees more specialised in the subject matter and flexible in terms of time are in place, and whose establishment is prescribed by law. In some cases, the committees not only prepare the decisions of the Board of Supervisory Directors but also – in derogation of clause 6.1.7 of the PCGK – make final decisions. This is done for reasons of practicality and efficiency. Pursuant to the KfW Bylaws, the Presidial and Nomination Committee and the Risk and Credit Committee have final decision-making authority. More details are provided in the Board of Supervisory Directors section under the descriptions of the respective committees.

In derogation of clause 5.4.3 of the PCGK, the Chair of the Presidial and Nomination Committee accepts information on Executive Board member conflicts of interest, in lieu of the Board of Supervisory Directors. Moreover, the Chair of the Presidial and Nomination Committee approves secondary employment of Executive Board members instead of the Chair of the Board of Supervisory Directors, in derogation of clause 5.4.4 of the PCGK.

### Meetings of the supervisory body

In accordance with section 1 (1) sentence 2 of the rules of procedure of the Board of Supervisory Directors and its committees, the KfW Board of Supervisory Directors holds at least three instead of four meetings per calendar year, in derogation of clause 6.5 of the PCGK. This meeting frequency has proven to be successful in the past, was agreed with the legal supervisor and continues to be deemed appropriate. Due to the statutory size of the Board of Supervisory Directors and delegation of duties to the committees created, some of which involve final decision-making, three meetings per calendar year are deemed sufficient.

### Cooperation between Executive Board and Board of Supervisory Directors

The Executive Board and Board of Supervisory Directors work closely together for the benefit of KfW. The Executive Board maintains regular contact with the Chair and Deputy Chair of the Board of Supervisory Directors and discusses important issues concerning the management of the bank and strategy with them. The Chair of the Board of Supervisory Directors informs the Board of Supervisory Directors of serious issues and, if necessary, convenes an extraordinary meeting.

During the reporting year, the Executive Board informed the Board of Supervisory Directors about all relevant matters regarding the bank's strategies, planning, development of business, profitability, risk situation, risk management, compliance, remuneration strategy, IT strategy, financial position, sustainable corporate governance and its implementation and results including relevant information on the group companies, transactions of particular importance to the profitability or liquidity of the company and changes in the economic environment significant to the company.

### Executive Board

The Executive Board is responsible for managing the activities of KfW pursuant to the KfW Law, the KfW Regulation, the KfW Bylaws and the procedural rules for the Executive Board of KfW. A schedule of responsibilities stipulates business responsibilities within the Executive Board. The Executive Board requires the prior approval of the Presidial and Nomination Committee regarding significant changes to responsibilities within the Executive Board.

Responsibilities were distributed as follows with effect from 1 January 2025 until 1 April 2025:

- Stefan Wintels – Chief Executive Officer, General Secretariat, Group Communications and Brand Management, Group Development and Economics, Legal, Internal Auditing, Financial Markets, and Chief Sustainability Officer of KfW;
- Katharina Herrmann – Digital Sales & Customer Services, Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*), Mittelstandsbank & Privatkunden (*SME Bank & Private Clients*) and KfW Capital;
- Melanie Kehr – Information Technology 1 and 2, Transaction Management, and Operations;
- Christiane Laibach – KfW Development Bank, DEG, and Export and project finance (KfW IPEX-Bank);
- Bernd Loewen – Finance, Organisation and Consulting, Human Resources, and Central Services;
- Dr Stefan Peiß – Risk Controlling, Credit Risk Management, and Compliance.

The following changes were made in the distribution of responsibilities effective 1 April 2025, which were applicable until the end of 2025:

- Dr Stefan Peiß – Risk Controlling, Credit Risk Management, and Compliance, took additional responsibility for the newly established Non-Financial Risks department effective 1 April 2025;
- Katharina Herrmann stepped down from her position as Executive Board Member responsible for KfW's domestic business effective 1 May 2025;
- Stefan Wintels – Chief Executive Officer, General Secretariat, Group Communications and Brand Management, Group Development and Economics, Legal, Internal Auditing, Financial Markets, and Chief Sustainability Officer of KfW took additional responsibility for KfW Capital with effect from 1 May 2025;

- Melanie Kehr – Information Technology 1 and 2, and Operations, took additional responsibility for Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*), Mittelstandsbank & Privatkunden (*SME Bank & Private Clients*), and Digital Sales and Customer Services with effect from 1 May 2025. The Digital Sales and Customer Services department was integrated into Mittelstandsbank & Privatkunden (*SME Bank & Private Clients*) with effect from 1 July 2025;
- Bernd Loewen – Finance, Organisation and Consulting, Human Resources, and Central Services, took additional responsibility for Transaction Management with effect from 1 May 2025;
- There were no changes to Christiane Laibach’s responsibilities after 1 April 2025.

Executive Board members are obliged to act in the best interests of KfW, may not consider personal interests in their decisions, and are subject to a comprehensive non-competition clause during their employment with KfW. Executive Board members must inform their Board colleagues of any conflicts of interests prior to adopting resolutions and disclose them to the Chair of the Presidial and Nomination Committee without delay.

As of 31 December 2025, the proportion of women on the Executive Board was 40%, and the proportion of women in senior management (i.e. the two management levels below the Executive Board) was 39%.

### Board of Supervisory Directors

The Board of Supervisory Directors supervises and advises the Executive Board in the management of the bank.

In accordance with the KfW Law, the Board of Supervisory Directors consists of 37 members. In accordance with the law, seven Federal Ministers are members of the Board of Supervisory Directors. In addition, the German Bundestag and Bundesrat appoint seven members each. The remaining members of the Board of Supervisory Directors are appointed by the Federal Government after consultation with stakeholder groups. The Federal Minister of Finance and the Federal Minister for Economic Affairs and Energy alternate on a yearly basis as Chair of the Board of Supervisory Directors. The Chair of the Board of Supervisory Directors in the reporting year was Federal Minister Dr Jörg Kukies (BMF) from 1 January 2025 until 6 May 2025, and Federal Minister Lars Klingbeil (BMF) from 6 May 2025 to 31 December 2025. There were nine female members on the Board of Supervisory Directors as of 31 December 2025 (25.7%).

No member of the Board of Supervisory Directors may have business or private dealings with KfW or its Executive Board members that are based on a substantial and more than temporary conflict of interests. Each member of the Board of Supervisory Directors informs the Chair of the Board of Supervisory Directors or of the relevant committee of conflicts of interest before a resolution is adopted.

Five members of the Board of Supervisory Directors attended fewer than half of the board meetings in the reporting year.

### Committees of the Board of Supervisory Directors

The Board of Supervisory Directors has created four committees in accordance with Section 25d (7) KWG in order to increase efficiency in performance of its duties. They are listed below with their primary responsibilities, stipulated in the KfW Bylaws.

The **Presidial and Nomination Committee** is responsible for all business and corporate policy matters, as well as all legal and administrative matters. It approves important administrative matters of the Executive Board and legal matters of the Chair of the Board of Supervisory Directors with Executive Board members and makes urgent decisions on pressing matters within its scope of responsibility. The Presidial and Nomination Committee is also responsible for handling nominations. It draws up job descriptions with candidate profiles

for Executive Board positions, identifies candidates, and proposes appointments to the Board of Supervisory Directors. It draws up job descriptions with candidate profiles for positions on the Board of Supervisory Directors, and can support the government bodies which make the appointments in selecting the individuals. It also ensures with the Executive Board that long-term succession planning is in place for the latter. The Presidial and Nomination Committee's tasks also include advising and adopting resolutions on the remuneration system for the Executive Board, including in respect of contract components and their regular review, notwithstanding the tasks of the Remuneration Committee. The Board of Supervisory Directors, on the other hand, decides on the basic structure of the Executive Board remuneration system. The Presidial and Nomination Committee regularly, at least once a year, assesses the structure, size, composition and performance of the Executive Board and Board of Supervisory Directors and makes recommendations to the Board of Supervisory Directors. It also regularly, at least once a year, assesses the knowledge, skills and experience of the individual members of the Executive Board and Board of Supervisory Directors and of each body as a whole. It sets objectives for promotion of representation of the underrepresented gender on the Board of Supervisory Directors, develops a strategy to achieve them, and reviews the rules for selecting and appointing individuals to KfW senior management, providing recommendations to the Executive Board in this regard.

The **Remuneration Committee** deals with remuneration matters. It deals in particular with the appropriate structure of the remuneration system for the KfW Executive Board and employees and advises the Presidial and Nomination Committee on remuneration of the Executive Board members. It also monitors the proper involvement of the internal control and all other areas of relevance in structuring the remuneration systems.

The **Risk and Credit Committee** is responsible for advising the Board of Supervisory Directors on risk issues, such as, in particular, the group's overall risk tolerance and strategy. It examines whether the incentives offered by the remuneration system take into account KfW's risk, capital and liquidity structure as well as the probability and due dates of income. The Risk and Credit Committee is also responsible for handling credit matters, loans and financial guarantees without collateral, and approval of funding through the issue of bonds or taking out loans in foreign currencies and via KfW swap transactions, in some cases making final decisions, i.e. without involving the Board of Supervisory Directors. It is standard procedure at banks for the final decision in such matters to be taken by a committee. It serves to accelerate and bundle expertise in the committee.

The **Audit Committee** is responsible for accounting and risk management issues. In particular, it deals with monitoring the accounting process, the effectiveness of the internal controlling system, the internal audit system and risk management system, auditing the annual and consolidated financial statements, the required independence of the auditor, the quality of the audit, determining the focal points of the audit, and monitoring the prompt elimination by the Executive Board of any deficiencies found by the auditor, Internal Auditing or financial regulators. The Audit Committee makes recommendations to the Board of Supervisory Directors concerning its approval of the annual and consolidated financial statements.

The chairs of the committees report to the Board of Supervisory Directors on a regular basis.

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 KfW's website.

## Shareholders

The Federal Government owns 80% of KfW's share capital, the German federal states 20%. In accordance with Article 1a of the KfW Law, the Federal Republic of Germany is liable for certain of KfW's liabilities. There is no profit distribution. The KfW Law does not require a general shareholders' meeting; the Board of Supervisory Directors performs the function of a general shareholders' meeting.

## Supervision

In accordance with Article 12 of the KfW Law, KfW is subject to legal supervision by the Federal Ministry of Finance in consultation with the Federal Ministry for Economic Affairs and Energy. The supervising authority has the power to take all measures necessary to ensure that KfW operates its business activities in accordance with the law, the KfW Bylaws and other rules and regulations.

KfW is not considered a credit institution within the meaning of Section 2 (1) no. 2 KWG. The KfW Regulation dated 20 September 2013 (last amended 27 December 2024), however, declares central banking supervision regulations henceforth applicable by analogy to KfW, and subjects KfW to supervision by BaFin in collaboration with the Bundesbank regarding KfW's compliance with these regulations.

The group companies KfW IPEX-Bank and DEG are, on the other hand, credit institutions within the meaning of the KWG. KfW IPEX-Bank is subject to the provisions of the KWG in full, while DEG is subject to it with certain restrictions only. The group company KfW Capital is a medium-sized investment firm and subject in particular to the relevant regulatory requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz – "WpHG"*) and the Investment Firm Act (*Wertpapierinstitutsgesetz – "WpIG"*).

## Transparency

KfW provides all important information about the bank's annual and consolidated financial statements, the quarterly and semi-annual reports and the financial calendar on its website. Investor relations activities and corporate communications also involve regular announcements on the latest company developments. The annual corporate governance reports of KfW and, in particular, of the group companies KfW IPEX-Bank, KfW Capital and DEG including the declaration of compliance with the PCGK, are always available on KfW's website.

## Risk management

Risk management and risk control are primary responsibilities of overall bank management at KfW. In its risk strategy, the Executive Board defines the framework for the bank's business activities regarding risk tolerance and risk-bearing capacity. This ensures that KfW fulfils its particular responsibilities with an appropriate risk profile effectively and for the long term. The bank's overall risk situation is subject to comprehensive analysis in monthly risk reports to the Executive Board. The Board of Supervisory Directors regularly receives detailed information on the bank's risk situation, at least once a quarter.

## Compliance

Compliance at KfW includes, in particular, measures for data protection, securities compliance, financial sanctions, for the prevention of money laundering, terrorist financing and other criminal activities and to achieve adequate information security. There are therefore binding rules and procedures that influence the day-to-day implementation of values and the corporate culture and are continually updated to reflect current law as well as market requirements. Compliance's responsibilities also include collaboration with financial regulators BaFin and Bundesbank as well as the central function for compliance in accordance with the minimum requirements for risk management. Regular training sessions on all compliance issues are held for KfW's employees. E-learning programmes are available in addition to classroom seminars.

### **Accounting and auditing**

As the supervisory authority, the Federal Ministry of Finance in consultation with the Federal Audit Office appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft as auditor for financial year 2025 on 5 June 2024. The appointment was based on the proposal made by KfW's Board of Supervisory Directors on 21 March 2024. The Audit Committee prepared the recommendation. The bank and the auditor agreed that the Chair of the Audit Committee would be informed without delay of any findings and incidents discovered during the audit that are significant to the duties of the Board of Supervisory Directors. It was furthermore agreed that the auditor would inform the Audit Committee Chair and remark in the auditor's report if it noticed any facts in performing the audit that constitute misstatements in the declaration of compliance with the PCGK. The audit engagement also included verification that the declaration of compliance with the PCGK was submitted and published in the Corporate Governance Report (clause 8.2.5).

### **Efficiency review of the Board of Supervisory Directors**

Since Section 25d (11) KWG became applicable as of 1 July 2014, the Presidial and Nomination Committee has been required to evaluate the efficiency of both the Board of Supervisory Directors and the Executive Board on an annual basis. Both evaluations are performed on a yearly basis, most recently in June 2025.

### **Sustainability/sustainability report/fair taxation**

As a digital transformation and promotional bank, KfW pursues sustainable corporate governance in line with Germany's National Sustainable Development Strategy and thereby contributes to achieving the UN Sustainable Development Goals and to fulfilling the Paris Agreement on climate change and the Kunming-Montreal Global Biodiversity Framework. KfW's comprehensive sustainable finance concept involves consideration of environmental, economic and social sustainability in its financing decisions. The main features of the concept are the expansion of impact management (gradual recording and monitoring the promotional impact of our financing), sectoral management in line with the Paris climate targets, greenhouse gas accounting to ensure the 1.5°C compatibility of financing activities, and greater consideration of ESG risk factors in KfW's risk management. Moreover, KfW is currently implementing the "bioSFer" project. The overarching objective of the project is to develop a group-wide biodiversity strategy and thereby to expand the existing sustainable finance concept.

KfW Group is delivering its sustainability reporting for financial year 2025 in the form of a sustainability statement within the meaning of the Sustainability Reporting Standards ("ESRS") and has prepared it as a "Combined non-financial report" in accordance with the provisions of the ESRS, with the exception of ESRS 1.110, as the sustainability statement is not integrated into the "Combined management report" of KfW Group. The ESRS was therefore partially applied. The Combined non-financial report will be part of the financial report of KfW Group for financial year 2025. KfW Group has exercised the option under Article 7 (9) of Commission Delegated Regulation (EU) 2021/2178, as amended, not to report in accordance with Article 8 of the EU Taxonomy Regulation for the financial year 2025.

Sustainability matters not identified as material for reporting in accordance with ESRS, but reported until 2023 in accordance with the international Global Reporting Initiative, the German Commercial Code and the Task Force on Climate-related Financial Disclosures, will be published in the course of 2026 for financial year 2025 as "Additional information on KfW Group's commitment to sustainability", as in the previous year.

As a state-owned promotional bank, KfW is subject to a specific fiscal regime and is exempt from income taxes. In contrast to KfW itself and DEG, KfW's other subsidiaries are fully or partially subject to income tax. Full compliance with all national and international tax laws is part of sustainable corporate governance at KfW and is set out in the bank's tax mission statement and code of conduct. KfW Group does not develop or

support any tax models aimed exclusively at achieving tax advantages or reductions. In particular, KfW Group does not use or support any artificial tax schemes. It engages in open, transparent and cooperative interaction with domestic and foreign tax authorities.

### **Diversity and equal opportunities/inclusion**

Diversity and equal opportunities are a matter of course for KfW. Discrimination based on nationality, ethnic origin, gender, religion, fundamental beliefs, disability, age or sexual orientation is prohibited. This is set out in KfW's Code of Conduct, as well as in the binding targets for a balanced proportion of men and women at all management levels in KfW's Equal Opportunities Plan. KfW is a signatory to the Diversity Charter, and implements it through a variety of internal and external measures.

KfW includes people with disabilities in line with the UN Convention on the Rights of Persons with Disabilities. KfW has embedded the convention's goals in its Inclusion Agreement, which it concluded with the general representative for those with severe disabilities for KfW and KfW's General Staff Council. KfW has set itself a binding target quota of 6% employees with disabilities in relation to its total workforce. This target is accompanied by comprehensive measures to recruit employees with disabilities (e.g. posting job advertisements on target group-specific job platforms, such as myAbility.jobs, cooperating with a number of associations and organisations, as well as with a working group on establishing physical and digital accessibility).

### **Mobile working / work-life balance**

Striking a balance between work and personal life is key to staff remaining healthy and actively employed. This approach forms the basis of KfW's strategically designed, family-friendly personnel policy. KfW helps its employees to balance their work and personal lives as well as possible, each in their own unique way. To this end, it offers them a broad range of part-time working models and established mobile working options.

### **Remuneration / equal pay**

The collective bargaining agreements for the public and private banking sector concluded by the Association of German Public Banks (*Bundesverband Öffentlicher Banken Deutschlands - "VÖB"*) apply to KfW employees subject to collective bargaining, by classification in pay-scale groups. Employment contracts of employees not covered by collective bargaining agreements contain provisions in line with the main working conditions of the VÖB master collective agreement (in particular working hours and leave entitlement), to ensure a coherent remuneration level. KfW supports the policies by means of staff agreements. Similar policies on collective and individual contractual bases are also in place for employees of the other KfW Group companies. KfW is expressly committed to transparent and non-discriminatory remuneration principles and to the same standards for the evaluation process.

All KfW employees are able to assert their right to access information in accordance with Section 10 of the German Transparency of Remuneration Act (*Entgelttransparenzgesetz*). All KfW Group companies have implemented this legislative requirement to the extent applicable.

In awarding contracts for services, KfW also ensures that applicable collective bargaining and statutory provisions on the remuneration of service providers are observed.

Frankfurt am Main, 26 March 2026

**The Executive Board**

**The Board of Supervisory Directors**



# **Combined non-financial report**

<b>General information</b>	<b>30</b>
Basis for preparation of the sustainability report for KfW Group	30
Strategy, business model and value chain	32
KfW Group's value chain	33
Interests and views of stakeholders	34
Integrating sustainability matters into the business strategy	37
Materiality assessment	39
Processes to identify material impacts, risks and opportunities	39
Results of the materiality assessment	44
Business model and strategy in the context of material impacts, risks and opportunities	47
Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy	48
Corporate governance	61
Executive Board and Board of Supervisory Directors of KfW	61
Structure and organisation of sustainability governance	62
Statement on due diligence in sustainability matters	64
Internal controls and risk management relating to sustainability reporting	65
Disclosures on ESG risks	65
<b>Environmental information</b>	<b>67</b>
Overarching environmental targets and actions	67
SDG mapping of KfW's financing activities	67
Expansion of group-wide impact management	70
Environment and climate quota	71
Overarching policies	75
Environmental and Social Appraisal Guidelines	75
Exclusion lists at KfW Group	81
Specific disclosures: Climate and energy	82
Greenhouse gas emissions	83
Targets related to climate and energy	88
Policies related to climate and energy	89
Actions related to climate and energy	91
Disclosures on ESG risks	92
DEG Impact/Climate Commitments	92
Specific disclosures: Pollution	95
Specific disclosures: Biodiversity	95
Actions related to biodiversity	95
Disclosures on biodiversity in policies	96
Disclosures on biodiversity risks	97
Specific disclosures: sustainable transformation	97
Disclosures in accordance with Article 8 of the EU Taxonomy	98

<b>Social information</b>	<b>99</b>
Social matters at KfW Group	99
Social matters in banking operations	101
Diversity and inclusion	102
Remuneration	112
Working conditions	116
Procedures for engaging with own workforce and workers' representatives	120
Social matters in the banking business	122
Value chain workers and affected communities	122
Customers – Consumers and end-users	130
Customers – Corporates	133
Complaints management	134
KfW Group's grievance mechanisms	134
<b>Governance information</b>	<b>140</b>
Compliance strategies at KfW Group	140
Promoting and further developing the corporate culture	140
Strategies relating to aspects of business conduct policies	141
<b>Independent auditor's assurance report</b>	<b>143</b>

# General information

For financial year 2025, KfW Group's sustainability reporting is presented as a sustainability statement within the meaning of the European Sustainability Reporting Standards (ESRS; Commission Delegated Regulation [EU] 2023/2772 as amended). The sustainability statement was prepared in accordance with the ESRS, with exception of ESRS 1.110, as it is not integrated in KfW Group's combined management report. The ESRS is therefore partially applied. Sustainability matters that were classified as non-material for reporting in accordance with the ESRS, but were previously reported in line with the international framework of the Global Reporting Initiative (GRI), the German Commercial Code (*Handelsgesetzbuch – "HGB"*) and the Task Force on Climate-related Financial Disclosures (TCFD), will be published separately during 2026.

The Corporate Sustainability Reporting Directive (CSRD; [EU] 2022/2464 as amended) has not yet been transposed into German law. In accordance with the ESRS, this sustainability statement contains the combined non-financial report of KfW as the parent company and of KfW Group in accordance with Sections 315b and 289b HGB and Section 315c in conjunction with Sections 289c to 289e HGB in line with the consolidated non-financial statement in the combined management report. This report will be referred to in the following as the sustainability report. In a change from financial year 2024, reporting pursuant to Article 8 of the EU Taxonomy Regulation (Regulation [EU] 2020/852 as amended) has been suspended for KfW Group for financial years 2025 and 2026 under the option provided in Article 7 (9) of the Commission Delegated Regulation (EU) 2021/2178 in the version of Commission Delegated Regulation (EU) 2026/73.

## Basis for preparation of the sustainability report for KfW Group

ESRS 2 BP-1, BP-2, MDR-M

In this sustainability report, the information on the sustainability matters of KfW Group is presented in accordance with the scope of consolidation of the consolidated financial statements. Please refer to "Disclosures on shareholdings" in the consolidated financial statements for a presentation of the group of consolidated companies. The group of consolidated companies to be used is reviewed on an annual basis. The sustainability report includes all companies in the consolidated financial statements that were consolidated pursuant to commercial law. Where disclosures in this sustainability report refer to KfW, they relate exclusively to KfW as the parent company. This also applies to the consolidated subsidiaries (e.g. KfW IPEX-Bank, DEG and KfW Capital). Where reference is made to KfW Group, this relates to all subsidiaries included in the consolidated financial statements. Where subsidiaries are mentioned in this sustainability report, they include only those that fall under the scope of consolidation in accordance with commercial law.

Based on Section 289b (2) HGB, this report releases KfW IPEX-Bank from the obligation to include a non-financial statement in its management report in accordance with Section 340a (1a) HGB and Section 267 (3) sentence 1, (4) and (5) HGB. This means that the individual reporting obligation does not apply for KfW IPEX-Bank.

The relevant sections of this sustainability report indicate where the reporting includes information based on other legal provisions or generally accepted standards – for example, the International Finance Corporation (IFC) Performance Standards, the core labour standards of the International Labour Organization (ILO), and the guidelines of the Organisation for Economic Cooperation and Development (OECD). The option to omit specific information regarding intellectual property, know-how or the results of innovation was not used. Nor was use made of the option for exemption from disclosure of impending developments or matters in the course of negotiation.

This sustainability report covers the material impacts, risks and opportunities along KfW Group's upstream and downstream value chain. The value chain is described in the section "KfW Group's value chain". Where discretionary decisions, estimates or assumptions are made within or outside of the value chain, this is indicated at the relevant points.

Quality assurance for this report is carried out in line with the procedure set out in the "Internal controls and risk management relating to sustainability reporting" section of this chapter. No external parties performed quality assurance. Deloitte GmbH Wirtschaftsprüfungsgesellschaft performed an independent

limited assurance engagement. In the event of changes in the preparation of sustainability information compared to the previous reporting period, or if material reporting errors are identified compared to prior reporting periods, this is indicated at the relevant points in the report.

Reporting is based on the following time horizons:

- short-term: corresponds to the period from 1 January to 31 December of the financial year to which this report refers;
- medium-term (pursuant to ESRS 1 77b): from the end of the short-term time horizon, for up to five years;
- long-term (pursuant to ESRS 1 77c): considers impacts over a period of more than five years; and
- long-term (pursuant to ESRS 2 BP-2 9a): applies to analysis of risks and opportunities over a period of ten or more years.

Differentiation between long-term time horizons for impacts, risks and opportunities is based on existing processes (e.g. group business sector planning or risk inventory).

Some information in this sustainability report is incorporated by reference, as listed below. In accordance with ESRS 1.119 et seq., references are made exclusively to the combined management report or the consolidated financial statements. References to the relevant sections of the combined management report or consolidated financial statements are included in this sustainability report to avoid repeating information.

### Disclosure requirements incorporated in the sustainability report by reference

ESRS 2 BP-2

Disclosure requirement	Section of financial report	Chapter in financial report
<b>ESRS 2</b>		
BP-1 5a, 5b (i.)	Disclosures on shareholdings	Consolidated financial statements
SBM-1 40a (i.), 42 in conjunction with AR 14, 15	KfW's business model	Basic information on KfW Group
SBM-1 40a (i.-ii.) in conjunction with AR 13	General economic environment	Economic report
SBM-1 40a (i.-ii.) in conjunction with AR 13; SBM-1 42b; SBM-1 40f	New business projections	Forecast and opportunity report
SBM-1 42b	Development of KfW Group	Economic report
SBM-1 40b	Group structure	Basic information on KfW Group
SBM-1 40g	Strategic objectives 2030 and Internal management system	Basic information on KfW Group
SBM-3 48d	General economic environment and development trends	Forecast and opportunity report
	KfW's business model	Basic information on KfW Group
SBM-3 48b, 48f	Internal management system	Basic information on KfW Group
SBM-3 48a in conjunction with AR 17	Segment reporting by region	Consolidated financial statements
GOV-2 26b	Organisation of risk management and monitoring	Risk report
GOV-2 26a	Internal management system	Basic information on KfW Group
GOV-5 36d, e	Additional internal control procedures	Risk report
IRO-1 53c (iii.)	Internal management system	Basic information on KfW Group
	Current developments, KfW Group's risk management approach – overview, Risk types	Risk report

## Disclosure requirements incorporated in the sustainability report by reference

ESRS 2 BP-2

Disclosure requirement	Section of financial report	Chapter in financial report
<b>Environmental information</b>		
E1 IRO-1 21 in conjunction with AR 13	General economic environment and development trends KfW's business model	Forecast and opportunity report Basic information on KfW Group
E1-3 28 in conjunction with ESRS 2 MDR-A 68a-b	Current developments, Organisation of risk management and monitoring	Risk report
E1-4 32, E2-3 22, E4-4 31 in conjunction with ESRS 2 MDR-T 80j	Strategic objectives 2030 and Internal management system	Basic information on KfW Group
E1-6 55 in conjunction with AR 55	Consolidated statement of comprehensive income, Net interest income, Net commission income, and Other operating income or loss	Consolidated financial statements
E4-1 13b, d	KfW Group's risk management approach – overview	Risk report
<b>Social information</b>		
S1-6 50f	Average number of employees during the financial year	Consolidated financial statements
<b>Governance information</b>		
G1-1 10a, e	Additional internal control procedures	Risk report

## Strategy, business model and value chain

ESRS 2 SBM-1, MDR-A

KfW as the parent company is a promotional bank of the Federal Republic of Germany. The Federal Government owns 80% of KfW's share capital and the German federal states own the remaining 20%. KfW's business model and business activities as a state-owned promotional bank are primarily governed by the KfW Law. The areas of activity comprise promotional business and the related transactions in accordance with Article 2 (1) and (3) of the KfW Law as well as the mandated transactions in accordance with Article 2 (4) of the KfW Law. Mandated transactions constitute business that the Federal Government mandates to KfW on a case-by-case basis for reasons of state interest and that is generally structured as lending and equity investment business. Mandated transactions may deviate from the requirements of KfW's exclusion list, the sector guidelines, and the sustainability guidelines in individual cases (see "Exclusion lists at KfW Group", "Policies related to climate and energy" and "Environmental and Social Appraisal Guidelines" sections of the "Environmental information" chapter). This also applies to targets set in connection with sustainability matters relating to KfW Group. The promotional business, the related transactions and the significance of Federal Government mandated transactions are described in more detail in the "KfW business model" section in the "Basic information on KfW Group" chapter. For a description of the business model, please also refer to the "KfW business model" section in the "Basic information on KfW Group" chapter.

KfW Group offers a range of products and services to its customer groups in the direct financing, on-lending and investment business. For an overview, refer to the "Group structure" section in the "Basic information on KfW Group" chapter. The activities in the business sectors Financial markets and Head office are not included in the definition of the datapoint ESRS 2 SBM-1 40 a) (i.-ii.) in conjunction with AR 13 and therefore no further information is provided below. KfW Group generated total sales revenue of EUR 16.2 billion from its products and services in financial year 2025 (2024: EUR 21.9 billion).

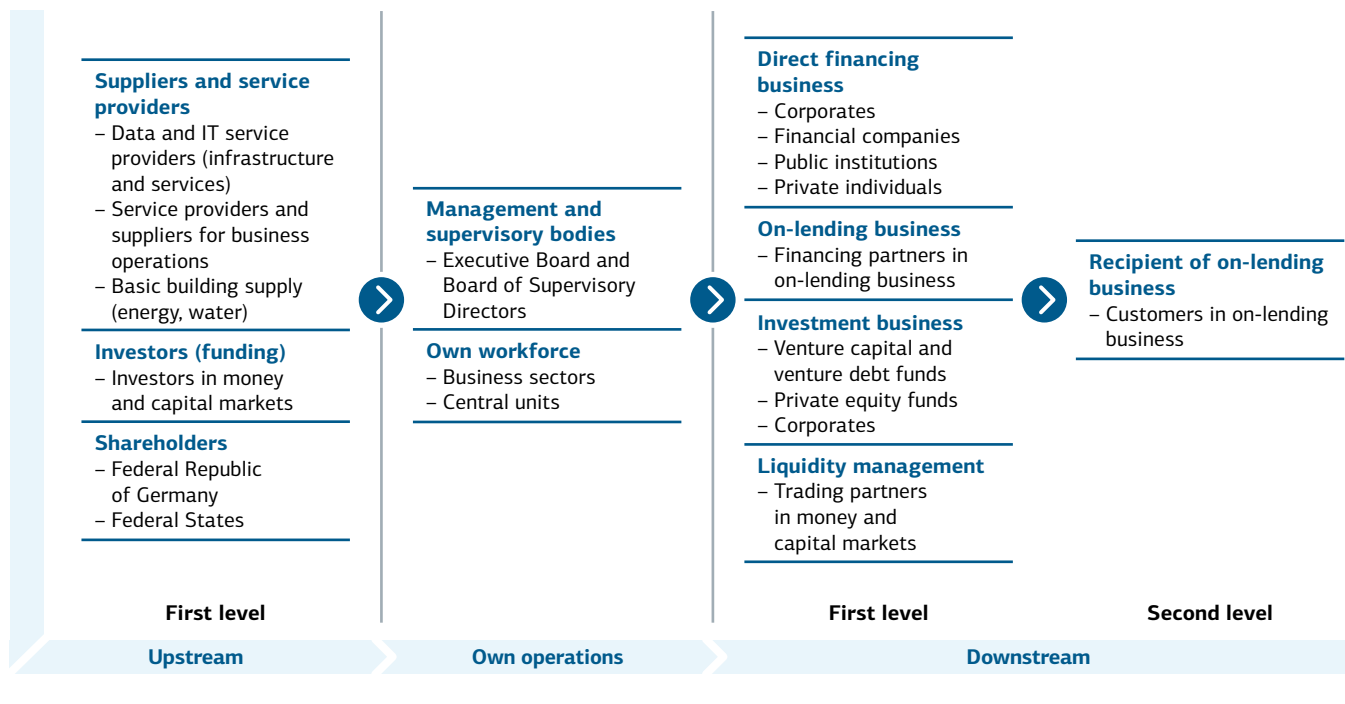
For further information on the main product/service and customer groups, please refer to the "General economic environment" section of the economic report, the "New business projections" section of the forecast and opportunity report, and the "KfW Group's value chain" section of this chapter.

## KfW Group's value chain

ESRS 2 SBM-1

KfW Group's value chain is made up of actors which are part of either its own operations or the upstream and downstream value chain. The figure below illustrates this value chain.

### KfW Group's value chain



KfW Group's value chain begins with **upstream entities** such as suppliers and service providers, investors (funding) and shareholders. For a description of the funding, please refer to the "KfW business model" section in the "Basic information on KfW Group" chapter. KfW Group receives additional funding from the German federal budget, for example to channel grants to customers as part of promotional programmes.

KfW Group's workforce in the central units and business sectors, along with the members of the Executive Board and the Board of Supervisory Directors, are among the **actors in KfW Group's own operations**. The central departments take on overarching tasks within KfW Group, such as Human Resources, Credit Risk Management, Risk Controlling, Compliance, Finance, and Group Development and Economics. Some of these functions are organised independently in the subsidiaries. KfW Group's own operations serve as a link between the upstream and downstream value chain and realise its value creation. All necessary internal processes and activities to provide financing solutions and products are performed in own operations. The business sectors implement the business model and the associated activities. For a description of the current and expected results of business activities, please refer to the "Development of KfW Group" section of the economic report and the "New business projections" section of the forecast and opportunity report.

**KfW Group's banking business (downstream value chain)** comprises the products offered in the individual business sectors in the direct financing, on-lending and investment business. The direct financing business includes national and international direct financing by KfW, KfW IPEX-Bank and DEG for corporates including finance companies, public organisations (e.g. municipalities, states and ministries) and private individuals, as well as project financing by KfW IPEX-Bank for businesses. In the on-lending business, KfW supports its financing partners' lending to end customers by providing loans at favourable interest rates. This enables the customers (i.e. companies, private individuals and public institutions) of the financing partners to apply for KfW promotional loans. In this arrangement, KfW has no direct contractual or other business relationship with the end customers of the on-lending business. The on-lending principle is firmly anchored in the KfW Law and is a central component of KfW's business model. It represents an important

sales channel. The on-lending principle can involve one or two financing partners, which are assigned to the first level in the downstream value chain. In the investment business, KfW Development Bank and DEG invest in private equity, venture capital and venture debt funds, or equity investments, as part of their business activities. KfW Capital invests in venture capital and venture debt funds, and as of the second half of 2025, also makes direct co-investments in growth companies together with a fund manager. KfW manages and secures its financial liquidity by investing in debt securities in a liquidity portfolio managed by the business sector Financial markets, among other things.

The **end of the downstream value chain** is determined by the information, influence and control options resulting from the sustainability guidelines of KfW Group's business sectors and the business model in accordance with the KfW Law. The sustainability guidelines specify how the respective business sectors in the direct financing and on-lending business are to deal with environmental and social aspects and how the Environmental and Social Appraisal (E&S Appraisal) is to be implemented in practice. The E&S Appraisal assesses projects to be financed for potential risks and impacts on people and the environment. In the direct financing business, the value chain described in this sustainability report normally ends at the first level with the direct business partner. KfW Development Bank and DEG, as part of the E&S Appraisal, review the environmental and social management system of intermediary financing partners or ensure the introduction or implementation of an environmental and social management system when financing projects with intermediary financing partners or when issuing credit lines. The value chain therefore ends at the first level in this context too. In the case of the on-lending business, the value chain ends at the second level with the customer of the on-lending business, despite the involvement of financing partners. This highlights the particular importance of the on-lending principle and the direct link to KfW's business model set out in the KfW Law. In the investment business, KfW Capital invests in venture capital and venture debt funds, as well as directly in growth companies as a co-investor. The KfW Capital Sustainability Policy provides for a review at the level of the respective venture capital or venture debt fund. DEG's investments in banks, companies, project financing, private equity funds and venture capital funds are governed by the DEG Guideline for environmental and social sustainability. DEG's E&S Appraisal provides for categorisation of the potential environmental and social risks. This is based on direct risks for companies and project financing, and for banks and funds, on the risk level of existing or future portfolios. The corresponding Sustainability Guideline of KfW Development Bank applies to KfW Development Bank's fund business. For further information on the sustainability guidelines and E&S Appraisal of the business sectors, refer to the "Environmental and Social Appraisal Guidelines" section in the "Environmental information" chapter.

## Interests and views of stakeholders

ESRS 2 SBM-2

As explained in the following table, KfW Group is in continuous dialogue with key stakeholders across its entire value chain. The term stakeholder in this context refers to various groups that are either affected by or can affect KfW Group's activities. KfW Group's most important stakeholders are the following groups:

- the general public;
- analysts, representatives of rating agencies and initiatives;
- shareholders;
- workers in the downstream value chain;
- (potential) employees;
- end customers from the direct financing business and borrowers from the promotional programmes of the on-lending business (or their representatives, e.g. associations);
- financing contacts (or their representatives, e.g. associations) from the direct financing business;
- business contacts from the investment business;
- business contacts in the on-lending business (intermediary financing partners or their representatives, e.g. associations);
- national and international (public) development and promotional institutions (peer group) or their representatives, e.g. associations;
- investors (funding);
- suppliers;
- public sector clients and strategic cooperation partners in politics and business;
- regulators and supervisory authorities;

- representatives from the media, the scientific community, supra-national interest groups and non-governmental organisations;
- parties directly and indirectly affected by KfW Group investments and financing;
- Executive Board and Board of Supervisory Directors of KfW; and
- competitors.

Dialogue with stakeholders is of particular importance to KfW Group, and it involves them in various formats. Depending on the results of the dialogue, it may be enhanced as necessary, and the results considered in strategic planning or operating processes. The following table shows the key dialogue formats with external stakeholders:

### Selected dialogue formats with external stakeholders in 2025

ESRS 2 SBM-2

Format	Participants	Implementation	Frequency	Purpose and consideration of results
Advisory Board of KfW Capital	Experts from the venture capital ecosystem (fund managers, investors, representatives of associations, professors, ministries, Deutsche Börse and KfW)	KfW Capital	Once a year	Dialogue on certain priority topics and current developments
Participation in working groups and organisations such as Reframe Venture and Invest Europe	Various institutional limited partners and asset owners	KfW Capital	As necessary	Increasing focus on ESG in the venture capital sector, e.g. by standardising ESG reporting
Bilateral talks	National/international promotional or commercial banks/institutions (peer group)	KfW/KfW Development Bank/DEG/IPEX	As necessary	Important innovations and milestones in the sustainability strategy and dialogue on sustainability matters
	Investors, national/international commercial banks	KfW/financial markets	As necessary	Dialogue on sustainability-related topics
Bonn breakfast (Bonner Frühstücksrunde)	Leaders from development cooperation	DEG in cooperation with Engagement Global	Four times a year	Networking event and sharing of substantive impetus for guests; reputation management for DEG
Development forum (Entwicklungsforum)	External speakers (e.g. experts from scientific community or peer group banks) and KfW Development Bank employees	KfW Development Bank	Once a month	Dialogue on sustainability-related topics, their development and implications for KfW Development Bank
Promotional dialogue (Förderdialog)	Selected financing partners/ bank associations, the German Federal Ministry for Economic Affairs and Energy and KfW	KfW	Once a year	Strategic dialogue format on overarching topics
Meetings at DEG head office	Representatives from the Bundestag, ministries, and the science, business and finance communities	DEG	Several times a year (as needed)	Dialogue with managers and other employees on development policy matters
Information and participatory event	Project stakeholders; interested members of the public	Executing agency	Dependent on actions; normally always part of the E&S Appraisal	Providing information about KfW Development Bank's actions in a culturally appropriate context, obtaining feedback for use in decision-making processes
Information and feedback session with financing partners and bank associations	Selected domestic financing partners and bank associations; credit intermediaries, if applicable	KfW	As necessary	Sounding out new promotional approaches; discussion and feedback on promotional products
KfW new customer survey	Borrowers from the promotional programmes of the domestic business	KfW	Once a month	Feedback on satisfaction of individuals and companies with the products, processes and services
NGO dialogue	Non-governmental organisations (NGOs) as representatives of various stakeholder groups	DEG	Once a year	Dialogue format to bring a wide range of interests to DEG's attention

## Selected dialogue formats with external stakeholders in 2025

ESRS 2 SBM-2

NGO dialogue at the UN Climate Change Conference	Climate, environment and human rights NGOs and representatives from various stakeholder groups	KfW	Once a year	Dialogue format on sustainability-related topics
Political breakfast in Berlin	Representatives from the Bundestag, ministries and the formal economy (trade associations and chambers) in the fields of development policy and foreign trade	DEG in cooperation with the German Chamber of Industry and Commerce	Once a year	Networking event and sharing of substantive impetus for guests; reputation management for DEG
Project visits as part of project audits and progress checks	Workers in the downstream value chain and affected communities (e.g. the general public)	KfW Group	As necessary	As part of project monitoring, to gain direct impressions of project implementation
Corporate Advisory Board	Sector representatives and experts from scientific community and ministries	KfW IPEX-Bank	Twice a year	Dialogue on certain priority topics and current developments
Company visits	Representatives from parliament, ministries and the general public	KfW Development Bank and DEG	Several times a year (depending on delegation trips made by representatives)	Presentation of the developmental impact of DEG investments based on specific companies

KfW Group also has various business sector-specific grievance mechanisms by means of which stakeholders affected by the banking business can voice their complaints about potential environmental and social risks, and risks to human rights. Moreover, KfW Group's workforce has various options for addressing perceived problems, disadvantages and complaints. KfW Group also has an established complaints procedure for banking operations which is in accordance with the German Supply Chain Act (*Lieferkettensorgfaltspflichtgesetz – "LkSG"*). For a detailed description of the respective grievance mechanisms, please refer to the "Complaints management" section in the "Social information" chapter and the "Strategies relating to aspects of business conduct policies" section in the "Governance information" chapter.

The interests of employees working in Germany are represented and included in various forms: through engagement with workers' representatives, surveys of employees in Germany or intranet postings. For more detailed information, please refer to the "Procedures for engaging with own workforce and workers' representatives" section, which can be found in the "Social information" chapter.

The Executive Board and Board of Supervisory Directors are informed on the views and interests of stakeholders via various channels, primarily regarding KfW Group's sustainability-related impacts. For instance, the Group Development department assesses negative or critical media reports and NGO reports on KfW Group, if necessary. The Non-Financial Risk department presents these assessments to the Executive Board as part of quarterly reputational risk monitoring.

Engagement with stakeholders also includes participation and involvement of the Board of Supervisory Directors. KfW Group's shareholders are represented on the Board of Supervisory Directors and exercise both a control and a shareholder function. The Executive Board regularly discusses important issues relating to corporate management and strategy with the Chair and Deputy Chair of the Board of Supervisory Directors. If required, the Chair of the Board of Supervisory Directors convenes an extraordinary meeting and informs the Board of Directors about important matters. In the reporting year, the Executive Board informed the Board of Directors about strategies, planning, business development, profitability, the risk situation, risk management, compliance, remuneration strategy, IT strategy, the financial position, sustainable corporate governance and its implementation, and results. Information was also provided on the group companies, transactions of particular importance to the profitability or liquidity of the company, and changes in the economic environment significant to the company.

In accordance with Article 7a (1) sentence 1 of the KfW Law, there is also an SME Advisory Council. In accordance with Article 7a (2) of the KfW Law, it specifies the state mandate of the Mittelstandsbank (*SME Bank*), deliberates, or takes decisions on proposals for the promotion of small and medium-sized

enterprises, taking into consideration the overall business planning of KfW. The Executive Board informs the SME Advisory Council at least once a year about programmes that are under way or planned for the medium term, and submits alternative proposals on request. In accordance with Article 7a (1) sentence 2 of the KfW Law, the SME Advisory Council consists of nine representatives or appointed members from the German Federal Government and two representatives appointed by the Bundesrat. It is chaired by the Federal Minister for Economic Affairs and Energy; the Federal Minister of Finance serves as deputy chair.

### **Integrating sustainability matters into the business strategy**

ESRS 2 SBM-1, E1-4, E2-3, E4-4, S2-5, S3-5 each in conjunction with ESRS 2 MDR-T

KfW Group believes it has a responsibility to accelerate the sustainable transformation of society and the economy worldwide and to boost the competitiveness of Germany as an industrial and technological hub. To achieve this goal, it is striving to become the leading digital transformation and promotional bank. In this context, **KfWplus**, as KfW Group's strategic agenda, is designed to pave the way towards meeting the challenges of this decade. The focus is on the core elements Climate & environment, Digitalisation & innovation and Managing impact & mobilising private capital. KfWplus constitutes the strategic framework for KfW Group and is operationalised in the strategic objectives 2030. Boosting competitiveness and resilience for sustainable improvement of living conditions is the overarching purpose of the strategic objectives 2030. The **strategic objectives 2030** reflect how KfW Group wants to position itself over a five-year horizon. Adjustments to the targets may result from the annual review of the strategic objectives. The monitoring of the targets is an integral part of KfW Group's internal control system. As part of this monitoring, the causes of any shortfalls are analysed and the assumptions on which the strategy is based are reviewed regarding external and internal factors. For more detailed information on KfW Group's business strategy, KfWplus, the strategic objectives 2030 and information on monitoring the targets, please refer to the "Strategic objectives 2030" and "Internal management system" sections in the "Basic information on KfW Group" chapter.

KfW Group's strategic ambitions are aligned with the German Federal Government's mandate and its Climate Action Programme, as well as with the Federal Climate Change Act and the German Sustainable Finance Strategy. The Federal Government's Climate Action Programme 2030, aimed at implementing the Climate Action Plan 2050, provides for KfW Group's development into a transformative promotional bank that will support the transformation of the country's economic sectors and financial market for a greenhouse gas-neutral future. The promotional mandate issued to it by the Federal Government is implemented by KfW in the business sectors and via special tasks commissioned by the Federal Government.

The group-wide **sustainability mission statement** serves as an overarching frame of reference for KfW Group's actions and is closely linked to the business strategy. It is directly based on the UN's Sustainable Development Goals (SDGs), the Paris Agreement of 2015 and the German Sustainability Development Strategy. The sustainability guidelines of the business sectors, subsidiaries and central units set out the requirements of the sustainability mission statement in greater detail with regard to environmental and social issues.

In addition, KfW Group seeks overall to avoid potential adverse impacts and risks to society and the environment (including the climate) in its promotional and financing activities, and where possible attempts to reduce or offset such impacts through suitable actions. Based on the strategic objectives 2030 and its sustainability mission statement, KfW Group primarily uses its exclusion lists, its E&S Appraisals in accordance with international standards and its Paris-aligned sector guidelines to align its promotional and financing activities as closely as possible with the 1.5°C target (see "Targets related to climate and energy", "Exclusion lists at KfW Group", and "Environmental and Social Appraisal Guidelines" sections of the "Environmental information" chapter).

**SDG mapping** is used to ensure the operationalisation of the "SDG mapping of KfW's financing activities" target defined in the strategic objectives 2030. The strategic objectives, including the environmental targets enshrined in them, are defined annually by the Executive Board. This includes presenting the targets to the stakeholders represented in the Board of Supervisory Directors. KfW Group employs an impact management system based on the SDGs (see "Expansion of group-wide impact management" in the "Environmental information" chapter). Furthermore, there is a definition of environmentally sustainable lending at KfW Group level which addresses the regulatory requirements set out in the 7th amendment to

the German Minimum Requirements for Risk Management (MaRisk) in conjunction with the European Banking Authority's "Guidelines on Loan Origination and Monitoring". The definition includes promotional and financing activities in the core business, of which the new commitment volume counts towards the environment and climate quota set out in the strategic objectives 2030, meaning that they contribute to the "Climate and environment" promotional area in line with KfWplus. The strategic objectives 2030 define an **environment and climate quota** of more than 38% and an **SME share of financing** that exceeds 40% of new commitments in the core business as a target to bolster the German SME segment. An overview of the contributions made by the business sectors to the environment and climate quota and the SME share of financing can be found in the "Environment and climate quota" section of the "Environmental information" chapter, and the "Customers – Corporates" section of the "Social information" chapter. Please refer to the "New business projections" section in the "Forecast and opportunity report" chapter, and the "Environment and climate quota" section in the "Environmental information" chapter for further information on the assessment of relevant products and services, customer groups and markets.

To ensure continuous development of the group-wide commitment to sustainability, the strategic objectives 2030 also aim for an average ranking among the three best development and promotional banks within a "Best of the Best" peer group. This group comprises the ten best-rated development and promotional banks in the respective peer groups of three major ESG rating agencies (ISS, MSCI and Sustainalytics).

KfW Group pursues a sustainable finance concept that anchors sustainability rigorously, multidimensionally and measurably in all promotional and financing activities. Sustainability key performance indicators (KPIs) are integrated in the strategic objectives 2030 as part of the sustainable finance concept. Please see the "Overarching environmental targets and actions" chapter for a presentation of the KPIs. Additional strategic moves are being gradually integrated into the sustainable finance policy. KfW Group's commitment to biodiversity has been part of this since mid-2023. KfW Group has established the bioSFer project to ensure that it addresses biodiversity in a holistic and targeted manner. The plan is, among other measures, to have developed a qualitative biodiversity strategy by 2026 in order to reinforce positive impacts on biodiversity, reduce adverse impacts and appropriately address the associated business risks.

The importance of sustainability at KfW Group is also reflected in the structure of its sustainability governance. The new Sustainability Strategy division and the corresponding new management role of Chief Sustainability Officer (CSO) were established in 2024. This new division comprises two teams: Sustainability Policy and Sustainable Finance Management. Along with the Corporate Strategy division, the new division is incorporated in the Group Development and Economics department to ensure ongoing close integration with the individual strategy areas. The group-wide work and dialogue on sustainability matters is also based on a broad network of decentralised sustainability officers from the individual KfW Group organisational entities (see "Corporate governance" section of this chapter).

The impact of ESG risks on risks relevant to KfW Group are assessed as part of **ESG risk management**. ESG risks have the effect of a risk driver, not risk type, and therefore do not present new risks for the group to observe in risk management. The focus is on the financial effects ESG risks may have. Changes in the environment (E) such as climate change, social transformation (S) and governance standards (G) and their impact are taken into account in the assessment of business partner creditworthiness. The main focus is on the business strategy and the impacts of a range of climate scenarios on KfW Group's business activities and risk-bearing capacity.

All **Human Resources** issues are derived from KfW's mandate and business strategy, including KfWplus. The aim of the HR strategy is to boost employee potential with a view to the core element of KfWplus, "Top-performing KfW", and to achieve corporate objectives, primarily by increasing the sense of purpose, and through cooperation and leadership, and with conditions such as remuneration in line with standard market conditions, flexible working hours and further development opportunities. This is intended to enhance the corporate culture, to support KfW on its digital transformation journey. Employer attractiveness, and diversity in particular, are firmly anchored in the sustainability mission and the strategic objectives 2030. The Employer positioning project included improving work-life balance and equal opportunities for KfW Group employees. The idea is to equip employees to meet the challenges of the digital transformation, by means including the Cultural journey project. For further information, refer to the "Working conditions" section in the "Social information" chapter.

## Materiality assessment

ESRS 2 IRO-1

To determine the scope of the sustainability report, KfW Group performed a materiality assessment in accordance with the principle of double materiality as set out in ESRS 1. The aim of the assessment is to determine the material impacts, risks and opportunities in relation to the topic-specific sustainability matters specified in the ESRS and, where applicable, other company-specific sustainability matters. The sustainability matters determined to be material on the basis of this analysis constitute the total requirements to be reported, which will be included in the sustainability report in addition to the ESRS 2 mandatory disclosures.

Based on the results from 2024, KfW Group reviewed the potentially relevant impacts, risks and opportunities and their assessment in terms of completeness and timeliness. In cases in which the informed contacts had not reached consensus in the decentralised assessment, supplementary workshops were held to achieve consensus. The CSO approved the results. The results were subsequently presented to the Executive Board for information purposes. KfW Group performed the materiality assessment using the procedure developed in 2024. The next review will be performed on 30 June 2026 for the 2026 reporting period.

### Processes to identify material impacts, risks and opportunities

ESRS 2 IRO-1

In accordance with ESRS 1, a sustainability matter is considered material if it is assessed as material either from an inside-out perspective (taking account of KfW Group's impact on people and the environment) or from an outside-in perspective (taking account of the risks and opportunities arising for KfW Group from sustainability matters) (principle of double materiality). The basis for identifying the impacts, risks and opportunities was formed by the sub-topics of environment, social and governance topics, which were derived from the topics listed in the ESRS and supplemented by company-specific sustainability matters.

To determine and assess the impacts, risks and opportunities for KfW Group, KfW, all subsidiaries and the value chain with upstream and downstream activities were considered. If impacts, risks or opportunities do not relate to KfW Group in general, but to specific activities, geographical regions, business relationships or subsidiaries, these were identified and documented. The report presents the main content at group level. KfW Group analyses and assesses the banking business and banking operations dimensions separately in the materiality assessment, to adequately assess impacts, risks and opportunities arising from its own activities (including upstream activities) as well as those from business relationships. The term **banking business** refers to all services provided by KfW Group to its customers as part of its business activities. **Banking operations**, by contrast, encompass all of KfW Group's activities, structures and processes that facilitate the banking business at its sites.

The impacts were assessed based on the categories scale, scope, irremediable character (in the case of negative impacts) and probability of occurrence (in the case of potential impacts). This yielded a materiality score between 0 (low) and 15 (very high) for each impact. Impacts with a materiality score of 8 or higher are considered material. Financial materiality exists when risks or opportunities have or are expected to have a material impact on KfW Group's cash flow, development, performance, financial position, cost of capital or access to finance over the short-, medium- and/or long-term time horizon. The materiality of risks and opportunities (financial materiality) was assessed based on the magnitude of the financial effects and the estimated probability of occurrence. Each risk and opportunity was assigned a materiality score on a scale of 0 (no effect/unlikely) to 5 (very significant financial effect/highly likely), with a score of at least 3 deemed material. Potential links between the impacts and risks or opportunities are considered in the assessment. The relevant thresholds for materiality were determined based on the EFRAG recommendations in accordance with (Draft) ESRS 1 "European Sustainability Reporting Guidelines 1 Double materiality conceptual guidelines for standard-setting."

KfW Group drew on various internal and external sources and assessments by internal experts to identify and assess impacts, risks and opportunities. The annual update is based on the current versions of various documents, such as the exclusion lists, Paris-aligned sector guidelines and the results of SDG mapping (see also the "Exclusion lists at KfW Group", "Policies related to climate and energy", and "SDG mapping of

KfW's financing activities" section of the "Environmental information" chapter). Additional data sources were used to corroborate the expert assessments, including the ESG materiality assessment as part of the risk inventory, the statistics on reputational risk events, the new product process and the group-wide strategy process. To ensure the consistency of the results with KfW Group's strategic objectives and publications, the KfW Law, the strategic objectives 2030, the sustainability mission statement, the "Sustainability strategy" section of the business strategy and relevant KfW Group media publications were reviewed.

KfW Group also included the point of view of external stakeholders to analyse the positive and negative impact on people and environment. Their views were considered in particular via in-house informed contacts and findings from engagement formats with affected stakeholders already undertaken by KfW Group. These include, in particular, complaints reports from the business sectors SME Bank & Private Clients, Customised Finance & Public Clients, and KfW Development Bank as well as the separate complaints report by KfW Development Bank.

#### ***Information provided to the Executive Board and Board of Supervisory Directors on material impacts, risks and opportunities***

ESRS 2 GOV-1, GOV-2, IRO-1

The process described in this section to determine the material impacts, risks and opportunities ensures that the materiality assessment is closely linked to the existing processes in terms of risk (e.g. the ESG materiality assessment as part of the risk inventory), opportunities (e.g. the group-wide strategy process or new product process) and impacts (e.g. SDG mapping). The Executive Board and Board of Supervisory Directors are involved in these processes by various means and address the material risks, opportunities and impacts of KfW Group. For instance, the Executive Board receives a risk report once a month on the bank's overall risk situation including risk drivers relating to sustainability matters. It also accepts the results of the risk inventory (including the ESG materiality assessment) annually. The Board of Supervisory Directors also regularly receives information on the bank's risk situation, at least once a quarter. Furthermore, the Executive Board addresses sustainability matters concerning KfW Group on an ad hoc basis in Executive Board discussions triggered by internal projects (e.g. bioSFer, impact management and Cultural journey).

#### ***Linking the materiality assessment and the general risk management process***

ESRS 2 IRO-1, GOV-2

The materiality of ESG risk drivers is assessed at KfW Group by means of the risk inventory, which comprehensively defines and categorises these risk drivers. Possible effects on the group's risk types are estimated based on interdependencies. The aim is to identify material ESG risk drivers and take these into account in the materiality assessment of the risk inventory. The assessment also considers the probability of occurrence and the anticipated financial effect (amount of loss) to determine the contribution of an ESG risk driver to the materiality of a risk type (e.g. credit risk or operational risk).

All ESG risk drivers that contribute to a risk type classified as material overall for the group are also classed as material in this report. As a result, they were included in the materiality assessment in accordance with the ESRS. Not every material ESG risk driver is clearly topically attributable to an ESRS standard. These risk drivers are listed under the company-specific topic "Bank-specific ESG risks".

The KfW management and supervisory bodies monitor and manage the ESG risk drivers assessed as material in the materiality assessment as part of the group's general risk monitoring and management. For additional information on these processes, please refer to the "Organisation of risk management and monitoring" section in the "Risk report" chapter.

#### ***Processes to identify material climate-related impacts, risks and opportunities***

ESRS 2 SBM-3, E1 SBM-3, E1 IRO-1

To identify material climate-related impacts, risks and opportunities, KfW Group applied the aforementioned process to identify material impacts, risks and opportunities. In addition, it has determined the actual greenhouse gas (GHG) emissions for 2025 for both its own operations and the financed portfolio. For further information, refer to the "Greenhouse gas emissions" section in the "Environmental information" chapter.

As part of the materiality assessment, the participating experts assessed the potential and future impact of KfW Group's business activities on climate change. This assessment was performed in accordance with the process described in this chapter.

Sustainability-related risks in connection with environmental topics can basically be broken down into physical and transition risks. Physical risks are risks with a potentially negative financial impact arising from current or expected impacts from the physical effects of climate and environmental factors. Transition risks, on the other hand, are financial risks arising from current or future impacts of the transition to a lower-carbon economy.

Physical and transition climate risks (outside-in perspective) are determined at several management levels. This is done partially in the risk inventory (see the "Disclosures on ESG risks" section of this chapter). At the level of business partners, physical and transition risks are assessed using KfW's own "ESG risk profile" application. The ESG risk profile shows the financial effects that ESG risks may have within a reasonably long period of time and for the foreseeable future. Similarly to the rating methodology, the forecast takes into account a company's susceptibility to adverse ESG developments and unanticipated ESG events. The assessment includes both aspects relating to the past with considerable significance for the future development of the company and current/forward-looking factors. The result of this assessment, from very low to very high, reflects the risk materiality (potential financial effect of the risk) as well as the expected time horizon until the risk occurs. Longer periods of time before ESG risks materialise may give the company more time to prepare for them. Shorter periods may increase the risk. There are no generally applicable limits for time periods given the individual character of each business partner and sector. There is also the risk of missing relevant information.

Stress testing is focused on identifying and managing (portfolio) risks. Physical climate risks and their potential impact on business activities and risk-bearing capacity are analysed in stress tests in line with the results of the risk inventory. KfW Group carried out a stress test on flooding and heavy rainfall events in the first quarter of 2025. The scenario considered an adverse flooding and heavy rainfall event based on the current and the projected threat in 2050 assuming extensive climate change. Site-specific costs incurred in the scenario by a business partner in terms of its fixed assets and other effects of the event (e.g. destruction of infrastructure) were simulated. On this basis, a change in the probability of default and the loss given default for the next three years was calculated with the aim of quantifying stressed credit risk indicators such as the expected loss. Adverse heavy rainfall events showed the largest spikes in terms of expected loss and therefore represent the greatest stress on the portfolio. In contrast to coastal and river flooding events, which would primarily affect regions of Europe, heavy rainfall events have the potential to impact the portfolio globally. Only a limited amount of elevated risks that may occur in connection with coastal and river flooding events in an extreme climate change scenario were determined in the projection for 2050. These predominantly affected regions in Europe.

KfW also performed a stress test on wildfires in 2025. The scenario considered an adverse wildfire event – as with the procedure for flooding and heavy rainfall events – with the current and projected threat for 2050 based on the conditions of extreme climate change. The meteorological preconditions for a wildfire were analysed based on the existing land use. The scenario considered a time horizon of three years; the credit risk was quantified based on expected loss. The result showed that the relevant portfolio is most affected in southern Europe and South and Central America. Only a limited number of risks occurred in the projection, as the fire risk and land use factors largely offset each other. An increase in the risk was therefore determined in a few countries only and remained low at portfolio level.

A further stress test was prepared on climate-related transition risks and their impact on KfW Group's business activities and risk-bearing capacity in 2025; it will be carried out in the first quarter of 2026 based on reporting data as of 31 December 2025 for a long-term period until 2050. This involves analysing various scenarios of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), which provide for different approaches to introducing cross-sector carbon pricing and thereby highlight a broad range of possible developments in a transition. In addition to carbon prices, the stress test also takes into account rising energy prices and changing customer behaviour towards a sustainable economy and its products, the costs of transformation, and the emergence of "stranded assets". In the scenarios, the companies analysed can pass on some of their carbon costs to customers depending on the sector. The

stress test simulates the long-term development of credit risks in the corporate portfolio. The expected annual loss of the portfolio serves as an indicator of the development in risk provisioning. In addition, scenario-based emission paths are taken into account, which depend on the carbon price applied in each case, and a balance sheet projection that takes into account existing KfW Group strategy programmes, in particular for reducing GHG emissions. The assessment period up to 2050 means that transition portfolio risks, which primarily have a long-term impact, can be analysed. These risks have negative impacts, particularly in greenhouse gas-intensive sectors. The results of this stress test were not yet available at the time of reporting, and will therefore be included in the sustainability report for financial year 2026.

There is major uncertainty regarding the potential impacts of climate-related transition risks on the assets and business activities of KfW Group, particularly in view of the long-term time horizon relevant to this risk. This uncertainty is addressed by including a range of climate scenarios in the stress test and subjecting the assumptions to a critical evaluation, which is also included in the communication of results. The results of the stress test on transition climate risks are also included in the process to determine the business strategy. Going forward, climate stress tests will continue to focus on long-term periods to create a strategic roadmap for overall bank management.

KfW Group also performed a quarterly credit risk-specific stress test on the NGFS “Fragmented World” scenario. The stress test considers climate-related transition and physical risks over a period of four years. There are no globally coordinated measures for setting carbon pricing paths in this scenario. This results in a delayed and fragmented policy with regard to pricing CO<sub>2</sub> emissions. Moreover, the 1.5°C target of the Paris Agreement is missed by a large margin in this scenario. The scenario assumes average global warming of 2.3°C by 2100. This causes extreme weather events (such as floods and droughts), and thus also climate-related physical risks, to rise sharply in the coming decades. The transmission analysis is based on the “E” factor of the ESG risk profile. This assessment of E risks based on each business partner comprises all effects deemed relevant for the scenario. The results showed the economic coverage ratio and total capital ratio to be resilient.

Climate-related opportunities and risks are taken into account in the group-wide strategy process. For further information please refer to the “KfW business model” section in the “Basic information on KfW Group” chapter and the “General economic environment and development trends” section in the “Forecast and opportunity report” chapter. The financial report does not yet use any climate-related critical assumptions.

***Processes to identify materiality relating to pollution, water and marine resources, biodiversity, and resource use and circular economy***

E2 IRO-1, E3 IRO-1, E4 IRO, E5 IRO-1

In order to identify material impacts, risks and opportunities in the areas of pollution, water and marine resources, resource use and circular economy, and biodiversity as well as dependencies related to biodiversity and ecosystems, KfW Group applied the process described in the section “Processes to identify material impacts, risks and opportunities”, and the assessment criteria. The company’s own locations (banking operations) and the upstream and downstream value chain, including the banking business, were analysed separately. The process also included transition risks, physical risks and opportunities related to biodiversity and ecosystems. Systemic risks and ecosystem services were not analysed separately in this context.

The perspectives of affected communities were also considered in the materiality assessment. In addition to the positive impacts intended to be generated for affected communities through financing activities and the opportunities these create for KfW Group, the negative impacts on biodiversity and pollution identified as material may have an adverse impact on affected communities. KfW Group provides complaints channels and mechanisms to ensure that any concerns of affected communities are adequately heard. There were no other specific consultations for the materiality assessment. Instead, the concerns of the communities were taken into account by analysing the complaint reports of the domestic business sectors and KfW Development Bank. Furthermore, the participants in the materiality assessment workshops included the perspective of affected communities in their assessment, and considered certain characteristics of these communities that could result in a greater risk. No sites were identified where pollution is of material significance for the activities and the upstream and downstream value chain. KfW Group conducted a review based on the WWF Biodiversity Risk Filter to determine whether its sites are located in or near

biodiversity-sensitive areas and ecosystems in need of conservation. Such sites were identified; however, no negative impacts were identified in this context, as the majority of these are small sites with few employees in the centre of the respective city, or the cities already have mitigating conservation plans in place.

KfW Group's business activities that have a considerable impact on pollution are listed below. These include business activities that may make both positive contributions in terms of reducing pollution and negative contributions to pollution. No material opportunities or risks were analysed in this context.

The following business activities may include financing in particularly polluting industries or industries with high pollutant emissions that are associated with potentially negative impacts on the environment – unless these are avoided through suitable actions or minimised to an appropriate level:

- national and international financing via promotional programmes;
- national and international direct financing including export and project financing;
- mandated transactions; and
- financing private equity funds and financing of credit lines with banks.

The following business activities may contribute to the reduction of pollution:

- national and international financing under promotional programmes such as the KfW Environmental Protection Programme, Environmental Innovation Programme, KfW Syndicated Loan Sustainable Transformation, or export and project finance;
- promotion of development projects in developing countries and emerging economies on behalf of the Federal Government with promotional products such as grants, development loans and promotional investments;
- national and international direct financing and credit lines with banks; and
- investments via venture capital, venture debt and private equity funds, or directly in growth companies through co-investments with fund managers.

Financing for particularly environmentally harmful business activities and those with high pollutant emissions are restricted by the provisions of the exclusion lists and the applicable sustainability guidelines.

#### ***Processes to identify business conduct-related materiality***

G1 IRO-1

To identify the material business conduct-related impacts, risks and opportunities, KfW Group applied the method described in the “Processes to identify material impacts, risks and opportunities” section of this chapter. The Compliance department was closely involved in the process to ensure that specific factors were taken into account.

#### ***Materiality of climate change in banking operations***

ESRS 2 IRO-2

KfW Group does not consider the issue of ‘climate change’ to be material for its banking operations, as its capacity to influence – and consequently its impact on – global climate change mitigation is limited. Nor was financial materiality determined for banking operations. The GHG footprint calculated in full for 2025 confirms the assumption made in the materiality assessment that emissions from banking operations account for only a very small proportion of KfW Group's total GHG footprint. Climate change therefore continues to be considered material for KfW Group's banking business only, and solely the financed GHG emissions (Scope 3, category 15) are required to be reported. However, operational GHG emissions (Scope 1, Scope 2 and other significant Scope 3 categories) would then not be part of this report and KfW Group's GHG footprint would be incomplete. To avoid this, the information on operational GHG emissions was voluntarily included in the sustainability report. For further information, refer to the “Greenhouse gas emissions” section in the “Environmental information” chapter.

### Determining information identified as material

ESRS 2 IRO-2

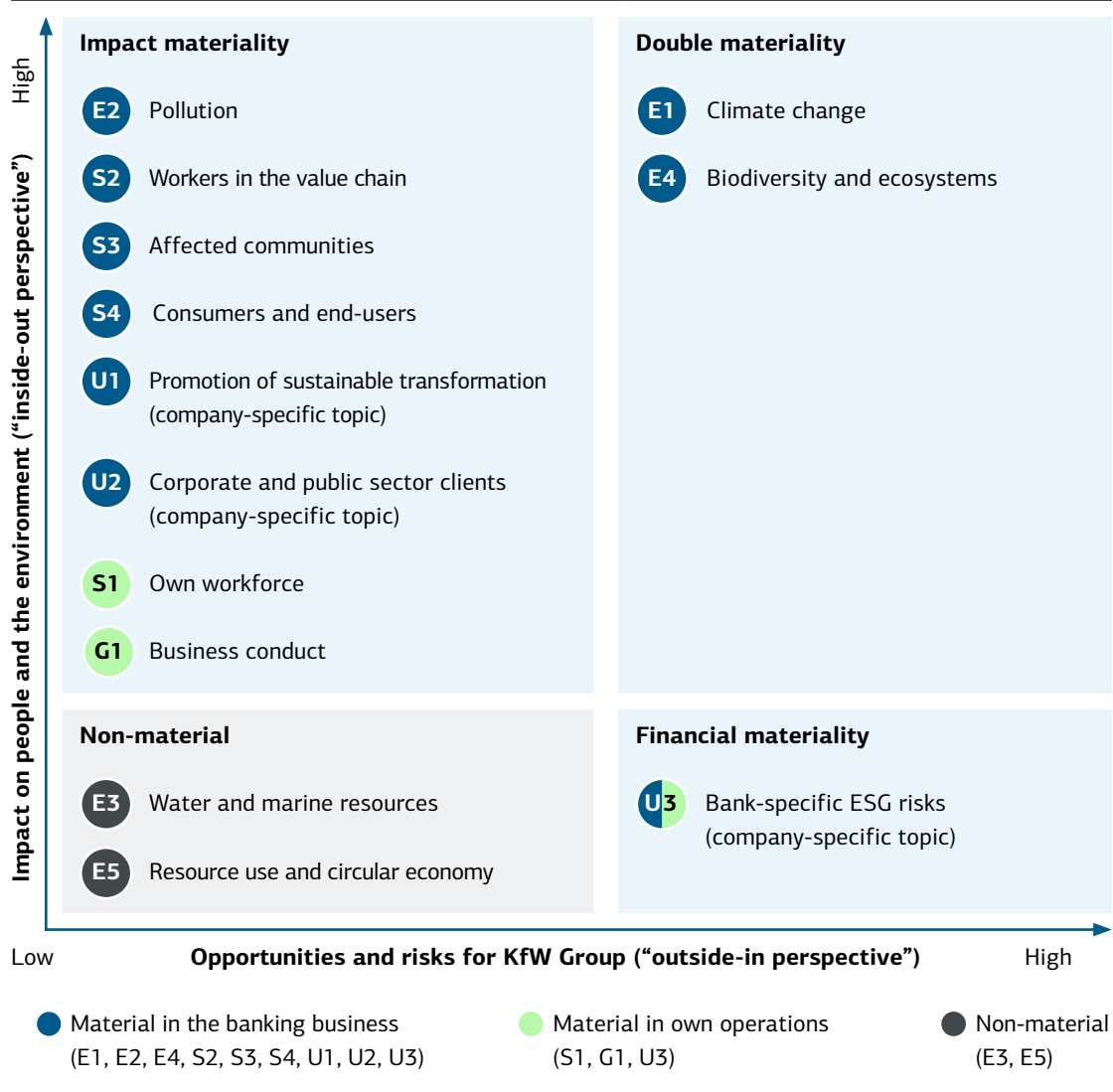
To identify the material impacts, risks and opportunities and material sustainability information, KfW Group applied the processes and the thresholds described in the “Processes to identify material impacts, risks and opportunities” section of this chapter. The assessment was carried out jointly with the subsidiaries at the level of the individual sustainability matter. For reporting purposes, KfW Group aggregates the information from the subsidiaries at group level and reports it on a consolidated basis.

### Results of the materiality assessment

ESRS 2 SBM-3

The materiality matrix below presents the **consolidated results** of KfW Group’s **materiality assessment**. The matrix is divided into four quadrants (no materiality, impact materiality, financial materiality and double materiality) and shows the relevant dimension (banking business or banking operations) for the material standards. This sustainability report contains information on the material standards in the impact materiality, financial materiality and double materiality quadrants.

### Results of KfW Group’s materiality assessment



The table below provides a detailed overview of the material impacts, risks and opportunities. There were no changes versus the previous reporting period regarding material impacts and opportunities in the results of the materiality assessment. Minor adjustments were made to the description and evaluation without changing the final assessment of materiality. The material risks were reviewed in accordance with the current ESG materiality assessment and adjusted as necessary.

### Material impacts, risks and opportunities (IROs) in the value chain

Sub-topic	IRO <sup>1)</sup>	IRO type	Dimension
<b>ESRS E1: Climate change</b>			
Overarching	Political prioritisation, e.g. of health, quality employment and climate/environmental issues, opens up opportunities to launch new programmes (potential)	Opportunity	Banking business
Climate change adaptation	Financing projects to improve resilience of borrowers/affected communities to the impacts of climate change and consideration for necessary adjustments (actual)	Positive impact	Banking business
	Increased climate impacts result in rising demand for financing for adaptation actions (potential)	Opportunity	Banking business
Climate change mitigation (emissions)	Liquidity/payment default risk relating to borrowers affected by weather and/or climate impacts or their collateral (climate-related physical risks) (potential)	Risk	Banking business
	Directing capital flows to and financing of sustainable investments towards Paris alignment by excluding or reducing investments in climate-damaging industries and carbon-intensive sectors, i.e. reduction of financed emissions (actual)	Positive impact	Banking business
	Financing/investing in climate action and other projects that reduce GHG emissions (actual)	Positive impact	Banking business
	Financing/investing in greenhouse gas-intensive sectors and/or technologies (actual)	Negative impact	Banking business
	Non-compliance with Paris alignment rules for the benefit of supply security (mandated transactions) (potential)	Negative impact	Banking business
	Growing need for investment in climate change mitigation actions increases demand for climate action financing and promotional programmes (potential)	Opportunity	Banking business
	Further increasing attractiveness of KfW as an ambitious and effective enabler of the transition of the economy and society towards climate neutrality (potential)	Opportunity	Banking business
	Liquidity/payment default risk relating to borrowers or companies in which KfW Group holds an equity investment due to rising carbon pricing or technology shocks (climate-related transition risks) (potential)	Risk	Banking business
	Promotion of sustainable transformation of the energy sector and access to energy through financing of renewable energy and energy efficiency (actual)	Positive impact	Banking business
	Promotion of energy saving measures through financing of energy efficiency projects (actual)	Positive impact	Banking business
Energy	Implementation of government measures that make a negative contribution to the transition to increased use of renewable energy (mandated transactions or instructions from federal ministry) (actual)	Negative impact	Banking business
	Growing need for financing for renewable energy and energy efficiency (potential)	Opportunity	Banking business
	Financing of infrastructure to operationalise the energy system, e.g. technologies for storage and management of energy and/or substitution of demand for carbon-intensive energy investments with largely climate-neutral energy investments (potential)	Opportunity	Banking business

## Material impacts, risks and opportunities (IROs) in the value chain

Sub-topic	IRO <sup>1)</sup>	IRO type	Dimension
<b>ESRS E2: Pollution</b>			
Pollution	Reduction of pollution through the financing of environmental projects (actual)	Positive impact	Banking business
	Unavoidable pollution as a result of financing projects or companies in particularly environmentally harmful industries or with high pollutant emissions (actual)	Negative impact	Banking business
<b>ESRS E4: Biodiversity and ecosystems</b>			
Biodiversity and ecosystems	Financing of projects with a negative impact on biodiversity (actual)	Negative impact	Banking business
	Expansion of financing to companies that contribute to biodiversity conservation through their activities, including involvement in alliances/memberships that set standards for positive impacts (potential)	Opportunity	Banking business
<b>ESRS S1: Own workforce</b>			
Working conditions	Fostering the motivation and performance of employees and ensuring employer attractiveness through appropriate working conditions, e.g. fair and transparent pay, promoting health (work-life balance), good leadership and teamwork (actual)	Positive impact	Banking operations
Equal treatment/ non-discrimination	Creating an inclusive working environment through equality and non-discrimination (actual)	Positive impact	Banking operations
	Promoting structurally disadvantaged groups (e.g. based on gender) in management positions has a positive impact on their career development and satisfaction (actual)	Positive impact	Banking operations
<b>ESRS S2: Workers in the value chain</b>			
Workers in the value chain	Creating and safeguarding jobs in the value chain (e.g. at borrowers) through KfW financing (actual)	Positive impact	Banking business
	Human rights violations and harm to the physical integrity of value chain workers despite compliance with strict due diligence obligations (actual)	Negative impact	Banking business
<b>ESRS S3: Affected communities</b>			
Affected communities	Consideration and improvement of living conditions of affected communities by means of financing (actual)	Positive impact	Banking business
	Protection of affected communities and preservation of local rights (actual)	Positive impact	Banking business
	Negative impacts on the living conditions of affected communities through financed projects (potential)	Negative impact	Banking business
	Negative effects on living standards of affected communities due to resettlement as part of projects financed by KfW (actual)	Negative impact	Banking business
<b>ESRS S4: Consumers and end-users</b>			
Consumers and end-users	Promoting non-discriminatory access to financing products (e.g. student loans, home ownership promotion/loans) for consumers and end-users (actual)	Positive impact	Banking business
	Improving access to education and increasing opportunities through educational financing (actual)	Positive impact	Banking business
	Promoting housing security by financing owner-occupied housing (actual)	Positive impact	Banking business
<b>ESRS G1: Business conduct</b>			
Business conduct and corporate culture	Satisfied employees due to positive corporate culture (actual)	Positive impact	Banking operations

## Material impacts, risks and opportunities (IROs) in the value chain

Sub-topic	IRO <sup>1)</sup>	IRO type	Dimension
<b>Company-specific topics</b>			
Promotion of sustainable transformation	Promoting and financing the sustainable transformation of corporate clients and public institutions (actual)	Positive impact	Banking business
Corporate and public clients	Improving access to financing products for SMEs (actual)	Positive impact	Banking business
Bank-specific ESG risks	Increased credit and equity investment risk through lack of governance or poor human rights situation (for sovereigns) at counterparties (potential)	Risk	Banking business
	Increasing credit spread risk due to changes in investors' return expectations due to shortcomings in the structure of the business model, information policy and/or strategy (of invested companies/sectors) (potential)	Risk	Banking business
	Increasing information security risk from failure to keep pace with digital technologies/processes for defence against cyber risks or insufficient data protection (by KfW Group) (potential)	Risk	Banking operations
	Damage due to misleading information, greenwashing or lack of transparency (by KfW Group) (potential)	Risk	Banking operations
	Breach of a trade embargo, bribery, corruption and market manipulation (by KfW Group) (potential)	Risk	Banking operations

<sup>1)</sup> The expected time horizon for all IROs is short-term to long-term.

### Business model and strategy in the context of material impacts, risks and opportunities

#### ESRS 2 SBM-3

The material impacts, risks and opportunities identified are mainly concentrated in the downstream value chain in the banking business. KfW Group is managed from Germany. Allocation of net interest and commission income by region can be viewed under "Segment reporting by region" in the consolidated financial statements. In the banking business, the topics of climate change, energy, pollution, biodiversity and value chain workers, affected communities, and consumers and end-users were identified as material. Material company-specific ESG risks are additionally determined for the banking business and the banking processes associated with it. The time horizons set for the report were taken into account in performing the materiality assessment. Deviating assessments within the different time horizons arose for only one material negative impact in sub-topic E1 Energy and one material risk in the sub-topic E1: Climate change mitigation (emissions). For the remaining material impacts, the result was identical across all time horizons. The materiality assessment process is explained in the "Processes to identify material impacts, risks and opportunities" section of this chapter.

Material impacts, risks and opportunities can influence KfW Group's strategy, decision-making and value chain but have only a limited impact on its business model. The KfW Law defines the function, structure and organisation of KfW, as described in the "Strategy, business model and value chain" section of this chapter. The requirements of the KfW Law set the framework for the entire business model, including its risk-bearing capacity. Against this backdrop, the identified material impacts, risks and opportunities have only a limited effect on KfW Group's business model, but are taken into account in the internal management system.

## **Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy**

The interaction between the material impacts, risks and opportunities and KfW Group's business strategy is explained below. For simplification reasons, the material impacts, risks and opportunities were aggregated in the categories "Climate and environmental issues in the banking business", "Working conditions in banking operations", "Persons or groups affected by the banking business" and "Company-specific topics".

The following overarching aspects at KfW Group address the strategy and how it is affected by material impacts, risks and opportunities:

The Internal Management System ensures that KfW Group's risks and opportunities are appropriately addressed in group business sector planning as the central strategy and planning process on an annual basis. The basis for the strategy process is KfWplus and the strategic objectives 2030. The strategic objectives are reviewed annually for relevance, completeness and level of aspiration and adjusted where necessary based on changed parameters or newly determined promotional priority areas. Material risks and opportunities may result in such changes. For further information, refer to the "Internal Management System" section in the "Basic information on KfW Group" chapter.

The sustainability guidelines of the business sectors, subsidiaries and central units are designed, among other things, to improve the resilience of the corporate strategy and protect it from negative impacts from the banking business. They are derived from the business sector-specific sustainability mission statements, which are based on KfW's sustainability mission statement. The sustainability mission statements govern the treatment of environmental and social matters in (co-)financed projects of KfW Group. The guidelines are operationalised via an E&S Appraisal. The aim of the E&S Appraisal is to identify, avoid, mitigate or, if unavoidable, offset possible adverse impacts and risks of a project for people and the environment. Please refer to the "Environmental and Social Appraisal Guidelines" section in the "Environmental information" chapter for an in-depth description of the sustainability guidelines and the E&S Appraisal.

In addition, the resilience of the strategy and the business model is analysed and measured annually using scenario calculations and stress tests. ESG risks are included in the scenario configuration and various time horizons are considered. Operational resilience is ensured via ESG risk management tools. For further information, refer to the "Disclosures on ESG risks" section of this chapter.

### ***Climate and environmental issues in the banking business***

ESRS 2 SBM-3, E1 SBM-3, E4 SBM-3

KfW Group's banking business is associated with various material impacts, risks and opportunities in the "climate and environment" area. The overarching term "climate and environment" encapsulates the ESRS sub-topics of adaptation to and mitigation of climate change, energy, pollution and biodiversity. KfWplus, the strategic objectives 2030 and the group-wide sustainability mission statement address the material impacts, risks and opportunities associated with financing in the areas of climate and environment. General risk management also considers associated risk drivers that influence risk types such as credit risk and equity investment risk. These drivers are included in the management and organisation of risks and in risk processes. In the context of material impacts, risks and opportunities associated with climate and the environment, KfW Group's business strategy takes into account three sustainability goals: the SDG contribution of KfW financing activities, the 1.5°C alignment of KfW's financing activities and the environment and climate quota of financing (see the "Overarching environmental targets and actions" section in the "Environmental information" chapter). The sustainability guidelines of the business sectors that determine the respective E&S Appraisal, along with KfW Group's exclusion lists and the group-wide Paris-aligned sector guidelines, are the central frameworks for managing possible negative impacts and risks in the area of climate and environment.

Material impacts, risks and opportunities in the context of climate and environment are continuously monitored, included in group business sector planning as necessary and addressed in the business strategy. They are closely linked to the business strategy and influence the decision-making process, even if only indirectly in certain cases. Examples include setting up internal projects such as bioSFer, or adapting or relaunching promotional programmes (e.g. the reintroduction of the “Energy-efficient Urban Rehabilitation – Grant” programme).

Risk Controlling regularly reviews KfW Group’s business strategy in terms of its resilience to climate and environmental risks so that it can determine actions at an early stage if necessary. Climate scenario analyses and stress tests are performed for this purpose. These simulations and stress test calculations are based on various scientific assumptions regarding global climate development and global climate policy, and assess the impact on KfW Group’s risk and earnings position. They are based on the climate scenarios of the Network of Central Banks and Supervisors for Greening the Financial System, among other things. They also analyse whether the loan and equity investment portfolio is exposed to increased climate risks in the medium to long term. The results of the scenario analyses are also included in the assessment of risk-bearing capacity with regard to the risk appetite defined in the risk strategy. The risk appetite is reviewed and reassessed annually in group business sector planning. The main risk management approaches are included in the risk strategy and serve as the basis for operational risk management. Please refer to the “Processes to identify material impacts, risks and opportunities” section of this chapter for an overview of the scenario analyses performed.

The promotional priority areas, in particular climate and environment, are based on the political framework and are derived, for example, from the current version of the coalition agreement or other Federal Government programmes (such as the Climate Action Plan or the “Action Plan on Nature-based Solutions for Climate and Biodiversity”). These requirements strongly affect the strategy in the context of climate and environment by supporting the promotional priority areas with financing and promotional products or, as necessary, adjusting them. For further information, refer to the “Integrating sustainability matters into the business strategy” section of this chapter, and the overview of actions in the context of climate and environment in the “Overarching environmental targets and actions” section in the “Environmental information” chapter.

A group-wide biodiversity strategy is to be developed to address the growing importance of biodiversity as an action area in KfW Group’s banking business. The bioSFer project was initiated to this end in 2025, building on the preparations made in the “BioDiv-Roadmap” project. The aim of the biodiversity strategy in the banking business is to boost positive impacts on biodiversity across all relevant business sectors, reduce adverse impacts and appropriately consider the associated risks in the banking business. Financing has the potential to adversely impact biodiversity, for instance, if the projects financed contribute to land degradation, desertification and soil sealing or affect threatened species. The sustainability guidelines of the business sectors address how to deal with adverse impacts. For further information, please refer to the “Disclosures on biodiversity in policies” section in the “Environmental information” chapter.

### ***Working conditions in banking operations***

ESRS 2 SBM-3, S1 SBM-3

Working conditions in banking operations affect KfW Group’s workforce, which includes KfW Group employees and external employees. External employees refers to non-employees as defined in the ESRS and is used as a synonym. In addition to general working conditions, the topics equal treatment/non-discrimination and corporate culture are also addressed in the “Social matters in banking operations” section of the “Social information” chapter.

KfW Group employees include all individuals who have an employment relationship with a group company in accordance with national law or practice. Employees are all persons with an active employment contract with a group company who participate in the group's value creation. This includes individuals in partial retirement (both working and non-working periods), those in training (such as vocational and graduate trainees, interns, temporary student employees and sandwich-degree students), seconded and posted employees, non-active employees (e.g. due to parental leave) and local specialists as well as national staff at the foreign locations. Not included are those in German tax-advantaged "mini-jobs", early retirees, and members of the Executive Board and senior management if their position is their main activity. Reporting on employees covers all KfW Group employees in Germany and abroad. If only a certain sub-group of employees is meant, this is indicated accordingly. Employees can be divided into three groups:

- employees with permanent employment contracts (all KfW Group employees with an open-ended employment contract);
- employees with fixed-term employment contracts (all KfW Group employees whose contracts expire on a certain date); and
- non-guaranteed hours employees (workers without a guaranteed minimum or fixed number of working hours; such employee must be available to work as required, the employer is under no contractual obligation to guarantee the employee a minimum or fixed number of working hours per day, week or month).

In accordance with the ESRS, non-employees for KfW Group means all contractors inside and outside Germany who have concluded a contract to provide labour to a company belonging to the group (self-employed), and workers providing labour supplied by undertakings primarily engaged in the placement and supply of labour (temporary employees). If only a certain sub-group of non-employees is meant, this is indicated accordingly.

KfW Group's workforce does not engage in any activities where there is a significant risk of incidents in the context of forced labour or child labour. The KfW Group human rights policy ("Policy statement of KfW and its subsidiaries on human rights and on its human rights strategy") prohibits child and forced labour. As KfW Group is not currently pursuing any climate-related transition plans, the workforce remains unaffected by any positive or negative impact resulting from such plans.

As the materiality assessment found no material opportunities, risks or negative impacts for KfW Group's workforce, the focus of reporting is on positive impacts. KfWplus, the strategic objectives 2030 and the sustainability mission statement actively address and support these positive impacts. The business strategy takes into account important internal impact drivers relating to KfW Group's own workforce, such as available internal resources, HR marketing activities and the promotion of inclusion, equality and diversity. KfWplus places a particular focus on KfW's own workforce. It anchors employee potential/customer centricity in the business strategy to leverage positive impacts from the working conditions in banking operations. The Employer positioning project is a key component, having boosted employer attractiveness (including brand awareness and diversity) and put the material positive impacts into practice. The project is primarily aimed at employees in Germany. Further information on the project is provided in the "Social matters in banking operations" and "Diversity and inclusion" sections in the "Social information" chapter.

The majority of KfW Group's workforce is employed in Germany, meaning that they in particular benefit from the significant positive impacts. The creation of an inclusive working environment and the targeted promotion of structurally disadvantaged groups have a particular impact on this group of employees. KfW Group's workforce benefits from a non-discriminatory, inclusive working environment and a positive corporate culture. The benefits of further improved working conditions for non-employees are limited compared to those for employees. For instance, they do not have access to healthcare programmes or have any co-determination rights at KfW Group.

***(Groups of) persons affected by the banking business***

ESRS 2 SBM-3, S2 SBM-3, S3 SBM-3, S4 SBM-3

KfW Group's banking business has different material impacts, opportunities and risks on and for different persons or groups. Persons or groups refers here to value chain workers, affected communities, consumers and end-users.

KfW Group finances a wide range of projects in various regions of the world, which involve different types of **workers in the value chain**. The main types are:

- employees in undertakings (including financial undertakings) and public institutions that are direct financing customers;
- workers employed by financial undertakings as part of the on-lending business;
- employees in undertakings that are customers in the on-lending business;
- employees at private equity, venture capital and venture debt funds; and
- employees at business partners on the money and capital markets (e.g. issuers of debt securities and trading partners).

The list above refers to workers in the downstream value chain only, i.e. in connection with the banking business, as the impacts, risks and opportunities derived from it for workers in the upstream value chain were categorised as not material in the materiality assessment. To improve readability, the term “value chain workers” is used below exclusively to describe the workforce within the banking business.

The workers in KfW Group's value chain are affected by various positive and negative impacts. KfW Group's financing can create or secure jobs in the value chain, thereby operationalising KfW Group's purpose, “Boosting competitiveness and resilience for sustainable improvement of living conditions”, which is enshrined in the strategic objectives 2030. For KfW Group, this means sustainable promotion, which helps to boost the competitiveness and resilience of the economy and society. Creating new jobs contributes to this purpose in various ways. Firstly, this process boosts the economy through higher incomes and greater purchasing power, increasing prosperity and quality of life. Secondly, new jobs can facilitate access to education, healthcare and other important services, and promote social integration.

Sustainability guidelines that govern the treatment of environmental and social risks of financed projects apply to the respective business sectors' financing. Financing projects are also analysed for potential negative impacts and risks for employees, among other things. If the internal risk classification shows that an in-depth review is required, international standards are applied during the assessment in addition to national standards (see the description of the E&S Appraisal in the “Environmental and Social Appraisal Guidelines” section in the “Environmental information” chapter). Depending on the result of the assessment, conditions may be imposed on the project to be financed. Violations of human rights and/or harm to the physical integrity of value chain workers (e.g. due to workplace accidents) cannot be completely ruled out, despite compliance with strict due diligence obligations. According to KfW Group's current risk assessment, there is an increased risk of human rights violations, such as child labour and forced labour, related to its financing activities, particularly in emerging economies and developing countries. However, KfW's financing does not give rise to a widespread, systemic risk of human rights violations, due to the comprehensive regulations on E&S Appraisal (see the description of the E&S Appraisal in the “Environmental and Social Appraisal Guidelines” section in the “Environmental information” chapter). However, if after a supported project has commenced, project partners deviate from the agreed environmental and social standards and action plans, or if human rights are breached, KfW Group initiates countermeasures without delay. These measures must be determined, implemented and monitored on a case-by-case basis in accordance with the sustainability guidelines.

Material impacts on **affected communities** arise from KfW Group's banking business and therefore occur in connection with its financing activities. The materiality assessment did not identify any material impact, risks or opportunities resulting from banking operations. KfW Group defines affected communities as all communities that are or could be positively or negatively impacted by accessing funding. This definition also includes indigenous peoples as a specific affected community.

KfW Group funding may have a positive impact on the living conditions and circumstances of the affected communities, with the purpose enshrined in the strategic objectives 2030 addressed. A positive impact on living conditions and circumstances can be achieved, for example, by funding education and healthcare projects which improve the quality of life of communities, promote economic development and create new jobs. It is also possible that financing in the area of renewable energy can help to protect the climate and the environment and reduce or completely avoid dependency on fossil fuels. In such case, affected communities can benefit from positive climate and environmental impacts, such as improved air quality or avoiding resettlement due to fossil fuel extraction. These positive impacts benefit all groups of communities affected by KfW Group.

However, financing can also have adverse impacts on, and pose risks for, the affected communities and their living conditions and circumstances. Living conditions and circumstances can be influenced by aspects including traffic risks for local residents, environmental impacts (air, water, noise, waste), resettlement due to land use by the financing customers and harm to natural resources that are relevant to the livelihood of communities. Material negative impacts of financing are not systemic, as potential impacts on affected communities are assessed in accordance with the E&S Appraisal of the business sectors in advance of corresponding (project) financing (see the description of the E&S Appraisal in the "Environmental and Social Appraisal Guidelines" section in the "Environmental information" chapter). The aim of the guidelines is to avoid negative impacts and risks to the extent possible or, if complete avoidance is not possible, to minimise them or offset them. If a financing project does not meet environmental and social requirements and standards, or if unacceptable environmental and social impacts or risks are to be expected that cannot be adequately reduced through suitable mitigation actions, KfW Group will not participate in the financing. Please refer to the "Value chain workers and affected communities" section in the "Social information" chapter for more information.

Material risks and opportunities relating to affected communities in the value chain were not identified in the materiality assessment.

In the sustainability report, KfW Group defines **consumers and end-users** as individuals who purchase, consume or use goods and services for personal use either for themselves or for third parties. End-users are persons who ultimately use or are intended to use a product or service. KfW serves consumers and end-users directly (e.g. via student loans) and indirectly via the on-lending business (e.g. via promotional programmes such as the Home Ownership programme). Information on consumers and end-users relates to KfW, as only KfW, but not its subsidiaries, finances private clients. Due to the bank's role as a promotional bank, the generally applicable definition of "consumers" in the context of consumer loans (Section 491 of the German Civil Code [*Bürgerliches Gesetzbuch*]) does not apply. In the context of the sustainability report, however, the term "consumers and end-users" is still used for the purpose of standardisation.

KfW's business activities have a particularly positive impact on consumers and end-users by guaranteeing them non-discriminatory access to financing and promotional products. Cooperation with financing and sales partners in the on-lending business is a key factor. In KfW's view, its promotional products have the intended effect. For example, the promotion of owner-occupied housing is intended to underpin housing security. KfW also offers various types of financing in the context of school, academic and vocational training, which improves access to education primarily for financially weaker consumers and end-users. Although all consumers and end-users benefit from improved access to KfW's financing and promotional products, only the relevant target groups benefit from the specific financing and promotional products. The positive impacts are directly linked to the principle of subsidiarity. Subsidiarity means that KfW focuses on eliminating market weaknesses without obstructing or driving out private-sector enterprises. One such market weakness is the tight housing and real estate market. KfW addresses this by improving access to financing and promotional products, such as in its operationalisation of the promotional principle. KfW's products and services for consumers and end-users do not have adverse impacts on their health or safety.

**Material impacts** concerning value chain workers, affected communities, and consumers and end-users **affect the strategy** of KfW Group and the purpose enshrined in the strategic objectives 2030 as they arise from the existing strategy and shape its future development.

On the one hand, KfW Group's strategy generates positive impacts, which can be seen, for instance, in the promotional priority area climate change and the environment, and in impact management and customer centricity. All three groups of people mentioned above stand to benefit from these effects. The Sustainability strategy sub-item of the business strategy refers to the interests of value chain workers and those of affected communities, and refers to the group-wide exclusion list, the E&S Appraisal and the Policy statement of KfW and its subsidiaries on human rights and on its human rights strategy. In its financing activities, KfW Group takes care to avoid potential adverse impacts on people and the environment (including the climate) and associated risks, or to minimise or offset them through suitable actions where necessary. More detailed information is provided in the "Social matters at KfW Group" section in the "Social information" chapter.

On the other hand, environmental, social and governance matters can have an impact on KfW Group's strategy. The impacts described in this chapter have the potential to promote (positive impacts) or hinder (negative impacts) the purpose of KfW Group as defined in the strategic objectives 2030. In the context of the group-wide strategy process, possible changes to the strategic objectives 2030 are reviewed annually, as described at the beginning of this chapter. In addition, value chain workers, affected communities, and consumers and end-users are involved through stakeholder engagement formats to enable them to gain an understanding of issues concerning them. This may have additional implications for the strategy. In this context, please refer to the "Interests and views of stakeholders" section of this chapter.

#### **Company-specific topics**

ESRS 2 SBM-3

The ESRS topics were expanded to include material company-specific sustainability matters that were not covered or not covered with sufficient granularity by an ESRS. Please refer to the "Processes to identify material impacts, risks and opportunities" section of this chapter for further information. Two material positive impacts and one material risk specific to KfW Group were identified in the materiality assessment.

The company-specific material impacts concern the topics Promotion of sustainable transformation and Corporate and public clients. KfW Group promotes **SMEs and the sustainable transformation of enterprises and public institutions**, and improves access to financing and promotional products for SMEs through products specifically tailored to this customer group. This offering is intended to reduce the structural disadvantages in raising capital that SMEs face and have a positive impact on them. This positive impact is in line with principle of subsidiarity. The business strategy also provides for upfront fees as an incentive to sales partners to process microloans and for product-related marketing and sales activities (e.g. for product campaigns or to reinforce the sales position). Furthermore, the strategic objectives 2030 provide for an SME share of more than 40% in financing within domestic promotional activities, which directly contributes to the promotion of SMEs. Financing for the sustainable transformation of enterprises and public institutions is in line with and promotes the purpose enshrined in the strategic objectives 2030. Specifically, financing for the sustainable transformation is tied in with the strategic business objectives through the environment and climate quota, the 1.5°C target and the implementation of the sector guidelines (see "Environment and climate quota", "Targets related to climate and energy" and "Policies related to climate and energy" sections in the "Environmental information" chapter).

**Management of ESG risks** is also a core element of sustainability for KfW Group. These risks are addressed in the risk and overall bank management processes to properly map and integrate them. The risk inventory includes a comprehensive ESG materiality assessment, the results of which are closely linked with the ESRS materiality assessment. The Risk Controlling and Credit Risk Management departments are responsible for these tasks and the ongoing development of these topics. For further information, refer to the "Disclosures on ESG risks" section of this chapter.

**List of disclosure requirements covered**

The following table provides an overview of the material disclosure requirements in the sustainability report (ESRS 2 IRO-2 56):

**List of disclosure requirements covered in the sustainability report based on the results of the materiality assessment**

ESRS 2 IRO-2

Disclosure requirement	Sub-topic	Dimension	Section of sustainability report
ESRS 2 BP-1	General basis for preparation of the sustainability statements	Banking operations and banking business	– Basis for preparation of the sustainability report for KfW Group
ESRS 2 BP-2	Disclosures in relation to specific circumstances	Banking operations and banking business	– Basis for preparation of the sustainability report for KfW Group
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	Banking operations	– Executive Board and Board of Supervisory Directors of KfW – Structure and organisation of sustainability governance
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	Banking operations	– Processes to identify material impacts, risks and opportunities – Structure and organisation of sustainability governance
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Banking operations and banking business	– Executive Board and Board of Supervisory Directors of KfW
ESRS 2 GOV-4	Statement on due diligence	Banking operations and banking business	– Statement on due diligence in sustainability matters
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	Banking operations and banking business	– Internal controls and risk management relating to sustainability reporting
ESRS 2 SBM-1	Strategy, business model and value chain	Banking operations and banking business	– Strategy, business model and value chain – KfW Group’s value chain – Integrating sustainability matters into the business strategy – Environment and climate quota – Diversity and inclusion – Customers – Corporates
ESRS 2 SBM-2	Interests and views of stakeholders	Banking operations and banking business	– Interests and views of stakeholders
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking operations and banking business	– Business model and strategy in the context of material impacts, risks and opportunities – Assessment of the material impacts, risks and opportunities and their interaction with KfW Group’s strategy – Processes to identify material impacts, risks and opportunities
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Banking operations and banking business	– Materiality assessment – Processes to identify material impacts, risks and opportunities
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statements	Banking operations and banking business	– Processes to identify material impacts, risks and opportunities – Determining information identified as material
ESRS E1 GOV-3	Integration of sustainability-related performance in incentive schemes	Banking operations and banking business	– Executive Board and Board of Supervisory Directors of KfW
ESRS E1 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Banking operations and banking business	– Processes to identify material impacts, risks and opportunities
ESRS E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking business	– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group’s strategy – Processes to identify material impacts, risks and opportunities
ESRS E1 E1-1	Transition plan for climate change mitigation	Banking business	– Targets related to climate and energy – DEG Impact/Climate Commitments
ESRS E1 E1-2	Policies related to climate change mitigation and adaptation	Banking business	– Disclosures on ESG risks – Environmental and Social Appraisal Guidelines – Exclusion lists at KfW Group – Policies related to climate and energy
ESRS E1 E1-3	Actions and resources in relation to climate change policies	Banking business	– Disclosures on ESG risks – Expansion of group-wide impact management – Environment and climate quota – Environmental and Social Appraisal Guidelines – Actions related to climate and energy – DEG Impact/Climate Commitments

**List of disclosure requirements covered in the sustainability report based on the results of the materiality assessment**

ESRS 2 IRO-2

Disclosure requirement	Sub-topic	Dimension	Section of sustainability report
ESRS E1 E1-4	Targets related to climate change mitigation and adaptation	Banking business	<ul style="list-style-type: none"> <li>– Disclosures on ESG risks</li> <li>– Overarching environmental targets and actions</li> <li>– SDG mapping of KfW's financing activities</li> <li>– Environment and climate quota</li> <li>– Integrating sustainability matters into the business strategy</li> <li>– Targets related to climate and energy</li> <li>– DEG Impact/Climate Commitments</li> </ul>
ESRS E1 E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Banking operations and banking business	<ul style="list-style-type: none"> <li>– Greenhouse gas emissions</li> </ul>
ESRS E1 E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Banking business	n/a
ESRS E2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Banking operations and banking business	<ul style="list-style-type: none"> <li>– Processes to identify material impacts, risks and opportunities</li> </ul>
ESRS E2 E2-1	Policies related to pollution	Banking business	<ul style="list-style-type: none"> <li>– Environmental and Social Appraisal Guidelines</li> </ul>
ESRS E2 E2-2	Actions and resources related to pollution	Banking business	<ul style="list-style-type: none"> <li>– Expansion of group-wide impact management</li> <li>– Environment and climate quota</li> <li>– Environmental and Social Appraisal Guidelines</li> </ul>
ESRS E2 E2-3	Targets related to pollution	Banking business	<ul style="list-style-type: none"> <li>– Overarching environmental targets and actions</li> <li>– SDG mapping of KfW's financing activities</li> <li>– Environment and climate quota</li> <li>– Integrating sustainability matters into the business strategy</li> </ul>
ESRS E3 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Banking operations and banking business	<ul style="list-style-type: none"> <li>– Processes to identify material impacts, risks and opportunities</li> </ul>
ESRS E4 IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Banking operations and banking business	<ul style="list-style-type: none"> <li>– Processes to identify material impacts, risks and opportunities</li> </ul>
ESRS E4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking business	<ul style="list-style-type: none"> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy</li> </ul>
ESRS E4 E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Banking business	<ul style="list-style-type: none"> <li>– Disclosures on biodiversity risks</li> </ul>
ESRS E4 E4-2	Policies related to biodiversity and ecosystems	Banking business	<ul style="list-style-type: none"> <li>– Disclosures on ESG risks</li> <li>– Environmental and Social Appraisal Guidelines</li> </ul>
ESRS E4 E4-3	Actions and resources related to biodiversity and ecosystems	Banking business	<ul style="list-style-type: none"> <li>– Disclosures on ESG risks</li> <li>– Expansion of group-wide impact management</li> <li>– Environment and climate quota</li> <li>– Environmental and Social Appraisal Guidelines</li> <li>– Biodiversity actions</li> </ul>
ESRS E4 E4-4	Targets related to biodiversity and ecosystems	Banking business	<ul style="list-style-type: none"> <li>– Disclosures on ESG risks</li> <li>– Overarching environmental targets and actions</li> <li>– SDG mapping of KfW's financing activities</li> <li>– Integrating sustainability matters into the business strategy</li> </ul>
ESRS E4 E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	Banking business	n/a
ESRS E5 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Banking operations and banking business	<ul style="list-style-type: none"> <li>– Processes to identify material impacts, risks and opportunities</li> </ul>
ESRS S1 SBM-2	Interests and views of stakeholders	Banking operations	<ul style="list-style-type: none"> <li>– Interests and views of stakeholders</li> </ul>
ESRS S1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking operations	<ul style="list-style-type: none"> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy</li> </ul>

## List of disclosure requirements covered in the sustainability report based on the results of the materiality assessment

## ESRS 2 IRO-2

Disclosure requirement	Sub-topic	Dimension	Section of sustainability report
ESRS S1 S1-1	Policies related to own workforce	Banking operations	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Diversity and inclusion</li> <li>– Remuneration</li> <li>– Working conditions</li> <li>– Procedures for engaging with own workforce and workers' representatives</li> </ul>
ESRS S1 S1-2	Procedures for engaging with own workforce and workers' representatives about impacts	Banking operations	<ul style="list-style-type: none"> <li>– Social matters in banking operations</li> <li>– Working conditions</li> <li>– Procedures for engaging with own workforce and workers' representatives</li> <li>– Complaints management</li> <li>– Complaints channels for employees</li> </ul>
ESRS S1 S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Banking operations	<ul style="list-style-type: none"> <li>– Complaints management</li> <li>– Strategies relating to aspects of business conduct policies</li> <li>– KfW's LkSG complaints procedure</li> <li>– Complaints channels for employees</li> </ul>
ESRS S1 S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Banking operations	<ul style="list-style-type: none"> <li>– Social matters in banking operations</li> <li>– Social matters at KfW Group</li> <li>– Diversity and inclusion</li> <li>– Remuneration</li> <li>– Working conditions</li> </ul>
ESRS S1 S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Banking operations	<ul style="list-style-type: none"> <li>– Diversity and inclusion</li> <li>– Remuneration</li> <li>– Working conditions</li> </ul>
ESRS S1 S1-6	Characteristics of the company's employees	Banking operations	<ul style="list-style-type: none"> <li>– Diversity and inclusion</li> </ul>
ESRS S1 S1-8	Collective bargaining coverage and social dialogue	Banking operations	<ul style="list-style-type: none"> <li>– Remuneration</li> </ul>
ESRS S1 S1-9	Diversity metrics	Banking operations	<ul style="list-style-type: none"> <li>– Diversity and inclusion</li> </ul>
ESRS S1 S1-10	Adequate wages	Banking operations	<ul style="list-style-type: none"> <li>– Remuneration</li> </ul>
ESRS S1 S1-12	Persons with disabilities	Banking operations	<ul style="list-style-type: none"> <li>– Diversity and inclusion</li> </ul>
ESRS S1 S1-15	Work-family balance	Banking operations	<ul style="list-style-type: none"> <li>– Working conditions</li> </ul>
ESRS S1 S1-16	Compensation metrics (pay gap and total compensation)	Banking operations	<ul style="list-style-type: none"> <li>– Remuneration</li> </ul>
ESRS S1 S1-17	Incidents, complaints and severe human rights impacts	Banking operations	<ul style="list-style-type: none"> <li>– Complaints channels for employees</li> </ul>
ESRS S2 SBM-2	Interests and views of stakeholders	Banking business	<ul style="list-style-type: none"> <li>– Interests and views of stakeholders</li> </ul>
ESRS S2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking business	<ul style="list-style-type: none"> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy</li> </ul>
ESRS S2 S2-1	Policies related to value chain workers	Banking business	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Value chain workers and affected communities</li> </ul>
ESRS S2 S2-2	Processes for engaging with value chain workers about impacts	Banking business	<ul style="list-style-type: none"> <li>– Value chain workers and affected communities</li> </ul>
ESRS S2 S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Banking business	<ul style="list-style-type: none"> <li>– KfW Group's grievance mechanisms</li> <li>– Strategies relating to aspects of business conduct policies</li> <li>– Complaints management in the banking business</li> </ul>
ESRS S2 S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Banking business	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Value chain workers and affected communities</li> <li>– Complaints management</li> </ul>

## List of disclosure requirements covered in the sustainability report based on the results of the materiality assessment

## ESRS 2 IRO-2

Disclosure requirement	Sub-topic	Dimension	Section of sustainability report
ESRS S2 S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Banking business	<ul style="list-style-type: none"> <li>– Overarching environmental targets and actions</li> <li>– SDG mapping of KfW's financing activities</li> <li>– Value chain workers and affected communities</li> </ul>
ESRS S3 SBM-2	Interests and views of stakeholders	Banking business	<ul style="list-style-type: none"> <li>– Interests and views of stakeholders</li> </ul>
ESRS S3 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking business	<ul style="list-style-type: none"> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy</li> </ul>
ESRS S3 S3-1	Policies related to affected communities	Banking business	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Value chain workers and affected communities</li> </ul>
ESRS S3 S3-2	Processes for engaging with affected communities about impacts	Banking business	<ul style="list-style-type: none"> <li>– Value chain workers and affected communities</li> </ul>
ESRS S3 S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Banking business	<ul style="list-style-type: none"> <li>– Value chain workers and affected communities</li> <li>– KfW Group's grievance mechanisms</li> <li>– Strategies relating to aspects of business conduct policies</li> <li>– Complaints management in the banking business</li> </ul>
ESRS S3 S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Banking business	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Value chain workers and affected communities</li> <li>– Actions related to value chain workers and affected communities</li> <li>– Complaints management</li> </ul>
ESRS S3 S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Banking business	<ul style="list-style-type: none"> <li>– Overarching environmental targets and actions</li> <li>– SDG mapping of KfW's financing activities</li> <li>– Value chain workers and affected communities</li> </ul>
ESRS S4 SBM-2	Interests and views of stakeholders	Banking business	<ul style="list-style-type: none"> <li>– Interests and views of stakeholders</li> </ul>
ESRS S4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Banking business	<ul style="list-style-type: none"> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy</li> </ul>
ESRS S4 S4-1	Policies related to consumers and end-users	Banking business	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Customers – Consumers and end-users</li> </ul>
ESRS S4 S4-2	Processes for engaging with consumers and end-users about impacts	Banking business	<ul style="list-style-type: none"> <li>– Customers – Consumers and end-users</li> </ul>
ESRS S4 S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Banking business	<ul style="list-style-type: none"> <li>– Customers – Consumers and end-users</li> <li>– Complaints management</li> <li>– Strategies relating to aspects of business conduct policies</li> <li>– Complaints management in the banking business</li> </ul>
ESRS S4 S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Banking business	<ul style="list-style-type: none"> <li>– Social matters at KfW Group</li> <li>– Customers – Consumers and end-users</li> <li>– Complaints management in the banking business</li> </ul>
ESRS S4 S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Banking business	<ul style="list-style-type: none"> <li>– Customers – Consumers and end-users</li> </ul>
ESRS G1 GOV-1	The role of the administrative, supervisory and management bodies	Banking operations	<ul style="list-style-type: none"> <li>– Executive Board and Board of Supervisory Directors of KfW Group</li> </ul>
ESRS G1 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Banking operations	<ul style="list-style-type: none"> <li>– Processes to identify material impacts, risks and opportunities</li> </ul>
ESRS G1 G1-1	Business conduct policies and corporate culture	Banking operations	<ul style="list-style-type: none"> <li>– Promoting and further developing the corporate culture</li> <li>– Strategies relating to aspects of business conduct policies</li> </ul>

### Overview of EU legislation taken into account in the sustainability report

This sustainability report includes datapoints deriving from other EU legislation where they are required to be reported under ESRS 2 or have been identified as material. These comprised datapoints from the Sustainable Finance Disclosure Regulation (Regulation [EU] 2019/2088), Pillar 3 of Regulation (EU) 575/2013, the Benchmark Regulation (Regulation [EU] 2016/1011) and the European Climate Law (Regulation [EU] 2021/1119). The following indicates whether and where these datapoints are stated in the report.

### List of datapoints that derive from other EU legislation as listed in Appendix B of ESRS 2

ESRS 2 IRO-2

Disclosure requirement	Datapoint	Materiality	Section of sustainability report
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	No reservation	– Executive Board and Board of Supervisory Directors of KfW
ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 (e)	No reservation	– Executive Board and Board of Supervisory Directors of KfW
ESRS 2 GOV-4	Statement on due diligence paragraph 30	No reservation	– Statement on due diligence in sustainability matters
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i.	Not relevant	n/a
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii.	Not relevant	n/a
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii.	Not relevant	n/a
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv.	Not relevant	n/a
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14	Material	– DEG Impact/Climate Commitments
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Material	– DEG Impact/Climate Commitments
ESRS E1-4	GHG emission reduction targets paragraph 34	Material	– DEG Impact/Climate Commitments
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Not material	n/a
ESRS E1-5	Energy consumption and mix paragraph 37	Not material	n/a
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Not material	n/a
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Material	– Greenhouse gas emissions
ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	Material	– Greenhouse gas emissions
ESRS E1-7	GHG removals and carbon credits paragraph 56	Not relevant	n/a
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	n/a <sup>1)</sup>	n/a <sup>1)</sup>
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	n/a <sup>1)</sup>	n/a <sup>1)</sup>
ESRS E1-9	Location of significant assets at material physical risk paragraph 66 (c)	n/a <sup>1)</sup>	n/a <sup>1)</sup>

## List of datapoints that derive from other EU legislation as listed in Appendix B of ESRS 2

ESRS 2 IRO-2

Disclosure requirement	Datapoint	Materiality	Section of sustainability report
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	n/a <sup>1)</sup>	n/a <sup>1)</sup>
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities paragraph 69	n/a <sup>1)</sup>	n/a <sup>1)</sup>
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	Not material	n/a
ESRS E3-1	Water and marine resources paragraph 9	Not material	n/a
ESRS E3-1	Dedicated policy paragraph 13	Not material	n/a
ESRS E3-1	Sustainable oceans and seas paragraph 14	Not material	n/a
ESRS E3-4	Total water recycled and reused paragraph 28 (c)	Not material	n/a
ESRS E3-4	Total water consumption in m <sup>3</sup> per net revenue on own operations paragraph 29	Not material	n/a
ESRS 2 SBM-3 – E4	paragraph 16 (a) i.	Not relevant	n/a
ESRS 2 SBM-3 – E4	paragraph 16 (b)	Material	– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy
ESRS 2 SBM-3 – E4	paragraph 16 (c)	Material	– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy
ESRS E4-2	Sustainable land/agriculture practices or policies paragraph 24 (b)	Material	– Disclosures on biodiversity in policies
ESRS E4-2	Sustainable oceans/seas practices or policies paragraph 24 (c)	Material	– Disclosures on biodiversity in policies
ESRS E4-2	Policies to address deforestation paragraph 24 (d)	Material	– Disclosures on biodiversity in policies
ESRS E5-5	Non-recycled waste paragraph 37 (d)	Not material	n/a
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	Not material	n/a
ESRS 2 SBM-3 – S1	Risk of incidents of forced labour paragraph 14 (f)	Material	– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy
ESRS 2 SBM-3 – S1	Risk of incidents of child labour paragraph 14 (g)	Material	– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy
ESRS S1-1	Human rights policy commitments paragraph 20	Material	– Social matters at KfW Group
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 paragraph 21	Material	– Social matters at KfW Group
ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	Material	– Social matters at KfW Group
ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	Material	– Working conditions
ESRS S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	Material	– Complaints channels for employees
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Not material	n/a

## List of datapoints that derive from other EU legislation as listed in Appendix B of ESRS 2

## ESRS 2 IRO-2

Disclosure requirement	Datapoint	Materiality	Section of sustainability report
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Not material	n/a
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	Material	– Remuneration
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	Material	– Remuneration
ESRS S1-17	Incidents of discrimination paragraph 103 (a)	Material	– Complaints channels for employees
ESRS S1-17	Non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises paragraph 104 (a)	Not material	n/a
ESRS 2 SBM-3 – S2	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Material	– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy
ESRS S2-1	Human rights policy commitments paragraph 17	Material	– Value chain workers and affected communities
ESRS S2-1	Policies related to value chain workers paragraph 18	Material	– Social matters at KfW Group
ESRS S2-1	Non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises paragraph 19	Material	– Value chain workers and affected communities
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 paragraph 19	Material	– Value chain workers and affected communities
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Material	– Value chain workers and affected communities
ESRS S3-1	Human rights policy commitments paragraph 16	Material	– Social matters at KfW Group
ESRS S3-1	Non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises paragraph 17	Material	– Value chain workers and affected communities
ESRS S3-4	Human rights issues and incidents paragraph 36	Material	– Value chain workers and affected communities
ESRS S4-1	Policies related to consumers and end-users paragraph 16	Material	– Customers – Consumers and end-users
ESRS S4-1	Non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises paragraph 17	Material	– Customers – Consumers and end-users
ESRS S4-4	Human rights issues and incidents paragraph 35	Material	– Customers – Consumers and end-users
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	Material	– Strategies relating to aspects of business conduct policies
ESRS G1-1	Protection of whistle-blowers paragraph 10 (d)	Material	– Strategies relating to aspects of business conduct policies
ESRS G1-4 <sup>2)</sup>	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Not material	n/a
ESRS G1-4 <sup>2)</sup>	Standards of anti-corruption and anti-bribery paragraph 24 (b)	Not material	n/a

<sup>1)</sup> No information provided as the datapoint is not included due to the transition period in reporting year 2025

<sup>2)</sup> Matter pursuant to Section 315c in conjunction with 289c HGB; addressed in the "Company-specific topics" section of this chapter

## Corporate governance

### ESRS 2 GOV-1

The following information relates to the administrative, management and supervisory bodies of KfW as parent company of KfW Group. These are the Executive Board of KfW, the Board of Supervisory Directors and its committees (Presidial and Nomination Committee, Remuneration Committee, Risk and Credit Committee, and Audit Committee). KfW does not have a general shareholders' meeting. Some of the typical tasks performed by a general shareholders' meeting are assigned to the Board of Supervisory Directors in addition to its control and supervisory functions. The Executive Board does not include any representatives of trade unions or any of the group's own workers' representatives. The Board of Supervisory Directors includes four representatives of trade unions but no members of the group's own employee representation bodies.

### Executive Board and Board of Supervisory Directors of KfW

ESRS 2 GOV-1, GOV-3, G1 GOV-1, G1 GOV-3

KfW's Executive Board is chaired by Stefan Wintels, and – following the amicable resignation of Katharina Herrmann at her own request as of 30 April 2025 – currently comprises five members (2024: six members); it is responsible for managing business in accordance with the KfW Law, the KfW Bylaws and the procedural rules. In accordance with the KfW Bylaws, the Executive Board members must be personally reliable and professionally qualified to assume their functions. Professional qualifications are understood within the meaning of the German Banking Act (*Kreditwesengesetz* – “KWG”) and the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “BaFin”) Circular on Members of Administrative and Supervisory Bodies pursuant to the KWG, in which BaFin explains the professional and personal requirements for persons who are appointed as members of management. A prerequisite of the professional qualifications is adequate theoretical and practical knowledge of the business concerned, as well as managerial experience; three years' managerial experience at a comparable institution generally serves as evidence thereof. Requirements in terms of the necessary experience for a position to be filled on the Executive Board are defined in the respective job descriptions with candidate profiles for positions on the Executive Board of KfW, which are drawn up by the Presidial and Nomination Committee of the Board of Supervisory Directors in accordance with the KfW Bylaws. This committee identifies suitable candidates to fill a position on the Executive Board and proposes appointments to the Board of Supervisory Directors.

None of the Executive Board members received variable components in their remuneration in 2025 (2024: none of the Executive Board members). There are no separate incentives provided with regard to sustainability (including climate-related considerations), as the financing and promotion of sustainable development form part of the Federal Government's mandate, making them an integral component of KfW's business model and strategy.

The supreme governing body is the Board of Supervisory Directors, which also appoints and dismisses members of the Executive Board. It is responsible for advising and constant monitoring of the conduct of KfW's business activities and the management of its assets. Article 7 of the KfW Law influences the composition of the Board of Supervisory Directors. It has 37 members, none of whom assume a management role within KfW. The number of members of the Board of Supervisory Directors is prescribed by the KfW Law and therefore does not change from year to year, subject to legal amendments. Article 7 of the KfW Law also ensures that the sections of society that are relevant to KfW are represented on the Board of Supervisory Directors. Based on the composition prescribed in the KfW Law and the functions defined therein, the Board of Supervisory Directors as a whole must have the knowledge, skills and experience required to perform its responsibilities. The members must have the necessary expertise to perform their office and must be reliable, sufficiently independent and able to commit sufficient time to the performance of their office. The Federal Minister of Finance and the Federal Minister for Economic Affairs and Energy assume the position of Chair in alternating years. In addition to seven federal ministers (automatic members by virtue of their office), 30 independent members (2025: 80.0%; 2024: 81.1%) are appointed by the Federal Parliament (*Bundestag*), the Federal Council (*Bundesrat*) and the German Federal Government (appointed members) in accordance with the KfW Law. With the exception of the Federal Ministers, the members of the Board of Supervisory Directors are appointed for three years and roughly one third of the members are replaced every year.

The Board of Supervisory Directors establishes committees from among its members pursuant to the KfW Bylaws. These include the Presidial and Nomination Committee, Remuneration Committee, Risk and Credit Committee, and Audit Committee. Pursuant to provisions of the KfW Bylaws, the committee members must demonstrate the knowledge, skills and experience necessary to perform their tasks. Further provisions regarding the internal rules, composition and duties of the Board of Supervisory Directors and its committees are set out in Articles 10 to 14 of the KfW Bylaws. The Presidial and Nomination Committee also regularly (at least once a year) assesses the knowledge, skills and experience of the individual members of the Executive Board and Board of Supervisory Directors and of each body in its entirety, pursuant to the KfW Bylaws. This process is based on KfW's suitability guideline adopted by the Presidial and Nomination Committee, which set out specific criteria regarding suitability and expertise for the Executive Board and Board of Supervisory Directors.

None of the members of the Board of Supervisory Directors received variable components in their remuneration in 2025 (2024: none of the members of the Board of Supervisory Directors); and there are no separate incentives with regard to sustainability (including climate-related considerations) for either the Executive Board or the Board of Supervisory Directors.

The following table provides information on various aspects of diversity of the Executive Board and the Board of Supervisory Directors:

### Diversity within the governing bodies of KfW<sup>1)</sup>

ESRS 2 GOV-1

	2025		2024	
	Executive Board	Board of Supervisory Directors	Executive Board	Board of Supervisory Directors
	%	%	%	%
Percentage of female members	40.0	25.7	50.0	27.0
Percentage of male members	60.0	74.3	50.0	73.0
Percentage of members of other genders	0.0	0.0	0.0	0.0
No gender information provided	0.0	0.0	0.0	0.0
Average ratio of female to male members	66.7	34.6	100.0	37.0
Aged <30	0.0	0.0	0.0	0.0
Aged 30 ≤ 50	0.0	25.7	16.7	24.3
Aged >50	100.0	74.3	83.3	75.7

<sup>1)</sup> Any managing directors appointed are not members of the Executive Board and are therefore not included.

KfW offers its Executive Board members regular training to ensure that they have suitable skills and knowledge. This is also based on an existing concept for informing the Executive Board about relevant legal (regulatory) requirements and obligations. To expand their knowledge with regard to their role or regulatory matters, KfW additionally offers the 37 members of the Board of Supervisory Directors training courses by external experts at least every two years. It also provides a budget for their participation in external training events. No specific training on sustainability topics was provided to members of the Executive Board or the Board of Supervisory Directors in 2025.

### Structure and organisation of sustainability governance

ESRS 2 GOV-1, GOV-2

The EU and the Federal Republic of Germany have committed to promoting sustainable development, implementing the 2030 Agenda with its Sustainable Development Goals (SDGs), and to fulfilling the Paris Climate Agreement. KfW Group supports these sustainability targets. KfW Group's Chief Executive Officer bears overall responsibility for KfW Group's sustainability strategy and communication. The sustainability report is part of sustainability communication and of the financial report, and is the responsibility of the Chief Financial Officer. It falls under interdisciplinary main coordination in the Finance and Group Development

departments. Operational implementation of sustainability-related issues with regard to sustainable financing transactions is managed with the Executive Board members responsible for the individual business sectors and the management boards of the subsidiaries.

The role of CSO was established in the Group Development department in mid-2024 due to the increasing importance of sustainability for the banking business and the rising expectations of stakeholders. The CSO defines the sustainability strategy, which is an integral part of KfW Group's business strategy and acts as a central point of contact for the Executive Board and Board of Supervisory Directors such as with regard to monitoring sustainability matters. The CSO heads the division of the same name, which is part of the Group Development department in the CEO's area of responsibility. The division comprises two teams: Sustainability Policy and Sustainable Finance Management. The former's responsibilities include managing the bioSFer project (see "Actions related to biodiversity" section of the "Environmental information" chapter). The latter team's responsibilities include the central management of the "SDG mapping" and "Paris alignment of KfW's financing activities" topics (see the "SDG mapping of KfW's financing activities" and "Targets related to climate and energy" sections in the "Environmental information" chapter).

The Sustainable Finance Committee (SFC) has acted as central discussion and decision-making body at senior management level for sustainable finance at KfW Group since the beginning of 2025. The SFC meets every two to three months, is chaired by the CSO and supports the Executive Board. It is responsible for the involvement of and information provided to the represented business areas (such as business sectors, Risk Controlling and Finance) and supports the implementation of uniform sustainable finance management throughout KfW Group.

The Sustainability Policy and Sustainable Finance Management teams work together to coordinate the work of the internal Network Sustainable Finance. The network serves to ensure the exchange of information, and coordinates and advances sustainable finance topics at the working level in all three areas of sustainability (economic, environmental and social). The name and rules of procedure of the Network Sustainable Finance were adjusted accordingly following the creation of the SFC.

The proven decentralised operational integration and responsibility in the relevant business sectors, subsidiaries and central units continues alongside the central role of the Group Development department. Their sustainability officers play a key role in efficient interface management. There are sustainability officers in 14 departments and three subsidiaries (KfW IPEX-Bank, DEG and KfW Capital) of KfW Group. Their duties include providing advice, impetus and further development, but also acting as a link, coordinator and communicator for their department and delivering input for sustainability reports and ESG ratings. Group Development works with them to develop proposals for decisions by the Executive Board on the strategic orientation of sustainability. The business sectors, subsidiaries and central units can initiate additional targets and actions in a decentralised manner in the sustainability action areas of banking business and banking operations. They can also suggest ideas on focus areas to supplement the orders issued by the Executive Board. KfW Group summarises the action areas and topics relating to sustainability matters on an annual basis in a sustainability programme with information on the progress and challenges associated with each topic.

The parties responsible for the sustainability report provide the Executive Board with an annual overview of the material impacts, risks and opportunities for their information. The Executive Board is further involved as needed in adjustments to targets and actions in connection with these topics. The Board of Supervisory Directors regularly addresses the annual report, consolidated financial statements and annual financial reporting, which now also includes the sustainability report, at its spring meeting. Moreover, the Executive Board reports on sustainability issues at the Board of Supervisory Directors meetings, if necessary.

Compliance with and performance of due diligence requirements with regard to sustainability matters at KfW Group are primarily ensured via the sustainability guidelines of the business sectors, subsidiaries and central units. The Policy statement of KfW and its subsidiaries on human rights and on its human rights strategy ("KfW Group human rights policy") forms an integral component. An overview of the core elements of due diligence regarding sustainability is provided in the "Statement on due diligence in sustainability matters" section of this chapter.

As part of the LkSG risk assessment, the Compliance department also informs the Executive Board annually about the group’s risk situation and makes detailed reports. More information on KfW Group’s human rights policy is provided in the “Social matters at KfW Group” section in the “Social information” chapter.

For further information on strategic management, refer to the “Internal Management System” section in the “Basic information on KfW Group” chapter. Decisions in both the Executive Board and the Board of Supervisory Directors and its committees are based on draft resolutions and oral discussions. Where needed, alternatives and (potentially interdependent positive or negative) impacts on quantitative control variables are assessed. The quantitative control variables discussed may include promotion (e.g. environment and climate quota), finance (e.g. costs and income), risk (e.g. risk-weighted asset budgets) and funding (e.g. funding needs).

### Statement on due diligence in sustainability matters

ESRS 2 GOV-4

The following table indicates where in the sustainability report information can be found on due diligence process at KfW Group, including the application of the main aspects and steps of the due diligence process:

### Allocation of the core elements of the due diligence to the chapters of the sustainability report

ESRS 2 GOV-4

Core elements of due diligence	Section of sustainability report
Embedding due diligence in governance, strategy and business model	<ul style="list-style-type: none"> <li>– Business model and strategy in the context of material impacts, risks and opportunities</li> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group’s strategy</li> <li>– Linking the materiality assessment and the general risk management process</li> <li>– Processes to identify material impacts, risks and opportunities</li> <li>– Executive Board and Board of Supervisory Directors of KfW</li> <li>– Structure and organisation of sustainability governance</li> </ul>
Engaging with affected stakeholders in all key steps of the due diligence	<ul style="list-style-type: none"> <li>– Interests and views of stakeholders</li> <li>– Materiality assessment</li> <li>– Processes to identify material impacts, risks and opportunities</li> <li>– Structure and organisation of sustainability governance</li> <li>– Disclosures on ESG risks</li> <li>– Integrating sustainability matters into the business strategy</li> <li>– Overarching guidelines</li> <li>– Environmental and Social Appraisal Guidelines</li> <li>– Exclusion lists at KfW Group</li> <li>– Policies related to climate and energy</li> <li>– Social matters at KfW Group</li> <li>– Diversity and inclusion</li> <li>– Remuneration</li> <li>– Working conditions</li> <li>– Value chain workers and affected communities</li> <li>– Customers – Consumers and end-users</li> </ul>
Identifying and assessing adverse impacts	<ul style="list-style-type: none"> <li>– Business model and strategy in the context of material impacts, risks and opportunities</li> <li>– Assessment of the material impacts, risks and opportunities and their interaction with KfW Group’s strategy</li> <li>– Materiality assessment</li> <li>– Processes to identify material impacts, risks and opportunities</li> </ul>
Taking action to address those adverse impacts	<ul style="list-style-type: none"> <li>– Strategy, business model and value chain</li> <li>– Disclosures on ESG risks</li> <li>– Expansion of group-wide impact management</li> <li>– Environment and climate quota</li> <li>– Environmental and Social Appraisal Guidelines</li> <li>– Actions related to climate and energy</li> <li>– Policies related to climate and energy</li> <li>– DEG Impact/Climate Commitments</li> <li>– Actions related to biodiversity</li> <li>– Disclosures on biodiversity risks</li> <li>– Social matters in banking operations</li> <li>– Diversity and inclusion</li> <li>– Remuneration</li> <li>– Working conditions</li> <li>– Value chain workers and affected communities</li> </ul>

## Allocation of the core elements of the due diligence to the chapters of the sustainability report

ESRS 2 GOV-4

Core elements of due diligence	Section of sustainability report
Tracking the effectiveness of these efforts and communicating	<ul style="list-style-type: none"> <li>– Basis for preparation of the sustainability report for KfW Group</li> <li>– Disclosures on ESG risks</li> <li>– Overarching environmental targets and actions</li> <li>– SDG mapping of KfW's financing activities</li> <li>– Environment and climate quota</li> <li>– Integrating sustainability matters into the business strategy</li> <li>– Greenhouse gas emissions</li> <li>– Targets related to climate and energy</li> <li>– DEG Impact/Climate Commitments</li> <li>– Diversity and inclusion</li> <li>– Remuneration</li> <li>– Working conditions</li> <li>– Value chain workers and affected communities</li> <li>– Customers – Consumers and end-users</li> <li>– Customers – Corporates</li> </ul>

## Internal controls and risk management relating to sustainability reporting

ESRS 2 GOV-5

Risk management in sustainability reporting is based on the established process-integrated internal control system (ICS) of KfW Group. The reporting process for the sustainability report is embedded in the existing process landscape for financial reporting and the existing sustainability reporting. It applies the established quality assurance and approval mechanisms, with specifics relating to sustainability reporting in accordance with ESRS added and supplemented. As provided in the group-wide ICS methodology, a risk assessment is carried out during the process expansion, comprising risk identification, risk description and risk assessment. The risks are identified in the processes in which they may occur. The process-inherent risks are assessed using a uniform evaluation scheme in a risk matrix based on types of damage (e.g. financial, normative or reputational) and their probability of occurrence, and hedged in line with the matrix. The assessment is based on expert evaluations and available data, such as operational risk scenarios, and is documented in a risk control inventory. Risks arise at KfW in the context of sustainability reporting relating to the input of various quantitative data, in the categories of accuracy, completeness and data processing. These risks are hedged by means of multi-stage decentralised quality assurance and approval processes (e.g. multiple assessor verification). The established hedging mechanisms from financial reporting can be used as a basis for hedging identified risks. Where other organisational entities outside of financial reporting are process owners, requirements for dealing with risks are developed, set down in writing and published as part of the Restructuring sustainability reporting at KfW Group project with the respective process owners. The results of the risk assessments and controls are transferred to the group-wide ICS rules and then shared with the Executive Board and Board of Supervisory Directors via annual reporting. For further information on the group-wide ICS methodology and its application please refer to the "Additional internal control procedures" section of the risk report.

### Disclosures on ESG risks

E1-2 in conjunction with ESRS 2 MDR-P, E1-3 in conjunction with ESRS 2 MDR-A and E1-4 in conjunction with ESRS 2 MDR-T

Certain ESG risks were identified as material in the materiality assessment conducted in accordance with ESRS. These are based on the risk types assessed as material in the risk inventory as well as on the associated risk drivers assessed as material. ESG risks are not classed as an independent category of risk, as their contribution to the materiality of a risk type is assessed as an ESG risk driver in the risk inventory. With respect to climate risks, KfW Group's material ESG risk drivers are primarily found in the area of credit risk. Material risk drivers concerning governance of counterparties are particularly relevant to credit, equity investment and credit spread risk, whereas risk drivers concerning governance breaches by KfW Group primarily relate to operational risk. An overview of ESG risks and other risk types classified as operational risk, such as information security risk and compliance risk, is provided in the "Risk types" section of the

risk report. For more detailed information on risk strategy, risk management and the risk inventory, please refer to the “Organisation of risk management and monitoring” section of the risk report.

KfW Group places particular importance on continual development of ESG risk management. However, it does not pursue a measurable, results-based objective within the meaning of the ESRS, instead following the comprehensive regulatory requirements of national and European supervisory authorities. The internal “ESG risk management” policy is a comprehensive guide to dealing with ESG risks throughout KfW Group and sets out the fundamental methods, tools and management processes used in connection with ESG risks. These include, in addition to the 7th MaRisk amendment, the European Central Bank’s Guide on climate-related and environmental risks. The Risk Controlling department is responsible for the policy within the group, reviews it annually and updates it as needed.

Primary responsibility for ESG risk management lies with the line units within the Credit risk management and Risk Controlling departments. The central instrument for ESG risk management is the ESG risk profile – an application that records the ESG risks of business partners. Specialised evaluation schemes are provided in the ESG risk profile for ESG risk assessment of credit institutions, companies, funds, securitisations and countries. In addition, the inclusion of ESG risks in the risk management cycle and its instruments is reviewed and expanded on an ongoing basis. These risk instruments apply throughout the group; there may be additional subsidiary-specific actions.

KfW Group implemented or initiated actions including the following in the reporting year to manage ESG risks and further develop ESG risk management:

- Refining the ESG materiality assessment as part of the risk inventory: the aim is to identify ESG risks in a more targeted manner and to form a basis for the inclusion of these risks in KfW Group’s risk management and controlling processes. The assessment of credit and equity investment risks was carried out for three periods for the first time in the reporting year (short, medium and long term). The main focus for 2026 is on further expansion of the environmental dimension and the long-term time horizon (at least 10 years).
- Expanding the functionality of the ESG risk profile: assessment of location-based climate and environmental risks at hazard level for corporates was introduced, thereby optimising the identification and assessment of ESG risk drivers in credit risk.
- Performing scenario analyses and ESG stress tests: this included stress tests on flooding and heavy rainfall events, and on wildfires. An additional stress test on climate-related transition risks and their impacts in the business activities and risk-bearing capacity of KfW Group was prepared in 2025 and will be carried out in the first quarter of 2026 (see the “Processes to identify material impacts, risks and opportunities” section of the “General information” chapter).
- Ensuring adequate consideration of ESG risks: this applies in the risk strategy, business strategy, and risk appetite, valuation of collateral and in risk-bearing capacity.
- Focusing on biodiversity as part of the bioSFer project initiated in 2025: the aims include managing biodiversity-related risks with an impact on the group in accordance with regulatory requirements by 2026 (see also the “Specific disclosures on biodiversity” section in the “Environmental information” chapter).
- Reporting and indicators: these include internal ESG reporting, ESG-related KPIs and key risk indicators. For instance, the thresholds of defined ESG credit risk indicators have been monitored since 2025.

Further information on actions to manage the risks identified as material as part of risk management and monitoring at KfW Group, is provided in the “Current developments” and “Organisation of risk management and monitoring” sections of the risk report.

# Environmental information

“Boosting competitiveness and resilience for sustainable improvement of living conditions” is the overarching purpose of the strategic objectives 2030, in which KfW Group defines its targeted medium to long-term positioning. Climate and environment matters are of particular importance as part of the strategic promotional mandate, impact and impetus focal issue. The strategic importance is also evident in the results of the materiality assessment performed by KfW Group for this sustainability report. The topics identified as material in the banking business are “climate change mitigation”, “climate change adaptation”, “energy”, “pollution” and “biodiversity”. These topics are therefore the focus of this chapter.

The chapter starts by presenting targets, actions and policies of KfW Group that relate to the material environmental aspects across all topic areas in a summary section. These include targets and actions that relate to the SDG contribution of KfW's financing activities and the group-wide environment and climate quota of financing, the sustainability policies of the business sectors, and the exclusion lists used with regard to environmental aspects. Further information on any topic-specific targets, actions and policies is provided in separate sections of the chapter, on climate and energy (including information on KfW Group's greenhouse gas emissions), pollution, biodiversity and sustainable transformation. Information on reporting in accordance with Article 8 of the EU Taxonomy is also provided in this chapter.

## Overarching environmental targets and actions

E1-4, E2-3, E4-4 each in conjunction with ESRS 2 MDR-T

Three targets are embedded in the strategic objectives 2030 with respect to the topics “climate change mitigation”, “climate change adaptation”, “energy”, “pollution” and “biodiversity” identified as material within the banking business:

- SDG mapping of KfW's financing activities
- Environment and climate quota of more than 38%
- 1.5°C alignment of KfW's financing activities

KfW Group considers the targets to be in line with the orientation of the promotional policy and the focus on sustainable transformation in Germany and around the world. These targets and the corresponding actions are described in further detail below (for the 1.5°C alignment of KfW's financing activities target, see the “Targets related to climate and energy” section of this chapter).

## SDG mapping of KfW's financing activities

E1-4, E2-3, E4-4, S2-5, S3-5 each in conjunction with ESRS 2 MDR-T, MDR-M

The United Nations adopted the 2030 Agenda for Sustainable Development in 2015, covering three dimensions (economic, environmental and social). At the heart of the agenda are 17 universal goals for sustainable development, the Sustainable Development Goals, or SDGs. KfW Group contributes to the achievement of these SDGs through its promotion and financing of governments, municipalities, companies, funds and private individuals worldwide. To make its contribution to the global SDGs transparent, it aims to map all annual new business (100%) to at least one Sustainable Development Goal. KfW Group discloses the volume of financing allocated to each SDG. The allocation of all financing is thoroughly reviewed. The review process is described in the paragraphs below.

KfW Group covered all of the SDGs with its financing activities in 2025. A total of 97.1% of new financing was allocated to at least one SDG (2024: 98.2%). It was not possible to clearly allocate individual-level financing to the SDGs, so this was not included in SDG mapping. The table below shows how financing was broken down among the SDGs.

**KfW Group financing contributions to the SDGs<sup>1)</sup>**

E1-4, E2-3, E4-4, S2-5 in conjunction with ESRS 2 MDR-T

	Total new commitment volume	
	2025	2024
	EUR in millions	EUR in millions
<b>SDG 1:</b> No poverty	2,000	4,351
<b>SDG 2:</b> Zero hunger	594	569
<b>SDG 3:</b> Good health and well-being	1,385	3,464
<b>SDG 4:</b> Quality education	3,866	4,706
<b>SDG 5:</b> Gender equality	1,530	1,160
<b>SDG 6:</b> Clean water and sanitation	2,092	2,773
<b>SDG 7:</b> Affordable and clean energy	44,156	52,308
<b>SDG 8:</b> Decent work and economic growth	36,328 <sup>2)</sup>	33,896 <sup>2)</sup>
<b>SDG 9:</b> Industry, innovation and infrastructure	23,963	47,011
<b>SDG 10:</b> Reduced inequalities	3,677	4,258
<b>SDG 11:</b> Sustainable cities and communities	34,207	54,342
<b>SDG 12:</b> Responsible consumption and production	2,198	2,733
<b>SDG 13:</b> Climate action	37,682	51,756
<b>SDG 14:</b> Life below water	474	564
<b>SDG 15:</b> Life on land	1,138	1,425
<b>SDG 16:</b> Peace, justice and strong institutions	929	1,149
<b>SDG 17:</b> Partnerships for the goals	2,760	2,979

<sup>1)</sup> KfW financing generally contributes to several SDGs at the same time and may therefore be allocated to several SDGs in the above table.

<sup>2)</sup> Adjusted for non-recurring effects from mandated transactions to stabilise and secure the energy supply in Germany in the amount of EUR 1 billion in reporting year 2025 (2024: EUR 8.5 billion) carried out on behalf of the German Federal Government

No harmonised, standardised indicators have yet been established for (promotional) banks to report their (financing) contributions to the SDGs. KfW Group therefore set its own voluntary target of making a contribution to the SDGs and developed its own SDG mapping process. It uses a range of reference frameworks in assessing the eligibility of the financing for the SDGs. These include the SDG requirements of Agenda 2030, the sustainability strategy of German Federal Government, the SDG Compass developed by the GRI, the United Nations (UN) Global Compact and the World Business Council for Sustainable Development. KfW Group also verifies whether the intended positive effect on the respective SDG plausibly matches its understanding of impact.

In order to determine the SDG contribution of financing, KfW Group uses the standard data recorded for new financing for an indication of the intended positive impact on sustainable development in line with KfW's understanding of impact. Possible negative effects on other SDGs are not offset. This includes the contribution of financing activities to the environment and climate quota for all business sectors. Qualitative and quantitative impact indicators are also included for DEG. For KfW Development Bank, cross-sectoral identifiers and the purpose codes of the OECD Development Assistance Committee are also used. In addition, KfW product categories are used for some business sectors. Standardised purposes, promotional product-specific classifications and sector classifications are used at the level of the financed activity to identify the intended positive impacts to achieve the SDGs. Compliance with international standards such as the IFC Performance Standards and performance of an E&S Appraisal, as well as compliance with the exclusion lists and the KfW Group sector guidelines, ensure that any conflicting targets and negative effects on achieving the SDGs are prevented or minimised. Financing is eligible as an SDG contribution only when all the requirements are met. For further information on the E&S Appraisal and the exclusion lists, please refer to the "Environmental and Social Appraisal Guidelines" and "Exclusion lists at KfW Group" sections of this chapter.

In the **areas of climate change mitigation, climate change adaptation, and energy** (including the use of renewable energy and energy efficiency) contributions of financing activities to SDG 7 (Affordable and clean energy) and SDG 13 (Climate action) enable measurement of the intended positive impact of KfW Group and also show how KfW Group exploits the opportunities identified as material in these areas. KfW Group considers financing to contribute to SDG 7 if it promotes renewable energy sources, energy efficiency or transitional technologies for the transformation of the energy sector. The objective of SDG 13 is to take action to combat climate change and its impacts. KfW Group contributes to this goal by providing financial resources for climate change mitigation and adaptation in Germany and internationally. It also supports its project partners as needed in designing and executing their investments. In the area of climate change mitigation, it focuses on actions relating to renewable energy, energy efficiency, forest conservation and reforestation, as well as environmentally friendly mobility. KfW Group's contribution to SDG 13 also includes financing for climate change adaptation actions, such as investments in climate-resilient supply of drinking water and flood risk management.

In the **area of pollution**, the SDG contribution shows the intended positive contributions of KfW Group financing activities to minimising and preventing air, water and soil pollution. This follows the SDG eligibility methodology described in this chapter and is not based on specific loads. Financing activities that contribute to minimising pollution are allocated to SDG 3 (Good health and well-being), SDG 6 (Clean water and sanitation) and SDG 12 (Responsible consumption and production). SDG 3 addresses problem areas that have an adverse effect on health and well-being, including pollution of air, water and soil. Financing that is mapped to this SDG includes infrastructure actions to secure minimum hygiene standards (such as sewage treatment facilities). SDG 6 focuses on ensuring availability and sustainable management of water and sanitation and avoiding water contamination. In light of this, KfW Group includes both financing for wastewater disposal and promotional measures for modern waste management systems that prevent contamination of water resources. KfW Group financing activities deemed to make a contribution to SDG 12 promote environmentally friendly production processes and wastewater treatment, among other things.

In the **area of biodiversity**, KfW Group financing contributes to SDG 14 (Life below water) and SDG 15 (Life on land). KfW Group uses the opportunity identified as material to expand financing for companies that contribute to biodiversity conservation through their activities. The intended positive contribution of financing is demonstrated through the mapping of financing to these SDGs. The SDG target is currently not based on any further (inter)national guidelines or legal requirements in connection with biodiversity and ecosystems or ecological thresholds in line with its purpose. The main contributions to SDG 14 are environmental programmes for wastewater purification and treatment and promotional measures for maritime protected areas and sustainable fishing. The contribution to SDG 15 in Germany primarily comprises environmental programmes for soil and groundwater conservation. In terms of KfW Group's international activity, this includes programmes aimed at protected area management, sustainable forestry and combating desertification.

KfW Group's financing activities in the area of biodiversity and ecosystems vary widely, and can be allocated to different steps of the mitigation hierarchy (avoidance, minimisation, restoration and rehabilitation, and compensation or offsets) depending on the financing target and activity. In addition to recording intended positive contributions, the aim is also to minimise potential conflicts and negative effects on the biodiversity targets of the SDGs. This is achieved by examining potential negative impacts of financing using IFC Performance Standard 6 (or the World Bank's Environmental and Social Standard 6 at KfW Development Bank) as part of the E&S Appraisal (see the "Environmental and Social Appraisal Guidelines" section of this chapter). The exclusion lists also rule out, as a matter of principle, investments that threaten to destroy or significantly impair areas that are particularly worthy of protection without appropriate offsetting in accordance with international standards. KfW Group also uses IFC Performance Standard 7 (or the World Bank's Environmental and Social Standard 7 at KfW Development Bank) in the E&S Appraisal to ensure that the free, prior and informed consent of indigenous peoples is obtained if financed projects affect indigenous rights.

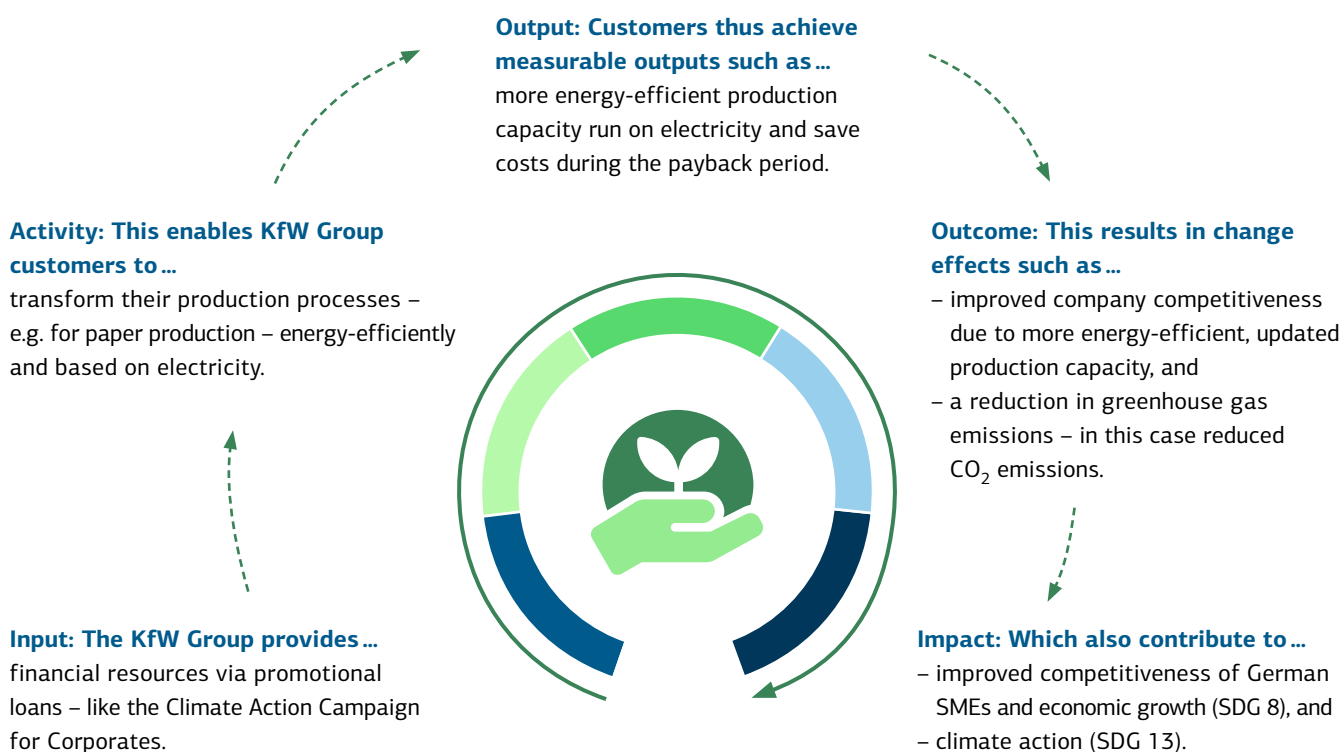
KfW Group's **understanding of impact** is derived from the basic idea of demonstrating the process from financing up to the intended impact. SDG mapping is the first step in this direction and makes KfW Group's financial contribution to achieving SDGs clear. However, the scope of the impacts on sustainability cannot currently be quantified through SDG mapping. A group-wide impact management system was therefore developed, which is described in the section below.

### Expansion of group-wide impact management

E1-3, E2-2, E4-3 each in conjunction with ESRS 2 MDR-A

In its group-wide impact management, KfW Group has established a harmonised understanding of impact and a methodology for measuring the expected impact of new business in three dimensions (economic, environmental and social). As illustrated in the chart below, the understanding of impact describes the connections between the resources used (input), the customer or partner activities financed with those funds (activity), the resulting products or services (output), the targeted change effects (outcome) – and ultimately the long-term impact (impact). KfW Group has derived impact categories from this system, supported by indicators that will be continually enhanced over the coming years. The Sustainable Finance Management team in Group Development has been responsible for further developing impact management since 2025. Eight selected impact indicators were published on the KfW website for the first time in 2025 in the form of “KfW Impact Insights”. These do not serve as control variables. A review of all existing indicators was also conducted in 2025 to identify those potentially suitable for publication in the future. These additional indicators will be revised with a focus on data quality and availability from 2026.

#### KfW Group’s understanding of impact – from financing to the intended change



KfW Group reports annually on methodological advances and the measurement of specific impact indicators in the “KfW impact insights” published on the KfW website.

The focal point of group-wide impact management is the measurement of the intended impact. There is therefore no plan to use biodiversity offsets, mitigation actions or local and indigenous knowledge. These aspects will be included, if necessary, in the E&S Appraisal (see the “Environmental and Social Appraisal Guidelines” section of this chapter).

## Environment and climate quota

E1-3, E1-4, E2-2, E2-3 each in conjunction with ESRS 2 MDR-T, E4-3 in conjunction with ESRS 2 MDR-A, MDR-M

The promotional priority area climate change and environment is an element of the strategic KfWplus transformation agenda. KfW Group has voluntarily set the **environment and climate quota target** in order to ensure and expand a continuously high promotional business volume in this key priority area. The target quota is defined in the strategic objectives 2030 and, for the reporting year, totals at least 38% of the annual new commitment volume. It represents the ratio of new commitments attributable to the environment and climate quota to KfW Group's total new commitment volume in its core business activities. Stakeholders were not actively involved in setting this target.

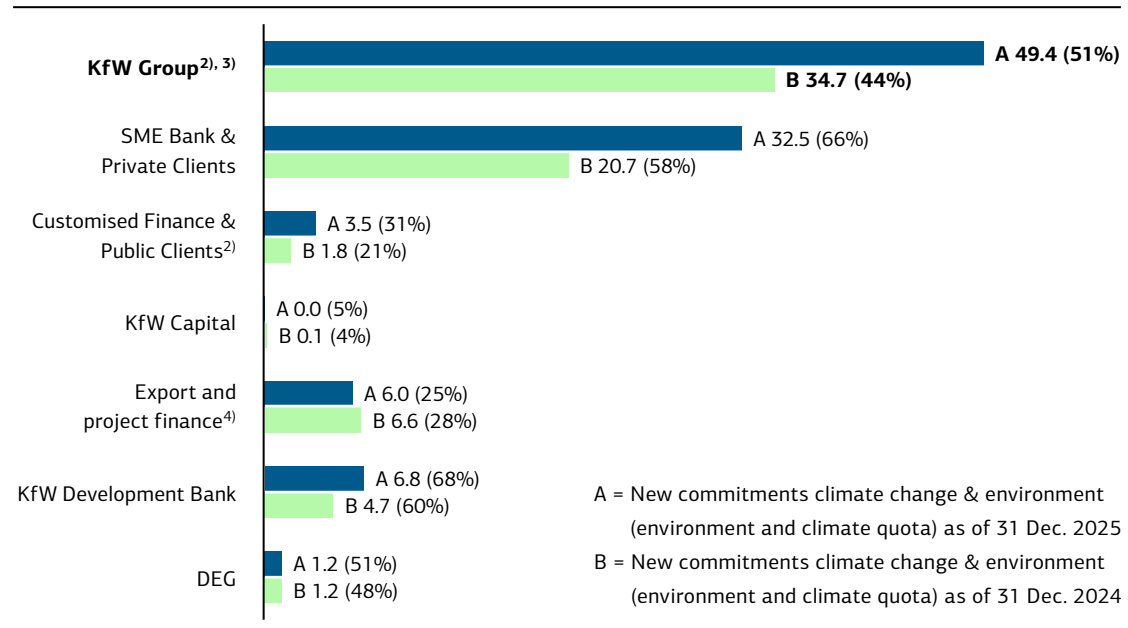
KfW Group has defined different eligibility criteria for financing to be included in the environment and climate quota depending on the type of financing. These were developed based on the standard market level of ambition and the typical financing conditions of climate-related and environmental public promotional programmes. Other scientific findings were not included. The environment and climate quota comprises the impacts and opportunities identified as material in the areas of climate change mitigation, climate change adaptation, energy and pollution. Promotional programmes, credit lines and initiatives with an explicit focus on climate action (including climate change adaptation), environmental protection and resource conservation are directly included in the environment and climate quota. Project-related financing or corporate financing for renewable energy, e-mobility, carbon sinks, carbon capture and storage as well as for producing climate change-mitigation and climate-adaptation technologies are included directly. Carbon sinks are carbon dioxide reservoirs that absorb carbon naturally or by technical means, thereby reducing the concentration of CO<sub>2</sub> in the atmosphere.

Specific reduction targets apply for including other project-related financing or corporate financing relating to climate change mitigation and other avoidance of pollution, particularly waste avoidance, wastewater treatment, air pollution control and noise control. In these cases, a proven reduction in resource consumption and environmental pollution of at least 15% is required. Financing in the area of energy efficiency is recognised if it can demonstrate achievement of specific emission reductions (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>eq) of at least 15% compared with the national industry average of existing assets in the case of new investments or 20% in the case of replacement investments. Beyond this, no loads are specified.

Each business sector is responsible for its own compliance with the group-wide rules and for providing quality-controlled data for consolidation. They can also define further, business-sector-specific criteria for the inclusion of financing in the environment and climate quota.

The environment and climate quota of 51% at group level in 2025 was above the target of the strategic objectives (>38%) and above the prior-year quota of 44%. Various developments were evident in the quota. For instance, the normalised yield curve compared with the previous year has enabled much more favourable lending conditions to be offered for the climate and environment-related promotional products in the business sector SME Bank & Private Clients, resulting in an increase in new commitments in KfW's core business activities. For the same reason, the business sector Customised Finance & Public Clients increased its commitments year on year in areas including financing for municipalities which are included in the quota. These factors resulted in an increase in new business volume in core business and of the environment and climate quota at group level in the reporting year. The other business sectors also made a positive contribution to the environment and climate quota, primarily due to the higher pro-rata number of commitments relating to the environment by KfW Development Bank and business sector Export and project finance, and the strong focus of DEG's new business on climate and environment financing. The following chart presents the new commitment volume related to climate and environment as well as the environment and climate quota of the group and the individual business sectors.

### Climate and environment-related new commitment volume (in EUR billion) and environment and climate quota<sup>1)</sup> (in %) of KfW Group and its business sectors



<sup>1)</sup> Percentage of total commitments in core business for the business sector or business area

<sup>2)</sup> Adjustment for non-recurring effect from emergency aid and price cap for gas and heat on behalf of the Federal Government, special funding measures (including margining and gas storage facilities) and the hydrogen core network amortisation account

<sup>3)</sup> Adjustment of KfW Group total volume for commitments made in export and project finance from KfW programme loans in Germany by EUR 0.5 billion in the reporting year (2024: EUR 0.4 billion)

<sup>4)</sup> The environment and climate quota in the core business of the business sector was 25% in the reporting year (2024: 26%). Excluding the consolidation effect from domestic promotional export and project on-lending business, the environment and climate quota was 25% in the reporting year (2024: 28%).

Various promotional programmes and financing priorities were among the **key actions to achieve the environment and climate quota** in the reporting year; they are presented in the table below. The Renewable Energy – Standard promotional programme was added to the list of key actions this reporting year due to its increased new commitment volume in core business. As a lever for the decarbonisation of the banking business, programmes and financing with a focus on climate and energy additionally contribute to the achievement of the group-wide target of 1.5°C alignment of new financing and compliance with the Paris-aligned sector guidelines (see the “Targets related to climate and energy” and “Policies related to climate and energy” sections of this chapter).

**The business sectors' key contributions to the environment and climate quota**

E1-3, E2-2, E4-3 in conjunction with ESRS 2 MDR-A

Business sector	Financing/promotional priority	Target group	Sustainability matter <sup>1)</sup>	New commitment volume (core business)	
				2025	2024
				EUR in billions	EUR in billions
SME Bank & Private Clients	<b>Federal Funding for Efficient Buildings</b> Provision of loans with interest reductions and, in some cases, a repayment bonus for the energy-efficient refurbishment of residential and non-residential buildings to efficiency house/building level and for the purchase of a newly refurbished efficiency house/building, and grants for the installation of new, climate-friendly heating systems Time horizon: ongoing	Including private, commercial and public-sector investors, private individuals, homeowners' associations, companies, municipal enterprises, self-employed, non-profit organisations, contractors	Climate, energy	12.8	10.0
	<b>Renewable Energy – Standard</b> Financing for investments in power and heat-generating plants using renewable energy Time horizon: ongoing	Including companies, municipal enterprises, self-employed	Climate, energy	9.2	0.0
	<b>Climate-friendly Construction Residential Buildings, Non-residential Buildings</b> Construction or first purchase with high energy-efficiency standards (Efficiency House 40 or Efficiency House 55 in the low price segment) and demonstrably low GHG emissions ("Sustainable Building Plus Quality Label", "Sustainable Building PREMIUM Quality Label") Time horizon: ongoing; Limited efficiency house/building 55 promotion from mid-December to activate construction projects already planned	Private individuals, homeowners' associations, companies, municipal enterprises, self-employed, non-profit organisations	Climate, energy	6.7	6.8 <sup>2)</sup>
	<b>Residential Property for Families</b> Construction or first purchase of owner-occupied housing with high energy-efficiency standards (Efficiency House 40) and demonstrably low GHG emissions ("Sustainable Building Plus Quality Label", "Sustainable Building PREMIUM Quality Label"), purchase of an existing property to be undergo energy-efficient rehabilitation following acquisition Time horizon: ongoing	Private individuals: families with children and single parents with low to medium incomes	Climate, energy	0.9	0.9 <sup>2)</sup>
	<b>Climate action campaign for corporates</b> Financing of investments within the EU to reduce, avoid and eliminate GHG, based on EU taxonomy technical criteria Time horizon: ongoing	Including companies, municipal enterprises, self-employed	Climate, energy	1.9	1.6
	<b>KfW Environmental Protection Programme</b> Financing investment in environmental improvements, climate change mitigation, resource conservation, the circular economy, increasing biodiversity and semi-natural habitats, and climate change adaptation. The focus in biodiversity is on the maintenance and restoration of semi-natural ecosystems and measures to unseal and re-naturalise soil. Time horizon: ongoing; financing for investment in nature-based climate change mitigation terminated as of 31 December 2025	Companies and the self-employed	Climate, pollution, biodiversity	0.4	0.8

**The business sectors' key contributions to the environment and climate quota**

E1-3, E2-2, E4-3 in conjunction with ESRS 2 MDR-A

Business sector	Financing/promotional priority	Target group	Sustainability matter <sup>1)</sup>	New commitment volume (core business)	
				2025	2024
				EUR in billions	EUR in billions
KfW Development Bank	Financing projects in energy generation, distribution and efficiency, including renewable energy and energy efficiency, and projects for the design of sustainable urban transport and the development of rural roads in developing countries and emerging economies on behalf of the Federal Government Time horizon: ongoing	Developing countries and emerging economies	Climate, energy	4.5	2.5
	Financing of projects on behalf of the Federal Government in the area of environmental protection in general, including biodiversity, and water, wastewater and waste disposal in developing countries and emerging economies Time horizon: ongoing	Developing countries and emerging economies	Climate, pollution, biodiversity	1.0	1.2
	<b>Sustainable Mobility Investment Loan</b> Promotion of investments in sustainable and climate-friendly mobility based on the EU taxonomy criteria Time horizon: ongoing	Including companies, municipal enterprises, self-employed	Climate, energy	1.1	0.3
	<b>IKK – Sustainable Mobility</b> Promotion of investments in sustainable and climate-friendly mobility based on the EU Taxonomy Time horizon: ongoing	Municipal authorities, their legally dependent self-operated companies ( <i>Eigenbetriebe</i> ), and special-purpose municipal associations ( <i>kommunale Zweckverbände</i> )	Climate, energy	0.4	0.0
	<b>IKK – KfW Investment Loans for Municipalities</b> Promotion of investments by municipalities in municipal infrastructure Time horizon: ongoing	Municipal authorities, their legally dependent self-operated companies ( <i>Eigenbetriebe</i> ), regional municipal associations ( <i>Gemeindeverbände</i> ) and special-purpose municipal associations ( <i>kommunale Zweckverbände</i> )	Pollution	0.8	0.5
Customised Finance & Public Clients	<b>“Nature-based solutions for climate and biodiversity in municipalities” promotional programme</b> Promotion in the areas of semi-natural green space management, tree-planting and the creation of natural oases such as local climate-ready parks and small bodies of water, nature-experience areas and urban forests and forest gardens Time horizon: ongoing	Municipal authorities, regional and special-purpose municipal associations	Climate, biodiversity	0.3	0.2
	<b>KfW Syndicated Loan Sustainable Transformation</b> Corporate and project financing for sustainable projects Time horizon: ongoing	Businesses in Germany and abroad, and project companies	Climate, energy, pollution	0.2	0.0
	<b>Sustainable ERP global loan for lease finance</b> Funding for sustainable and climate-friendly lease investments Time horizon: ongoing	Small and medium-sized enterprises (SMEs), and larger SMEs	Climate, energy	0.2	n/a

## The business sectors' key contributions to the environment and climate quota

E1-3, E2-2, E4-3 in conjunction with ESRS 2 MDR-A

Business sector	Financing/promotional priority	Target group	Sustainability matter <sup>1)</sup>	New commitment volume (core business)	
				2025	2024
				EUR in billions	EUR in billions
Export and project finance	Financing in the Energy and Mobility sector departments, for example financing for wind farms and rail transport Time horizon: ongoing	Corporate customers worldwide, with a focus on Europe, North America, North Africa and the Middle East	Climate, energy	6.0	5.0
DEG	Financing climate and environmental protection projects with a focus on renewable energy projects in Africa, Asia and Latin America to promote the generation and use of green electricity in developing countries Time horizon: ongoing	Corporate customers with investments in developing countries and emerging economies	Climate, energy	0.4	0.4

<sup>1)</sup> The sustainability matter defines the material topics addressed by the action. The consideration of biodiversity offsets or consideration of the impact on indigenous communities depends on the project and, where necessary, takes place within the framework of the E&S Appraisal, for example by applying the IFC Performance Standards (see the "Environmental and Social Appraisal Guidelines" section of this chapter).

<sup>2)</sup> The commitment volumes for the Climate-friendly Construction Residential Buildings, Non-residential Buildings and Residential Property for Families programmes were reported on an aggregate basis in reporting year 2024.

### Overarching policies

The following chapter sets out the overarching policies applicable at KfW Group as regards climate, energy, pollution and biodiversity. They primarily include the E&S Appraisal guidelines and the exclusion lists at KfW Group, which are described in the corresponding sections of this chapter. Other topic-specific policies are set out in the "Policies related to climate and energy" and "Disclosures on biodiversity in policies" sections of this chapter and in the "Disclosures on ESG risks" section of the "General information" chapter.

### Environmental and Social Appraisal Guidelines

E2-1, E4-2 each in conjunction with ESRS 2 MDR-P

KfW Group's sustainability mission statement includes inter alia the consideration of internationally recognised environmental and social standards within the framework of the E&S Appraisal (see the "Integrating sustainability matters into the business strategy" section in the "General information" chapter). The business sectors' sustainability guidelines follow this mission statement and specify their requirements relating to the E&S Appraisal more precisely in their respective business sector. This applies to the sustainability guidelines of KfW Development Bank and KfW IPEX-Bank (with scope of application for business sector Export and project finance), to DEG's environmental and social guidelines and the joint sustainability guideline for domestic promotional business of the SME Bank & Private Clients and Customised Finance & Public Clients business sectors. KfW Capital's sustainability policy also governs a process for assessing investments, but does not enshrine a separate E&S Appraisal. Due to the investment focus on exclusively European and German funds and the associated geographical focus of the portfolio companies, risks such as those faced in developing countries and emerging economies play a minor role in KfW Capital's ESG risk assessment.

The aim of the E&S Appraisal is to identify, avoid, minimise or, if unavoidable, offset possible negative impacts and risks of a project for people and the environment. This section contains a general description of the E&S Appraisal for the group as a whole. As the business sectors adapt the E&S Appraisal processes to their respective business models in accordance with their sustainability policies, relevant differences in the application and monitoring of the requirements are highlighted. The sustainability policies apply to all financing, irrespective of the form.

The E&S Appraisal is based on the following standards and additional requirements:

### Environmental and social appraisal standards and requirements

E2-1, E4-2 in conjunction with ESRS 2 MDR-P

General scope	Scope
Declaration of KfW and its subsidiaries on human rights and its human rights strategy	
IFC Performance Standards (2012) <sup>1), 2)</sup> (or the World Bank's Environmental and Social Standards [2017] at KfW Development Bank) <sup>3)</sup>	SME Bank & Private Clients, Customised Finance & Public Clients, Export and project finance, KfW Development Bank, DEG
The World Bank Group Environmental, Health, and Safety Guidelines <sup>1)</sup>	
ILO Core Labour Standards <sup>1)</sup>	
Environmental and social standards of the respective project country, but a minimum of the environmental and social standards of the EU	
Business sector-specific scope	Scope
National environmental and social standards for investments in EU countries	SME Bank & Private Clients, Customised Finance & Public Clients
Requirements of the Federal Ministry for Economic Cooperation and Development (BMZ) including its Human Rights Strategy	
UN Basic Principles and Guidelines on Development-based Evictions and Displacements	KfW Development Bank
Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security	
Recommendations of the World Commission on Dams for large dam projects	
Environmental and Social Standards of the European Development Finance Institutions	DEG
Federal Ministry for Economic Cooperation and Development's Human Rights Strategy (for orientation)	
Equator Principles	Export and project finance

<sup>1)</sup> For SME Bank & Private Clients and Customised Finance & Public Clients business with location of investment outside the EU and OECD high income countries

<sup>2)</sup> For KfW Development Bank and DEG when working with financial intermediaries

<sup>3)</sup> For KfW Development Bank when working with public sector partners

The IFC Performance Standards on Environmental and Social Sustainability applied by all business sectors and the World Bank's Environmental and Social Standards (ESS) applied at KfW Development Bank, address the negative impacts identified as material in the following areas:

- pollution including pollutants (IFC Performance Standard 2, ESS3);
- biodiversity (IFC Performance Standard 6, ESS6);
- labour and working conditions (IFC Performance Standard 2, ESS2);
- community health, safety and security (IFC Performance Standard 4, ESS4);
- land acquisition and involuntary resettlement (IFC Performance Standard 5, ESS5);
- indigenous peoples (IFC Performance Standard 7, ESS7); and
- cultural heritage (IFC Performance Standard 8, ESS8).

The sustainability policies of KfW Development Bank and KfW IPEX-Bank (Equator Principles requirement) also include climate change mitigation and climate change adaptation. Positive impacts and opportunities are not covered by the guidelines, with the exception of KfW Development Bank's Sustainability Guideline.

The E&S Appraisal consists of two key steps: screening and categorisation, and in-depth assessment. In the first step, the project is screened for potential environmental and social risks or impacts (screening) and then categorised with regard to the severity of the expected impacts and the risks involved (categorisation). As part of this process, projects are divided into the risk categories presented in the following table:

### Environmental and social appraisal risk categories

E2-1, E4-2 in conjunction with ESRS 2 MDR-P

Category	Description
A: High risk	Projects that imply potential significant adverse risks and/or impacts for people (social) or the environment that are diverse or irreversible
B+: Significant risk in specific areas	Projects that have potential limited significant environmental or social impacts and/or risks
B: Moderate risk	Projects that have potential adverse impacts or risks that are generally foreseeable, temporary, reversible and limited to the site of the project, and can generally be avoided or reduced with state-of-the-art mitigation measures or standard solutions
C: Low risk	Projects expected to have no or minimal environmental or social risks

In category A, B+ and B projects, the screening and categorisation is followed by an in-depth assessment (with the exception of domestic promotional business; see the “Sustainability guideline for the domestic promotional business” section). A project’s risk categorisation determines the scope, focus and depth of the assessment. In order to prevent or resolve adverse pollution or biodiversity impacts in connection with financing activities, actions to avoid or reduce adverse impacts and risks and, where necessary, offsets are determined following the in-depth assessment. These actions are imposed on the executing agency or borrower with binding effect and implementation within the project is monitored. The business sectors request regular reporting on the implementation and require corrections if measures are insufficiently implemented or action targets are not achieved. Adverse impacts relating to climate change mitigation and the energy transition are to be prevented or minimised within KfW Group through the application of Paris-aligned sector guidelines and exclusion lists (see the “Policies related to climate and energy” and “Exclusion lists at KfW Group” sections of this chapter).

The in-depth assessment is based on Environmental and Social Impact Assessments, any requisite sectoral studies (such as on resettlement requirements or biodiversity conservation), and documentation of compliance with the relevant national legislation. All projects must meet the environmental and social requirements and standards applicable in the relevant investment country. If the E&S Appraisal shows that the environmental and social standards to be applied and the additional requirements are not being met in some areas or that there is a need for rectification, actions to avoid or reduce adverse impacts or offsets are defined. The scope and nature of the monitoring of these actions are contractually agreed with the partners or financed enterprises. Depending on the risk category, (internal) experts in environmental and social compatibility are also involved. At DEG and KfW Development Bank, such experts are involved in every project irrespective of the risk category. Projects that are likely to have an unacceptable environmental or social impact that cannot be prevented or mitigated by suitable actions are not eligible for funding.

The underlying sustainability policies and guidelines are available on the website of KfW Group and its subsidiaries and are the responsibility of the respective head of department or management board as the highest level. They are included in KfW Group’s procedural rules and are subject to an annual review including consultation with the responsible units by the parties responsible as defined in the KfW Group Organisation Manual.

### ***Sustainability guideline for the domestic promotional business***

E2-1, E4-2 each in conjunction with ESRS 2 MDR-P

The sustainability guideline for the domestic promotional business applies to all new commitments for financing in the SME Bank & Private Clients and Customised Finance & Public Clients business sectors, irrespective of the form of financing.

The aim of the policy is to define a uniform and binding framework for taking account of environmental and social standards in (co-)financed projects and to promote transparency in the E&S Appraisal decision-making processes. In the domestic promotion E&S Appraisal, a distinction is drawn between direct financing by KfW and indirect financing through financing partners. The latter primarily concerns the on-lending business. The financing partners were involved in developing the sustainability policy and the E&S Appraisal process for the on-lending business set out therein.

The screening and categorisation of possible environmental and social impacts and risks is carried out in domestic promotional business at the level of the uses of funds defined for the individual promotional products or programmes. The uses of proceeds are assessed individually in the product development process, independently of the individual project. Whether the project requires a simplified further appraisal, an in-depth further assessment or no further assessment by KfW depends on the type of financing (direct business or on-lending business), on the investment country (inside or outside EU countries and OECD high income countries) and on the result of the environmental and risk categorisation.

Actions are usually defined if material shortcomings, i.e. a breach of environmental and social standards, are identified during the in-depth assessment of a project. These must then be implemented by the borrower or financed enterprise. Environmental and social due diligence by an independent expert may be necessary. In the case of a simplified appraisal, requirements are set in the credit process: before commitment, KfW can request additional information on the project and the status of authorisations, which serves to determine environmental and social compatibility. Depending on the categorisation, environmental and social compatibility aspects are spot-checked at a later point.

The business sectors SME Bank & Private Clients and Customised Finance & Public Clients are responsible for implementing the sustainability policy and for compliance with the graded appraisal procedure. KfW assumes that financing partners in the on-lending business, irrespective of their domicile, use appropriate procedures to assess potential environmental and social impacts and risks of the projects to be (co-)financed by KfW, in line with standard banking practice. This underlying assumption is based on a market analysis and knowledge gained from in-depth discussions with financing partners and is communicated to them via tried-and-tested communication channels (in particular financing partner circulars). The financing partners can integrate the procedures into their existing processes or also explicitly establish them in the form of an environmental and social management system (ESMS; ideally in accordance with IFC). KfW conducts spot checks of the basic assumption in a later process.

### ***Sustainability Guideline of KfW IPEX-Bank for Environmentally and Socially Responsible Financing***

E2-1, E4-2 each in conjunction with ESRS 2 MDR-P

KfW IPEX-Bank's sustainability guideline fleshes out its sustainability mission statement with regard to the assessment of the environmental and social compatibility of its advisory and financing services. The policy is used with respect to the business sector Export and project finance, with the aim of defining a uniform and binding framework for the application of international environmental and social standards. The sustainability guideline is based on the Equator Principles and other internationally recognised standards.

The Equator Principles set out the requirements for assessing environmental and social compatibility, including human rights risks and, to a certain extent, climate impacts. Accordingly, environmental and social due diligence is supported by independent experts in the event of increased and high risks (categories A and B+). In the case of projects for which an environmental and social action plan or mitigation actions are necessary, reporting on compliance with safeguards and with the environmental and social action/management plan is required. The customer engages independent experts in consultation with KfW IPEX-Bank to carry out the monitoring for category A and category B+ projects. These experts monitor compliance with the agreed action plans or actions or audit the customer's self-monitoring during the construction period and thereafter on an annual basis until expiry of the loan agreement. In the event of exceptional adverse impacts on the environment or social issues, KfW IPEX-Bank will support the customer to the extent possible as regards remediation. During the term of category A and category B+ projects, the customer will set up a procedure through which complaints by employees and affected members of the public are received and handled in an appropriate way. Complaints and processing results will be documented and part of the contractually agreed internal reporting within the project.

The sustainability guideline was extensively revised in terms of format and comprehensibility for external stakeholders in the reporting year, without making material changes to its content. The objective of the revision was to ensure a higher level of transparency for the E&S Appraisal.

#### **Sustainability Guideline of KfW Development Bank**

E1-2, E2-1, E4-2 each in conjunction with ESRS 2 MDR-P

The Sustainability Guideline of KfW Development Bank sets out the principles and process for dealing with environmental, social and climate matters in the context of the preparation and realisation of projects financed by KfW Development Bank. The aim is to define a uniform and binding framework for taking account of environmental, social and climate standards in planning, assessment, implementation and monitoring of projects and to create transparency, predictability and accountability in the decision-making processes of the E&S Appraisal and climate mainstreaming.

In addition to requirements on the E&S Appraisal, the guideline stipulates that all financing by KfW Development Bank is subject to climate mainstreaming, the aim of which is to systematically take account of climate change in all projects from the start. Potential associated with climate change is to be unlocked and climate-related risks for the future viability of the projects are to be reduced as far as possible. Each project is analysed for possible aspects relevant to the topics of climate change mitigation and adaptation in order to identify climate-related matters and take account of them in feasibility studies. If climate-related potential or risks are identified in a project, actions to address them are agreed with the executing agency. When climate mainstreaming, KfW Development Bank includes KfW Group's sustainability mission statement and applies the specific development-policy concepts and guidelines of the Federal Ministry for Economic Cooperation and Development.

The Sustainability Guideline of KfW Development Bank also includes sustainability matters for awarding contracts for consulting, construction and supplies for the implementation of projects. This concerns not only the sustainable design of project elements but also requirements on environmental and resident protection and social compatibility. The executing agency is required to introduce project-related complaints management in accordance with World Bank's ESS10 and report on it to KfW Development Bank.

KfW Development uses the categorisation as described above. In the case of financial intermediaries (FI), in addition to the potential environmental and social impacts and risks of the end-user loans (to be assessed and categorised by the FI), this includes the FI's capacity to deal with them. The categories (FI A, FI B+, FI B, FI C) and actions are tailored to financing of financial institutions.

KfW Development Bank provides support for the preparation of the documents relevant for the in-depth E&S Appraisal during the project preparation stage, which are usually financed by funds from the Study and Expert Fund of the contracting authority, the Federal Ministry for Economic Cooperation and Development. If the executing agency has already prepared documents on environmental and social compatibility itself, these are checked by means of environmental and social due diligence. Where required, an environmental and social action plan is prepared in order to close identified gaps compared to the relevant standards. Within the framework of donor harmonisation (Paris Declaration), KfW Development Bank can also use comparable standards of other development banks. In addition to reporting by the executing agency or an advisor with appropriate expertise, KfW Development Bank's experts also carry out their own controls of the implementation of the agreed actions in on-site progress controls. KfW Development Bank receives regular reports on the implementation and requires corrections if actions are insufficiently implemented or targets are not achieved.

In order to ensure effective monitoring of any adverse environmental, social and climate impacts and risks, reporting and notification requirements are agreed with the executing agency and/or the recipient of the funds and tracked. KfW Development Bank places particular emphasis on controlling the implementation of the agreed mitigation measures and monitoring procedures. If deemed necessary due to the complexity of the circumstances, it reserves the right to additionally require independent third-party monitoring – in consultation with the executing agency. If resettlements or actions to restore livelihoods are necessary, these are reviewed with a separate final project-specific audit.

#### ***DEG Guideline for environmental and social sustainability***

E2-1, E4-2 each in conjunction with ESRS 2 MDR-P

The DEG Guideline for environmental and social sustainability defines the basis for the environmental and social sustainability of DEG's business activities and describes the principles of DEG's activities, which include safeguarding livelihoods and quality of life in developing countries and emerging economies and aim to advance self-supporting economic systems. Among other things, it stipulates that the environmental and social interests of people affected by the impacts of co-financed projects must always be taken into account when assessing projects. In addition, the guideline enshrines the support of DEG's partner countries in the realisation and further development of environmental protection and international social standards. The guideline applies to the whole of DEG.

At DEG, exposures are categorised in terms of their potential environmental and social risks. Based on this categorisation, the assessment is carried out in accordance with the criteria and processes defined for the relevant category. The harmonised standards of the European Development Finance Institutions (EDFI), the content of which is based on the IFC Performance Standards, specify the sequence of the assessment process. The focus and depth of the assessment are determined according to the individual specifics of each project. An environmental and social management plan and/or action plan – as a material result of the assessment in the case of medium and higher risks – defines appropriate and effective actions specific to the project that the financed enterprise is to take to protect people and the environment in order to avoid undesirable impacts, reduce these to an acceptable level or remediate them. This is done taking account of the perspectives of communities affected. Implementation of the actions is closely monitored. In addition, there is mandatory annual reporting by customers and corresponding documentation in DEG.

For banks, the risk categories are determined on the basis of the risk potential of the partner's entire financing portfolio. The categories (FI A, FI B, FI C) and actions are tailored to financing of financial institutions and follow the methodology described in this chapter. The categories FI A, FI B+, FI B and FI C are also used for private equity funds, based on the target portfolio defined in the respective private equity fund investment code.

The DEG processes for the environmental and social due diligence and for the regular environmental and social monitoring are reviewed annually. The audit of compliance with the guideline is carried out through an internal control system in which the competent heads of division analyse individual investments by means of random sampling and monitoring. The control action is also audited externally each year using random sampling.

### **Exclusion lists at KfW Group**

E1-2, E2-1, E4-2 each in conjunction with ESRS 2 MDR-P

Negative impacts are to be prevented or minimised at KfW Group through the application of exclusion lists. In addition to the group-wide exclusion list, KfW Capital and DEG also use their own exclusion lists that supplement the group-wide list. The exclusion lists are publicly available on the website of KfW Group and the subsidiaries.

**KfW Group's exclusion list** for new commitments must be applied on an ongoing basis across all newly committed financing. It was developed with the involvement of the business sectors and in consultation with representatives of several departments of the Federal Government. The heads of the business sectors and the management boards of the subsidiaries are responsible for implementation of the group-wide exclusion list. Compliance is monitored on a decentralised basis as part of the business sector-specific lending and approval processes.

**DEG** uses the Harmonised EDFI Exclusion List. This contains projects that DEG does not finance, in accordance with the EDFI environmental and social standards "Principles for Responsible Finance". Compliance with the exclusion list is mandatory in connection with the E&S Appraisal. The Sustainability and Corporate Governance division's management is responsible for implementation. Compliance is monitored via the internal control system. The Management Board of DEG decides on adjustments to the policy.

At **KfW Capital**, compliance with the exclusion list by financing partners is audited in a due diligence process and contractually agreed. The content of the guideline is determined by the sustainability management team based on the exclusion list of KfW Group and other sector standards, including the IFC and European Investment Fund exclusion lists and other venture-capital-specific exclusions. KfW Capital's sustainability management, investment management and management board are responsible for implementation.

By means of the lists, KfW Group excludes financing for activities that could lead to unacceptable adverse impacts or risks in relation to certain climate, environment and social matters or are not acceptable for KfW Group for other overriding reasons. With regard to the material topics of **climate change mitigation, energy and pollution**, exclusions including the following contribute to reducing or preventing adverse impacts and risks in connection with financing and investment:

- the production of or trade in radioactive material and unbound asbestos, nuclear power plants (apart from actions that reduce environmental hazards of existing assets);
- uranium mines;
- the prospecting, exploration and production of coal, crude oil (upstream) and natural gas (upstream) and further associated business activities and projects;
- upstream or midstream activities (transportation and storage) in the oil and gas sector and the construction of new oil power plants (KfW Capital only); and
- the production of or trade in considerable quantities of hazardous chemicals and their commercial use (KfW Capital only).

Direct impact drivers on biodiversity loss are also addressed by means of exclusions in the areas of climate change and pollution. To minimise adverse impacts on **biodiversity**, KfW Group additionally excludes financing and investment for the following activities:

- projects that could have impacts on the extent and condition of ecosystems and threaten to result in the destruction or significant impairment of areas particularly worth protecting – without appropriate offsetting in accordance with international standards;
- production of or trade in products or activities that fall under national or international regulations on cessation or prohibitions or are subject to an international ban;
- production of or trade in ozone-depleting substances pursuant to the Montreal Protocol and protected animals, animal products, plants and plant products pursuant to the Washington Convention on International Trade in Endangered Species;
- commercial logging work in semi-natural tropical rainforests (KfW Capital only);
- products for which animal testing is required (for non-medical purposes; special rules apply to life sciences funds), and operation of fur farms or the trade in/production of fur products (KfW Capital only); and
- any activities in connection with shark fins or commercial whaling (KfW Capital only).

In addition, the group-wide exclusion list contains additional requirements that link KfW Group's direct financial involvement to qualitative conditions for selected sectors. This concerns large-scale operations in the agricultural or forestry production of palm oil or lumber and large reservoir and hydropower projects. The former must comply with recognised international certification systems, such as the Roundtable on Sustainable Palm Oil or the Forest Stewardship Council, or equivalent regulations to ensure sustainable cultivation conditions or must be in a process developing them in that direction. Direct impact drivers on biodiversity loss and social consequences of biodiversity-related impacts are taken into account through the E&S Appraisal. Impacts and dependencies on ecosystem services are also included through the E&S Appraisal. For further information, refer to the "Environmental and Social Appraisal Guidelines" and "Disclosures on biodiversity in policies" sections of this chapter.

#### **Specific disclosures: Climate and energy**

KfW Group sees an important role for itself in the transformation of the economy and society with the aim of improving economic, environmental and social living conditions worldwide. It aims to achieve the 1.5°C alignment of its new business and in so doing to live up to its responsibility in the climate-friendly transformation. The Paris-aligned sector guidelines for emission-intensive sectors serve as an implementation tool for this target and are described in this chapter, as are the actions to achieve 1.5°C alignment for new business. Moreover, the group is striving to achieve GHG neutrality of the portfolio by the middle of the current century. Information on measurement of financed emissions is also provided in this chapter. In addition, DEG's policies, targets and actions in connection with climate and energy are listed. Before this, an introductory overview of KfW Group's GHG emissions in the reporting year is provided.

**Greenhouse gas emissions**

E1-6

KfW Group's GHG emissions are presented below:

**GHG emissions<sup>1)</sup>**

E1-6

	2025	Base and reference year 2024	Change
	t CO <sub>2</sub> eq	t CO <sub>2</sub> eq	%
<b>Scope 1 GHG emissions</b>			
Gross Scope 1 GHG emissions	3,893	3,917	-0.6
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	-
<b>Scope 2 GHG emissions</b>			
Gross location-based Scope 2 GHG emissions	12,939	11,627	11.3
Gross market-based Scope 2 GHG emissions	2,236	1,996	12.0
<b>Significant Scope 3 GHG emissions</b>			
Total gross indirect (Scope 3) GHG emissions	121,987,792	144,586,508	-15.6
Cat. 1: Purchased goods and services	58,346	54,833	6.4
Cat. 2: Capital goods	6,854	7,831	-12.5
Cat. 6: Business travel	6,044	5,860	3.1
Cat. 7: Employee commuting	7,778	7,833	-0.7
Cat. 15: Investments	121,908,770	144,510,150	-15.6
<b>Total GHG emissions</b>			
Total GHG emissions (location-based)	122,004,624	144,602,052	-15.6
Total GHG emissions (market-based)	121,993,921	144,592,421	-15.6

<sup>1)</sup> The GHG emissions were calculated in accordance with the requirements of the ESRS, the GHG Protocol and PCAF for the first time for financial year 2024. KfW Group has not yet set a target for reducing Scope 1, 2 or 3 emissions (with the exception of category 15) in accordance with the ESRS requirements for a measurable, outcome-oriented target. In light of this, the presentation in the table deviates from ESRS E1-6, AR 48 and does not include any information in connection with targets (including milestones).

The GHG emissions have been calculated in accordance with the requirements of the ESRS, the Greenhouse Gas (GHG) Protocol (Corporate Standard, Version 2024) and the Partnership for Carbon Accounting Financials (PCAF) since financial year 2024. KfW Group's total emissions (market-based) amounted to 121,993,921 t CO<sub>2</sub>eq in financial year 2025 (2024: 144,592,421 t CO<sub>2</sub>eq). They comprise Scope 1 and 2 emissions and emissions from significant Scope 3 categories. Further details on GHG emissions are set out in the above table and explained methodically in the following sections: "Total GHG emissions in banking operations" for the operational emissions and "Total GHG emissions in the banking business" for the financed emissions.

KfW Group's emissions are presented on a gross basis, i.e. the calculation does not include any removals or any purchased, sold or transferred carbon credits or GHG allowances. Biogenic emissions of CO<sub>2</sub> from the combustion or bio-degradation of biomass are not included in the emissions presented in the table above. In 2025 they amounted to 198 t CO<sub>2</sub> in Scope 1 from the burning of wood pellets (2024: 112 t CO<sub>2</sub>eq). With regard to Scope 2 and 3 emissions, it was neither known nor possible to infer whether biomass was used as an energy source in the reporting year.

GHG intensity was calculated from the ratio of total greenhouse gas emissions to the net revenue of KfW Group. The net revenue used in 2025 pursuant to section 2 no. 5 of Directive 2013/34/EU in conjunction with section 43 (2) c) of the Directive amounted to EUR 16,232 million (2024: EUR 21,906 million). This comprises interest income, commission income and other operating income (as part of net other operating income or loss) recognised in the consolidated income statement (see “Consolidated statement of comprehensive income”, “Net interest income”, “Net commission income” and “Other operating income or loss” in the consolidated financial statements).

### GHG intensity per net revenue

E1-6

	2025	2024	Change
	t CO <sub>2</sub> eq/ EUR million	t CO <sub>2</sub> eq/ EUR million	%
Total GHG emissions (location-based) per net revenue	7,516	6,601	13.9
Total GHG emissions (market-based) per net revenue	7,516	6,601	13.9

### Total GHG emissions in the banking operations

E1-6, ESRS 2 MDR-M

In 2025, the total (market-based) GHG emissions in KfW Group’s banking operations amounted to 85,151 t CO<sub>2</sub>eq (2024: 82,271 t CO<sub>2</sub>eq). This accounted for a share of 0.1% of the total GHG emissions of KfW Group. The GHG emissions reported comprise the emissions of the companies consolidated in the sustainability report and Scope 1 and 2 emissions of the leased properties under the financial control of KfW Group. KfW Group takes account of the emission sources explained below in this process.

For KfW Group, **Scope 1** (direct GHG emissions) includes emissions from stationary combustion (gas and oil heating systems, emergency power generators, combined heat and power units), mobile combustion (owned and leased vehicles) and fugitive emissions (leakage of refrigerants from refrigerators and air conditioning systems). The data is based on invoice data and meter readings, where available, and extrapolations for rented buildings and offices abroad.

In **Scope 2** (indirect GHG emissions through the use of energy), KfW Group takes account of emissions from the purchase of electricity, heat and cooling. The data is based on invoice data and meter readings, where available, and extrapolations for rented buildings and offices abroad. In Germany, KfW Group purchases green electricity only, via a bundled contract for electricity from renewable sources. The share of contractual instruments in KfW Group’s total electricity consumption amounts to 85.7% (2024: 86.5%). These are exclusively bundled contractual instruments. Contractual instruments are not used for other emission sources.

**Scope 3** covers all further significant indirect emissions that do not fall under Scope 1 or Scope 2, including the activities along KfW Group’s entire value chain. Financed emissions (Scope 3, category 15) were already identified as material in the materiality assessment. Emissions of this category are reported in the “Total GHG emissions in the banking business” section of this chapter. In 2024, KfW Group screened Scope 3 categories 1–14 using estimates in accordance with the requirements of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards (Version 2011). Based on the emission level, categories 1 (purchased goods and services), 2 (capital goods), 6 (business travel) and 7 (employee commuting) were identified as significant. Emissions in categories 1 and 2 are estimated using invoice data and extrapolated. The data for the category “business travel” is based on information on travel booking, reports on train travel and invoice data for rental-car and taxi journeys. The commuting category is fully estimated on the basis of data from the Federal Statistical Office of Germany for commuting in Germany and around the world, using the indicator tool of the Association for Environmental Management and Sustainability in Financial Institutions (Version 1.1; 2025).

The screening showed that no other Scope 3 categories were significant for KfW Group. Categories 3 (fuel- and energy-related emissions), 4 (upstream transportation and distribution), 5 (waste), 8 (upstream leased assets) and 13 (downstream leased assets) are generally relevant categories, but were not classified as significant due to the small amount of emissions associated with them. No emissions occur in categories 9 ([downstream] transportation), 10 (processing of sold products), 11 (use of sold products) or 12 (end-of-life treatment of sold products), as KfW Group does not offer physical products or physical intermediate products. Nor does KfW Group act as a franchisor, such that there are no emissions in category 14 (franchises) either.

To **calculate the emissions**, the consumption data collected or estimated for the respective category is multiplied by emission factors provided by the ecoinvent database (where available) or by public databases of the European Environment Agency, the U.S. Environmental Protection Agency, the Department for Environment, Food & Rural Affairs, the German Environment Agency or the Intergovernmental Panel on Climate Change, or comes from information from the respective contractual partner. The GHG emission calculation using the market-based method reflects the specific emission factors of the energy providers used by KfW Group. The location-based method, on the other hand, reflects the average emission factors of energy production at specific locations. Where market-based emission factors are not available, location-based emission factors are used for the calculation in line with the requirements of the GHG Protocol. A distinction is made in the emission calculation between primary and secondary data. Primary data is collected directly, whereas secondary data is derived from analysing and modelling primary data. KfW Group calculated 6.8% of Scope 3 emissions in banking operations (excluding financed emissions of category 15) using primary data from suppliers or other partners in the value chain for 2025 (2024: 7.4%).

Some figures in the GHG inventory are based on **discretionary judgements, estimates and assumptions** that are determined in accordance with the requirements of ESRS E1-6 and the GHG Protocol. In order to ensure reasonable effort and take account of regional differences in emissions, the Scope 1 and 2 emissions from foreign sites with location-specific emission factors are extrapolated using German consumption data. A premium of 35% is added to domestic consumption for Scope 1 to address any differences in the energy mix. The foreign locations' Scope 3 emissions are estimated in accordance with the requirements of ESRS E1-6 and the GHG Protocol. Due to the estimations applied, the amount of emissions stated is only an approximation of the actual emissions. Where discretionary judgements and estimates were required, the assumptions made are presented in the explanation of the relevant emission category.

#### **Total GHG emissions in the banking business**

E1-6, ESRS 2 MDR-M

KfW Group has published the GHG footprint of its promotional and financing activities – referred to as **“financed emissions”** since financial year 2024. GHG emissions within Scope 3, category 15 (“financed emissions”) in accordance with the GHG Protocol are calculated following the recommendations of the PCAF in the second edition of the PCAF Standard (Part A, 2nd Edition, 2022). The PCAF framework provides standardised formulas for calculating the GHG emissions of various asset classes in the portfolios of financial institutions. In the calculation used in the second edition, the PCAF Standard distinguishes between a total of seven asset classes: listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, and sovereign debt. The third edition of the PCF Standard published in December 2025 is to be used for the following year.

KfW Group's financed GHG emissions are calculated based on the relevant population of transactions in accordance with the GHG protocol. The transactions recognised that can be attributed to the asset classes presented form the basis of calculation for the financed GHG emissions under Scope 3, category 15. Accordingly, a total of 80.0% of KfW Group's total assets were covered as of the reporting date 31 December 2025 (2024: 80.1%). KfW Group determines the counterparties' reported or estimated GHG emissions in line with the relevant asset class. The allocation of the GHG emissions is based on the level of KfW Group's financing share of the transactions and covers Scope 1, 2 and 3 of these business-related GHG emissions. The KfW Group portfolio's total financed GHG emissions are the sum of the financed emissions of all relevant on-balance sheet transactions.

The financed emissions are calculated for all KfW Group's business sectors and broken down in the table below in accordance with the EU classification of economic activities (NACE)<sup>1)</sup>, second revised version (NACE Rev. 2). The breakdown in terms of the NACE sectors' climate relevance is based on the structure of the templates under Capital Requirements Regulation part 8 (ESG disclosure). In addition to the disclosure of KfW Group's absolute financed GHG emissions (including a breakdown by Scope 1, 2 and 3), the economic GHG emission intensity per NACE sector is also presented. The economic GHG emission intensity in the table below is derived from the amount of financed GHG emissions (t CO<sub>2</sub>eq) in relation to the associated gross carrying amount (International Financial Reporting Standards; EUR in thousands) per NACE sector or in total.

KfW Group's GHG emissions under Scope 3, category 15 ("financed emissions") amounted to 121,908.8 thousand t CO<sub>2</sub>eq in financial year 2025 (2024: 144,510.2 thousand t CO<sub>2</sub>eq). The calculation includes the financed GHG emissions of the statistical population described above.

The direct Scope 1 emissions represent a share of 51.2% of the financed GHG emissions of KfW Group (2024: 52.8%), Scope 2 emissions a share of 4.4% (2024: 4.5%) and Scope 3 emissions a share of 44.5% (2024: 42.6%). A high share of total financed GHG emissions of KfW Group of 60.1% (2024: 57.5%) is attributable to investments in the sectors "D – Electricity, gas, steam and air conditioning supply" and "H – Transportation and storage". With a share of 10.9% (2024: 12.4%) of the total financed GHG emissions of KfW Group, sector "C – Manufacturing" is the third largest sector covered in the portfolio. The other high climate impact NACE sectors account for 16.2% (2024: 15.2%). Lower climate impact sectors accounted for 2.3% of financed GHG emissions (2024: 2.7%), while 10.5% (2024: 12.2%) was attributable to other NACE sectors (J and M to U). With a financing volume relevant for the calculation of EUR 432.5 billion (2024: EUR 436.8 billion), this results in a total emission intensity of 0.282 t CO<sub>2</sub>eq/EUR thousand (2024: 0.331 t CO<sub>2</sub>eq/EUR thousand).

The decline in total emission intensity to 0.282 t CO<sub>2</sub>eq/EUR thousand is attributable to both the lower financing volume relevant for the calculation (down 1% year-on-year) and the decrease in financed GHG emissions versus financial year 2024 of 22,601.4 thousand t CO<sub>2</sub>eq (down 15.6%). The decline in financed GHG emissions is disproportionate to the decrease in the financing volume relevant for the calculation, and is due primarily to declining Scope 1 and 3 GHG emissions. The main contributors to the decline in Scope 1 GHG emissions were sectors "C – Manufacturing", "D – Electricity, gas, steam and air conditioning supply" and "H – Transportation and storage". The decreased GHG emissions in sectors "C – Manufacturing" and "L – Real estate activities" were significant factors in the decline in Scope 3 GHG emissions. The developments in financed GHG emissions described were a result of both real economic effects, improved data quality and changes in the underlying sectoral data from external sources. Such an improvement in data quality – exemplified by the sub-area of renewable energies within the highly climate-relevant sector "D – Electricity, gas, steam and air conditioning supply" – leads to more meaningful results when calculating financed GHG emissions and may imply a decline in the calculated financed GHG emissions.

<sup>1)</sup> Nomenclature statistique des activités économiques dans la Communauté européenne (NACE); EU classification system of economic activities in the European Community

**KfW Group's financed GHG emissions (Scope 3, category 15) by NACE sector (Level 1)**

	2025				2024			
	Scope 1	Scope 2	Scope 3	Scopes 1-3	Scope 1	Scope 2	Scope 3	Scopes 1-3
	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq	'000 t CO <sub>2</sub> eq
<b>High climate impact NACE sectors</b>								
A – Agriculture, forestry and fishing	56.3	12.1	70.5	138.9	121.0	21.5	620.2	762.7
B – Mining and quarrying	1,592.0	146.2	666.6	2,404.9	1,827.2	175.0	1,006.4	3,008.6
C – Manufacturing	2,713.1	759.6	9,810.1	13,282.7	4,187.5	1,009.8	12,739.7	17,936.9
D – Electricity, gas, steam and air conditioning supply	31,338.4	1,932.5	8,105.0	41,375.9	36,402.6	2,033.0	7,989.1	46,424.7
E – Water supply; sewerage; waste management (...)	5,653.4	317.8	2,355.2	8,326.5	5,718.2	338.7	2,389.9	8,446.8
F – Construction	105.6	126.3	2,333.6	2,565.5	115.3	154.2	2,859.6	3,129.1
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	98.9	69.2	2,651.2	2,819.2	175.6	96.6	1,148.5	1,420.6
H – Transportation and storage	13,743.8	564.8	17,542.9	31,851.5	17,926.2	735.7	17,971.3	36,633.2
I – Accommodation and food service activities	5.5	9.6	79.6	94.8	8.2	13.7	114.6	136.5
L – Real estate activities	1,056.3	474.4	1,912.0	3,442.7	1,184.4	493.8	3,349.4	5,027.6
<b>Other (low) climate impact NACE sectors</b>								
K – Financial and insurance activities	180.5	324.6	2,346.4	2,851.5	1,151.1	397.2	2,346.2	3,894.6
<b>Other sectors (J, M–U)</b>	5,845.5	585.2	6,324.1	12,754.7	7,540.7	1,088.4	9,059.8	17,688.9
<b>Total</b>	<b>62,389.3</b>	<b>5,322.4</b>	<b>54,197.1</b>	<b>121,908.8</b>	<b>76,357.9</b>	<b>6,557.6</b>	<b>61,594.6</b>	<b>144,510.2</b>

**Economic intensity of KfW Group's financed GHG emissions by NACE sector**

	Scopes 1-3	
	2025 t CO <sub>2</sub> eq/ EUR thousand	2024 t CO <sub>2</sub> eq/ EUR thousand
<b>High climate impact NACE sectors</b>		
A – Agriculture, forestry and fishing	0.282	0.878
B – Mining and quarrying	1.176	1.392
C – Manufacturing	0.615	0.677
D – Electricity, gas, steam and air conditioning supply	0.766	0.880
E – Water supply; sewerage; waste management (...)	0.885	0.867
F – Construction	0.392	0.415
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	0.306	0.101
H – Transportation and storage	0.745	0.811
I – Accommodation and food service activities	0.047	0.041
L – Real estate activities	0.027	0.038
<b>Other (low) climate impact NACE sectors</b>		
K – Financial and insurance activities	0.048	0.231
<b>Other sectors (J, M–U)</b>	0.133	0.141
<b>Total</b>	<b>0.282</b>	<b>0.331</b>

For the calculation of financed GHG emissions, KfW Group uses the highest available data quality – expressed as the data quality score (DQS) – to ensure reliable calculation of financed GHG emissions pursuant to PCAF. Where KfW Group’s business partners report GHG emissions, these are used in the calculation of financed GHG emissions (DQS 1 and 2). For the remaining financing activities, the primary approach is to use approximations with the aid of corresponding PCAF calculation models. These models are based on physical activity data (DQS 3) and GHG emission intensities of the business partner’s respective sector (DQS 4 and 5).

KfW Group uses publicly accessible GHG databases such as EXIOBASE and the Joint Impact Model for the approximation of financed GHG emissions on the basis of industry sector averages (DQS 4 and 5). Modelling using physical activity data (DQS 3) is primarily used for project and property financing and is based on, for example, datapoints from the Poseidon Principles (ship financing), the AWG Carbon Calculator (aircraft financing) and the Intergovernmental Panel on Climate Change (power plant financing).

The average DQS across KfW Group’s total relevant financing portfolio is 4.47 (2024: 4.55). Looking at the individual Scope categories of financing activities, the highest GHG data quality with an average DQS of 4.39 (2024: 4.48) is achieved with regard to Scope 1 GHG emissions. Scope 2 GHG emissions have an average DQS of 4.51 (2024: 4.59), whereas the majority of Scope 3 GHG emissions were collected on the basis of industry averages and have a DQS of 4.53 (2024: 4.61). The proportion of financed GHG emissions that were calculated on the basis of primary data from business partners is associated with the corresponding DQS levels 1 and 2 across all business sectors and asset classes and amounts to 20.3% (2024: 14.1%). Scope 3 GHG emissions have the greatest coverage of primary data.

The focus of the further development of KfW Group’s GHG accounting is on the ongoing refinement of the PCAF methodology and increasing the data quality of relevant GHG information through published customer data.

#### **Targets related to climate and energy**

E1-1, E1-4 in conjunction with ESRS 2 MDR-T

KfW Group is committed to the global task of limiting global warming to a maximum of 1.5°C, and thus to fulfilling the Paris Climate Agreement. The aim of the 1.5°C alignment of KfW’s financing activities is incorporated in KfW Group’s strategic objectives 2030 as one of three sustainability targets. The target is divided into two complementary sub-components: “1.5°C alignment of new financing” and “GHG neutrality of the portfolio”.

The target of 1.5°C alignment of KfW financing was set with the involvement of the business sectors Customised Finance & Public Clients, SME Bank & Private Clients, KfW Development Bank, and subsidiaries KfW IPEX-Bank, DEG and KfW Capital. For more information on monitoring of progress towards the target, please see the “Integrating sustainability matters into the business strategy” section of the “General information” chapter.

The Paris-aligned sector guidelines that apply throughout the group serve as a key steering instrument to ensure the **1.5°C alignment of new financing**. The seven guidelines define clear requirements for the climate alignment of financing in greenhouse gas-intensive sectors and are explained in further detail in the section below.

The implementation of the **GHG neutrality of the portfolio** sub-component is to be achieved by the middle of the current century. In establishing the GHG accounting system for measuring financed emissions, KfW Group calculated a GHG footprint for the first time as of the 31 December 2024 reporting date. This means that 2024 serves as the base year for progress measurement, a process that was completed for the first time as of 31 December 2025. KfW Group’s financed emissions fell by 22,601,380 t CO<sub>2</sub>eq in the reporting year to 121,908,770 t CO<sub>2</sub>eq (2024: 144,510,150 t CO<sub>2</sub>eq). For further information on the GHG footprint of the portfolio, see the “Total GHG emissions in the banking business” section of this chapter. KfW Group plans to develop transition plans in accordance with the Guidelines of the European Banking Authority (EBA). KfW IPEX-Bank is currently establishing transition plans pursuant to the requirements of the EBA Guidelines. The development of the plans is a gradual process and is expected to be complete in 2027.

**Policies related to climate and energy**

E1-2 in conjunction with ESRS 2 MDR-P

KfW Group has implemented Paris-aligned sector guidelines in seven greenhouse gas-intensive sectors with the goal of achieving 1.5°C alignment of new financing. The guidelines define **sector-specific minimum requirements for the climate alignment of financed technologies** in line with the Paris Climate Agreement. The objective of the sector guidelines is to support the global transformation process towards GHG neutrality. They were developed with the involvement of the business sectors Customised Finance & Public Clients, SME Bank & Private Clients, KfW Development Bank, and the subsidiaries KfW IPEX-Bank, DEG and KfW Capital. KfW Group also consulted with representatives of several departments of the Federal Government prior to publication. The sector guidelines are publicly accessible on KfW’s website. They entered into force in 2021 and are reviewed at least every three years or on an ad hoc basis, and updated as necessary.

The sector guidelines are focused on greenhouse gas-intensive sectors in which the use of carbon neutral technologies is particularly challenging (“hard to abate”). The sectors selected needed to have achieved a significant financing volume. The sector guidelines are in line with the Paris Climate Agreement because their scope of application and defined minimum requirements ensure compliance with the decarbonisation pathways mapped out in Paris-aligned climate scenarios (see table below). They were derived on a scientific basis with the support of the Fraunhofer Institute for Systems and Innovation Research.

**Paris-aligned sector guidelines**

E1-2 in conjunction with ESRS 2 MDR-P

<b>Sector</b>	<b>Trajectory</b>	<b>Entry into force</b>
Automotive		
Iron and steel production		
Buildings	Net Zero by 2050 Scenario of the International Energy Agency (IEA)	June 2021
Power generation		
Aviation		
Shipping	IEA Sustainable Development Scenario	
Oil and natural gas	IEA Net Zero by 2050 Scenario	December 2023

The table below shows how different types of technology are defined and managed in accordance with the sector guidelines.

### Management of transformative, transitional and greenhouse gas-intensive technologies via sector guidelines

Type of technology	Description and financing
Transformative technologies	Contribute directly to the target of GHG neutrality and thus receive more support. These include investments in research and development, greenhouse gas-neutral technologies and market-ready business models that need financing suitable for further market penetration (e.g. renewable energy and green hydrogen).
Transitional technologies	Although these cause GHG emissions, they are key to climate-friendly transformation during the transition phase. Financing is provided on the condition that the volume is limited in line with Paris-aligned decarbonisation pathways, carbon lock-in (long-term commitment to emission-intensive structures) is avoided, and the best available technologies are used. Requirements vary by sector and are defined in the respective guidelines.
Greenhouse gas-intensive technologies	Neither compatible with the GHG neutrality targeted in the long term nor required for the transition phase, and therefore excluded

To ensure Paris alignment, the sector guidelines also take account of the fact that the climate impact of financed plants, power stations, buildings and other assets does not end with the full repayment of the associated loan, but rather these assets are generally used beyond the term of the loan. KfW Group has therefore selected the sector guidelines' minimum requirements in such a way that the investments covered by them will be in line with the Paris-aligned decarbonisation pathways until the end of their expected technical lifetimes.

Responsibility for implementation of, and compliance with, the sector guidelines lies at the highest level, with the heads of the business sectors and the management boards of the subsidiaries. As the central regulator, the Sustainability Strategy division verifies the appropriate incorporation of the sector guidelines in the business sectors' processes on an annual basis.

Generally, the sector guidelines apply to new financing by KfW Group in the aforementioned sectors with immediate effect from the date they enter into force. In certain business sectors, transition deadlines apply for internal and external communication and, if applicable, process adjustments. They do not apply to financing projects or promotional programmes that were already in an advanced stage of preparation or had been fully prepared at the date of publication of the respective sector guidelines. For new or extended programmes, KfW Group uses the sector guidelines to check their Paris alignment. The Federal Republic of Germany can also commission KfW Group to provide financing in the form of programmes or individual mandates, even if these are not compatible with the sector guidelines.

In the case of loan commitments requiring approval in the business sector **Customised Finance & Public Clients** and **Export and project finance**, and at **KfW Development Bank** and **DEG**, it is verified and documented in the loan application whether the financing falls under any sector guidelines and whether these are complied with. Conclusion of an agreement or implementation of a programme are not possible in the event of failure to comply with the guidelines.

When products are newly developed or revised for the promotional programmes of **SME Bank & Private Clients and Customised Finance & Public Clients**, an assessment is carried out through a product development process of whether the programme or product-specific conditions are aligned with the sector guidelines. The conditions are adjusted if necessary (e.g. in the product information sheets). Compliance with the sector guidelines is defined as a prerequisite for promotion in the information sheets and the contractual terms and conditions. By signing the contract, the borrower confirms compliance. The contractual relationship between KfW Group and on-lending financial companies stipulates that the banks must monitor the use of the funds for the specified purpose by means of suitable customary banking measures. The financing partner is required to document its verification of the use of the funds for the specified purpose.

Venture capital funds financed by **KfW Capital** invest equity in companies and do not finance technologically definable objects. KfW Capital's business is therefore currently not affected by the sector guidelines. When taking up new activities and in a portfolio review, KfW Capital ensures that the sector guidelines are applied if new commitments fall within their scope.

The sector guidelines are thus a central tool used by KfW Group for addressing **its material impacts, risks and opportunities** in relation to climate change mitigation and energy. They reduce KfW Group's negative impact by limiting the financing of investments in greenhouse gas-intensive sectors and technologies. In addition, the financing of renewable energy and energy efficiency measures promotes the sustainable transformation of the energy sector. This will strengthen KfW Group's positive impact on climate change mitigation and energy and will make use of the associated opportunities. KfW Group's sector guidelines also mitigate transition risks and reputational risks from financing borrowers active in greenhouse gas-intensive sectors. The topic of climate change adaptation and KfW Group's associated material impacts, risks and opportunities are not covered by the sector guidelines. This topic is addressed in KfW Development Bank's Sustainability Guideline as part of its climate mainstreaming and in KfW IPEX-Bank's Sustainability Guidelines (see the "Environmental and Social Appraisal Guidelines" section of this chapter).

#### **Actions related to climate and energy**

ESRS E1-3 in conjunction with ESRS 2 MDR-A

As part of the **GHG accounting**, a methodology for accounting GHG emissions was developed in the previous year to capture the annual group-wide GHG footprint of the financing portfolio. A group-wide objective taking account of the heterogeneity of the financing portfolio was developed for implementation of the GHG accounting system. The GHG accounting system enables the systematic recording and quantification of GHG emissions resulting from KfW Group's financing activities. This is intended to create transparency and give stakeholders, including the public, an insight into the GHG footprint of the financing activities. Progress is presented in the "Total GHG emissions in the banking business" section.

Other measures aimed at achieving 1.5°C alignment of new financing include **KfW Group's promotional programmes and financing** in the area of climate and energy that contribute to the environment and climate quota (see the "Environment and climate quota" section of this chapter). In setting the environment and climate quota, KfW Group has ensured a continuously high promotional business volume in climate action and environmental protection. The group's promotional and financing activities are dependent on a sufficient amount of funds being available through refinancing. KfW's refinancing situation described in the "KfW Group's value chain" section in the "General information" chapter supports KfW Group's operating activities in setting promotional incentives.

### Disclosures on ESG risks

For comprehensive information on KfW Group's ESG risk management, including the existing targets, actions and policies, please refer to the "Information on ESG risks" section in the "General information" chapter.

### DEG Impact/Climate Commitments

E1-1, E1-3, E1-4 each in conjunction with ESRS 2 MDR-A, MDR-T, MDR-M

DEG's Impact/Climate Commitments supplement KfW Group's policies, actions and targets relating to climate and energy already described in previous sections. DEG has set the following priorities in its business activities with its Commitments, developed and adopted with stakeholders, since 2022:

- Impact: increase developmental impact of DEG customers on society and the environment, thereby boosting DEG's contribution to the SDGs;
- Climate: reduce GHG emissions in line with the 1.5°C target of the Paris Agreement following a science-based reduction pathway; and
- Transformation: actively support customers on their transformation journeys to improve resilience and development impact.

DEG has adopted a **three-step approach** to realising its climate commitment (climate strategy), based on the requirements of the Science Based Target initiative (SBTi):

- **Abatement:** transformation offers for existing customers;
- **Avoidance:** restructuring the DEG portfolio towards climate-friendly new business; and
- **Neutralisation:** permanent removal of remaining emissions from the atmosphere through investments in carbon sink projects from 2040.

The aim of this approach is to substantially reduce the emission intensity attributable to DEG (measured in t CO<sub>2</sub>eq per EUR million of cash exposure). Moreover, a permanent removal of the remaining attributable portfolio emissions is scheduled for 2040 – in addition to the group-wide target of 1.5°C alignment. This climate strategy is incorporated in DEG's business strategy as a guide and has been adopted by its management board. DEG has developed a roadmap for its investment strategy to **neutralise** the remaining portfolio emissions, in line with the Paris Agreement, which is currently under way. The necessary framework to realise the investment strategy has been in place since August 2025. An average annual investment budget of EUR 40 million was set for carbon certificates and forestry funds, with half earmarked for each category. The investment volume was EUR 54 million in the reporting year. In accordance with ESRS requirements, the fact that DEG is not excluded from the Paris-aligned EU benchmarks has been added.

DEG collected complete data on its financed emissions for the first time for **base year 2021** via customer data and GHG modelling. The reference value for emission intensity comprises the Scope 1 and Scope 2 emissions from the direct financing business that are attributable to DEG and to the attributable Scope 3 (category 15) emissions in the indirect financing business with financial institutions. DEG redetermined the reference value to 439 t CO<sub>2</sub>eq per EUR million in the reporting year as part of a recalculation required for technical reasons. This equates to a methodological difference of 24 t CO<sub>2</sub>eq per EUR million compared to the reference value reported in the previous year of 413 t CO<sub>2</sub>eq per EUR million.

In **reducing GHG emissions**, DEG is pursuing the target of decreasing the GHG emission intensity of its ordinary business activities as a development finance institution by two thirds by 2040, compared to the base year 2021. It also defined interim targets for 2030 and 2035 in the reporting year. These target values are set out in the table below.

### Target values for the GHG emission intensity of the DEG portfolio

	Baseline value	Progress value	Target values		
	2021	2024 <sup>1)</sup>	2030	2035	2040
GHG emission intensity in t CO <sub>2</sub> eq/EUR million cash exposure	439	295	328	236	144
Reduction in GHG emission intensity in % vs baseline value	n/a	4.3	25.3	46.2	66.7

<sup>1)</sup> GHG accounting at DEG is based on the reporting date of the cash exposure, which corresponds to the reporting year of the underlying GHG emissions of its customers. The cash exposure as of 31 December 2024 is therefore used to calculate GHG emission intensity in reporting year 2025 for 2024.

These target values are underpinned by DEG's transformation pathway. The aim is to reduce the GHG emission intensity of the portfolio financed by its own funds by an average of 4.2% per year, starting in 2025. GHG emission intensity was reduced by 4.3% in 2024, which means that the requirements for the reduction pathway (4.2% p.a.) in the DEG climate strategy were met for the period.

The calculation is performed in accordance with the PCAF Standard (part A) and relates exclusively to DEG's financed emissions. It does not include emissions arising as a result of the on-lending of external funds to customers. Further information on the calculation and measurement of financed emissions is provided in the "Greenhouse gas emissions" section of this chapter.

Progress towards **avoidance of GHG emissions** is based on the group-wide Paris-aligned sector guidelines (see the "Policies related to climate and energy" section of this chapter). For sectors not yet covered by the sector guidelines, the reduction pathway of 4.2% p.a., based on the GHG emission intensity of DEG's ordinary business activities, applies. The trajectory (4.2% p.a.) and target metric (GHG emission intensity in t CO<sub>2</sub> per EUR million of cash exposure) were determined during the strategy development period in 2020 and were based on the SBTi Absolute Contraction Approach (2020) for mixed and heterogeneous product portfolios for companies, without a specific sector pathway. This trajectory forms the foundation for the specific GHG emission intensity target values for different customer segments, and from this year, of the associated carbon budget for directly financed companies and infrastructure projects. Both instruments are used in the early assessment of financing as well as the final financing decisions.

The **most important actions in 2025** that are intended to contribute to achieving DEG’s climate goals are presented in the following table. They focus on decarbonising DEG’s investment business and will collectively contribute to an expected reduction of GHG emission intensity in the portfolio by 4.2% annually.

### Most important actions to achieve DEG’s climate targets

E1-1, E1-3 in conjunction with ESRS 2 MDR-A, E1-4

Action (classification in the hierarchy of actions)	Target group	Timeframe
<p><b>Climate-friendly customer selection</b> (avoidance)</p> <p>The customer’s climate data is already collected prior to the financing commitment in order to determine the customer’s climate impact and its alignment with the Paris targets. DEG is guided by the Multilateral Development Banks’ Principles for Assessment of Paris Alignment and the KfW sector guidelines.</p> <p>Progress made in 2025:</p> <ul style="list-style-type: none"> <li>– Ongoing digitalisation, and recording and documentation of DEG portfolio customers’ GHG emissions, creating a basis for integration into standard processes</li> </ul>	All DEG’s financing commitments	Ongoing since 2022
<p><b>Management of DEG new business</b> (abatement)</p> <p>Definition and piloting of department-specific carbon budgets for flexible portfolio allocation and to enable financing of customers with higher emission intensity in order to be able to support them in the transformation and thus reduce their GHG emission intensity.</p> <p>Progress made in 2025:</p> <ul style="list-style-type: none"> <li>– Implementation of a large number of climate-relevant Business Support actions, including training on carbon accounting and sustainability reporting for companies and funds, training and workshops on modelling of GHG inventory, and development of climate financing concepts for banks</li> <li>– Specific climate advisory projects carried out for customers (on emissions avoidance, climate risk assessment and climate change adaptation)</li> </ul>	DEG’s financing business in the Corporates and Infrastructure customer cluster	Piloting from 2025; ongoing
<p><b>Transformation support for DEG customers</b> (reduction and adaptation)</p> <p>Support of DEG customers in their transformation towards Paris-aligned reduction pathways, especially also for high emitters, and for climate change adaptation through an extended advisory service in the form of the Climate Advisory and Reduction Initiative (CARI) programme.</p> <p>To measure this effect, the Development Effectiveness Rating (DERa) was expanded to include the aspect of CO<sub>2</sub>eq reduction and transformation at the customer supported by DEG; objective: DERa score for the portfolio of 32 points as of 31 December 2025 (see “Workforce in the value chain and affected communities” section in the “Social information” chapter).</p> <p>Progress made in 2025:</p> <ul style="list-style-type: none"> <li>– Support for the CARI programme of the subsidiary DEG Impulse, in the amount of EUR 1.5 million for a range of climate advisory projects</li> </ul>	All customer groups of DEG’s financing and advisory business	Ongoing since 2024
<p><b>Neutralisation of DEG’s remaining GHG emissions</b> (neutralisation)</p> <p>Establishment of a diversified portfolio with afforestation and reforestation projects; objective: neutralise remaining GHG emissions financed by DEG through direct investments in carbon sink projects.</p> <p>Progress made in 2025:</p> <ul style="list-style-type: none"> <li>– Investment in an additional carbon sink fund and EU guarantees for carbon sinks secured</li> </ul>	All customer groups of DEG’s financing business	Ongoing since 2022

### Specific disclosures: Pollution

In the materiality assessment, KfW Group identified pollution as a consequence of its promotional and financing activities as material. This applies to both positive impacts (reduction of pollution through the financing of environmental projects) and negative impacts (financing of projects/companies in particularly polluting industries or industries with high pollutant emissions).

The measurement of the positive impacts and the prevention or minimisation of negative impacts are part of the cross-cutting **targets** described in this chapter (SDG contribution and environment and climate quota) and **policies** (sustainability guidelines of the business sectors and exclusion lists), which are listed in the relevant sections of this chapter.

Existing **actions** for these targets related to reducing pollution are also set out in the “Overarching environmental targets and actions” section of this chapter.

### Specific disclosures: Biodiversity

KfW Group placed a particular focus on biodiversity in 2025 with the bioSFer project, building on the preparations made in the “BioDiv Roadmap” project (see the “Actions related to biodiversity” section of this chapter). Targets with regard to KfW Group’s promotional and financing activities in the area of biodiversity currently relate primarily to the contribution of KfW’s financing activities to SDGs 14 and 15 (see the “SDG mapping of KfW’s financing activities” section of this chapter). The group does not yet have an independent biodiversity target, as its biodiversity strategy is still under development (see the “Actions related to biodiversity” section of this chapter).

Some actions concerning biodiversity also include promotional and financing activities that contribute to the environment and climate quota (see the “Environment and climate quota” section of this chapter). Moreover, KfW Development Bank places a special focus on the protection and sustainable use of biodiversity. The resulting actions are presented separately below.

### Actions related to biodiversity

E4-3 in conjunction with ESRS 2 MDR-A

The ongoing loss of biodiversity in addition to climate change is one of the most pressing challenges of our time. Biodiversity also represents an increasingly relevant topic for KfW Group as a transformative bank, which is why it will be developing a **biodiversity strategy** in 2026. The preparatory work and analyses began back in 2023 as part of the internal “BioDiv Roadmap” project, aimed at taking a structured and targeted approach to the matter.

Based on this, KfW Group initiated the **bioSFer** project in 2025. It made the first step towards formulating a qualitative biodiversity strategy in the reporting year by publishing a position paper on the KfW website. Further objectives of bioSFer include expanding projects with a positive impact, recording negative impacts, developing recommendations for measurement, avoidance and abatement on that basis, as well as managing biodiversity-related risks with an impact on the group in accordance with regulatory requirements. Data requirements are also to be systematically ascertained and lacking datapoints identified in the course of the project, and public debate and the active involvement of KfW Group in developing standards promoted through strategic partnerships. Project bioSFer contributes directly to the KfWplus transformation agenda in the Climate and environment action area, and therefore complements KfW Group’s strategic focus. Biodiversity offsets, mitigation actions or inclusion of local and indigenous knowledge are considered, where necessary, within the framework of the E&S Appraisal (see the “Environmental and Social Appraisal Guidelines” section of this chapter).

**KfW Development Bank** also places a special focus on the topic of biodiversity. The business sector’s key actions in this area are presented in the following table:

### Most important actions of KfW Development Bank relating to biodiversity<sup>1)</sup>

E4-3 in conjunction with ESRS 2 MDR-A

Action/project	Target group	Commitment volume	
		2025	2024
		EUR in billions	EUR in billions
Projects with biodiversity as the main or secondary objective and contracts with partner countries with an OECD Development Assistance Committee biodiversity and tropical forest label for the protection of biodiversity Time horizon: 3–5 years	Developing countries and emerging economies, governments and state institutions/authorities in partner countries	0.8	0.5

<sup>1)</sup> The consideration of biodiversity offsets or inclusion of local and indigenous knowledge is project-dependent and, where necessary, takes place within the framework of the E&S Appraisal, for example through the use of IFC Performance Standards or the World Bank’s Environmental and Social Standards (see also the “Environmental and Social Appraisal Guidelines” section of this chapter).

### Disclosures on biodiversity in policies

E4-2

The IFC Performance Standards are enshrined in KfW Group’s E&S Appraisal guidelines (see also the “Environmental and Social Appraisal Guidelines” section of this chapter). KfW Development Bank has also committed in its sustainability guideline to compliance with the World Bank’s Environmental and Social Standards. In line with the mitigation hierarchy under IFC Performance Standard 1 and Environmental and Social Standard 1, IFC Performance Standard 6 and Environmental and Social Standard 6 focus on avoidance, reduction and neutralisation of unintended, potentially negative direct and indirect impacts on biodiversity and other matters related to biodiversity. The IFC Performance Standard 6 and Environmental and Social Standard 6 requirements state that the following aspects should be considered in identifying and managing risks and negative impacts that may arise through financing activities:

- loss of biodiversity through changes in land use;
- impairment, degradation or destruction of areas worthy of protection;
- threat to endangered, endemic or protected species;
- impairment of ecological functions and ecosystem services (e.g. pollination, water regulation and erosion protection);
- introduction or proliferation of invasive alien species; and
- overuse of natural resources such as water, forests, soil or fish stock.

The requirements of IFC Performance Standard 3 and the World Bank’s Environmental and Social Standard 3 on pollution and resource efficiency supplement IFC Performance Standard 6 and Environmental and Social Standard 6 by ensuring that emissions, waste and pollutants arising from financing activities are minimised, and resources such as water, energy and raw materials are used efficiently.

In applying the IFC Performance Standards and the World Bank’s Environmental and Social Standards in its E&S Appraisal, KfW Group also includes the social consequences of financing that may arise in the context of biodiversity. For example, by applying IFC Performance Standard 7 or Environmental and Social Standard 7, it ensures that the free, prior and informed consent of indigenous peoples is considered, where necessary, in the context of financing activities. In addition, KfW Development Bank applies the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGTs) which focus on responsible management of property and usage rights for land, fisheries, and forests. KfW Group does not use any other

group-specific policies regarding land use/agriculture, oceans/seas or deforestation beyond the policies specified. The E&S Appraisal guidelines do not contain any provisions on the direct effect of climate change on the loss of biodiversity. However, this is addressed in KfW Development Bank's Sustainability Guideline, with its provisions on climate mainstreaming and application of Environmental and Social Standard 6. KfW Group manages the impacts in this area via its Paris-aligned sector guidelines and exclusion lists (see the "Policies related to climate and energy" and "Exclusion lists at KfW Group" sections of this chapter).

### Disclosures on biodiversity risks

E4-1

KfW Group examined whether and to what extent ESG risk drivers impact its overall risk profile in the risk inventory of financial year 2025 (see "Risk management approach of KfW (overview)" in the "Risk report" chapter). With regard to biodiversity and ecosystems, the following drivers were defined and analysed in terms of their influence on the risk types: ocean acidification, dependence on ecosystem services, declining pollination, land use, sea use, exploitation of species and rising resource costs.

KfW Group will be affected by biodiversity risks in credit and equity investment risks in particular if reduced biodiversity increases its business partners' probability of default. It assessed this based on the sector, external ecosystem and biodiversity data, and the internal ESG risk profile of the business partners. Where business partners are classified as at risk, this was followed by assessing whether there is a material risk with regard to the biodiversity drivers examined by comparing the affected exposures and the potential financial loss to thresholds. Stakeholders were not separately included in the analysis.

No ESG risk drivers relevant to biodiversity were classified as material in any risk type in financial year 2025. As a result, biodiversity risks were also assessed as not material in the materiality assessment in accordance with the ESRS.

### Specific disclosures: sustainable transformation

ESRS 1 11

The **sustainable transformation** of corporate customers and public institutions remains a material topic in the area of climate and environment. KfW Group is driving its contributions forward in this area with its objectives set in connection with the SDG contribution of KfW's financing activities, the environment and climate quota, the 1.5°C target and the implementation of sector guidelines. Please refer to the "Targets related to climate and energy" and "Policies related to climate and energy" sections of this chapter for further information on the 1.5°C alignment of KfW financing and the Paris-aligned sector guidelines.

The promotional and financing priorities listed in the "The business sectors' key contributions to the environment and climate quota" table in the "Environment and climate quota" section are considered actions to support the sustainable transformation. In the Customised Finance & Public Clients and SME Bank & Private Clients business sectors, these are financing for renewable energy, energy efficiency, sustainable mobility and environmental protection. KfW Development Bank supports sustainable transformation in partner countries, including financing for projects in the fields of renewable energy, environmental protection, sustainable agriculture, education and health. It works closely together with governments, local organisations and companies to develop programmes and projects that have long-term positive impacts on the economic, environmental and social development of partner countries. The business sector Export and project finance also finances projects intended to facilitate digital and sustainable business operations. In light of the target for the 1.5°C alignment of KfW's financing activities, Export and project finance also focuses on investments in renewable energy and in the mobility transition. As part of its business activities, DEG has committed to working together with its customers to develop a customised approach for a sustainable transformation and climate-resilient business in line with the SDGs. For further information on transformation support for DEG customers, please refer to the "DEG Impact/Climate Commitments" section of this chapter.

## Disclosures in accordance with Article 8 of the EU Taxonomy

ESRS 1 113

KfW Group and KfW IPEX-Bank use the option in accordance with Article 7 (9) of Commission Delegated Regulation (EU) 2021/2178 in the version of Delegated Regulation 2026/73 to suspend reporting pursuant to Article 8 of the EU Taxonomy Regulation (Regulation [EU] 2020/852 as amended) for financial years 2025 and 2026, and state in this context that none of their activities are associated with environmentally sustainable economic activities within the meaning of Article 3 and Article 9 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

KfW Group continues to support the idea of a standardised classification system for environmentally sustainable (Taxonomy-aligned) economic activities. It shares the fundamental view that increasing transparency about the sustainability impact that financing has can have a positive steering effect. KfW Group welcomes the initiatives introduced to date under the Omnibus package to revise and simplify requirements that were previously time-consuming and difficult to operationalise, including extensive substantiation obligations. The current status of the revised regulatory requirements still does not allow for any material and/or comparable Taxonomy alignment rates to be derived for KfW Group's business activities or business model. Most importantly, the insufficient availability of data for the preceding years can be expected to worsen. As a result, and as in previous years, KfW Group still does not use the Taxonomy metrics to manage its business sectors or as a component of individual financing decisions, and has no plans to do so going forward.

KfW Group does not claim that its activities are associated with environmentally sustainable activities within the meaning of the EU Taxonomy Regulation. Concerning the group's products, the promotional criteria for individual promotional programmes and fund investments within KfW Group and publications in the Green Bond Allocation Report on "Green Bonds – Made by KfW" in accordance with the current Green Bond Framework are geared only to the material contribution to the six environmental targets defined in Article 9 of the EU Taxonomy Regulation. There is no explicit reference to full Taxonomy alignment in accordance with Article 3 of the EU Taxonomy Regulation. Beyond this, the EU Taxonomy has not been a relevant consideration when designing the products offered by KfW Group to date.

As KfW Group and KfW IPEX-Bank therefore do not claim that their activities are associated with environmentally sustainable economic activities within the meaning of Article 3 and Article 9 of the EU Taxonomy Regulation, they utilise the option not to disclose the detailed templates and accompanying qualitative information until 31 December 2027 in accordance with Article 7 (9) of Commission Delegated Regulation (EU) 2021/2178 in the version of Delegated Regulation 2026/73.

# Social information

As part of its evolved strategic objectives 2030, KfW Group pursues the overarching purpose of “boosting competitiveness and resilience for sustainable improvement of living conditions”. This guiding principle is the basis of the group’s strategic approach and is set out in more detail in defined focus areas (see the “Strategic objectives 2030” section in the “Basic information on KfW Group” chapter). Two of these focus areas are particularly relevant to the social matters of the group. The “Culture and employee potential” area emphasises the central role that the workforce plays in ensuring the group’s performance and future viability. The “Promotional mandate, impact and impetus” focus area highlights customer centricity as a success factor for a sustainable business model. Specific objectives concerning employer attractiveness, customer satisfaction, brand awareness and profiling, and diversity support these strategic aspects. They form an integral component of the overall strategy and are reflected in the material impacts and opportunities described in detail in this report.

This chapter is divided into four sections. The first section, “Social matters at KfW Group”, sets out the basis for KfW Group’s social responsibility. It focuses on the policies that make up the framework for the group’s social activities. The human rights policy forms the basis for the respect of human rights throughout the group and is closely linked to the Code of Conduct, which sets out the rules of conduct and ethical standards that KfW Group and its employees must adhere to, as well as setting the standard for external partners. The second section addresses social matters in banking operations. It describes strategically important topics affecting employees, such as corporate culture, diversity, remuneration, working conditions and engaging with the workforce. Relevant aspects include employee satisfaction, non-discriminatory pay, work-life balance, gender equality and inclusion. These aspects were addressed as part of the group-wide strategic “Employer positioning” project and will be further refined as part of the “Cultural journey” cultural transformation project (see the “Social matters in banking operations” chapter). Social matters in the banking business, which are addressed in the third section, describe the impacts and opportunities that KfW Group’s business has on and for value chain workers, affected communities and customers. This section also contains information on group-specific impacts on corporate customers. The fourth section explains complaints management and the channels that can be used to raise concerns.

## Social matters at KfW Group

S1-1, S2-1, S3-1, S4-1, each in conjunction with ESRS 2 MDR-P

KfW Group commits to the following agreements and declarations in its human rights policy (“Policy statement of KfW and its subsidiaries on human rights and on its human rights strategy”) and its Code of Conduct:

- the United Nations Universal Declaration of Human Rights (UN, 1948);
- the European Convention on Human Rights (1950);
- the International Covenant on Civil and Political Rights (Civil Covenant) and the International Covenant on Economic, Social and Cultural Rights (Social Covenant, 1966);
- the UN Convention on the Rights of Persons with Disabilities (2006);
- the UN Guiding Principles on Business and Human Rights (2023);
- the other core human rights instruments drawn up within the UN; and
- the Core Labour Standards of the International Labour Organization (ILO).

KfW Group also adheres to the OECD Guidelines for Multinational Enterprises, World Bank’s IFC Performance Standards and the Equator Principles. The human rights principles and policies of the European Development Finance Institutions and the dimensions of the “Diversity Charter” are also observed.

The aim of KfW Group's **human rights policy** is to ensure that civil, political, economic, social and cultural human rights are respected, realised and promoted. In this context, the human rights policy incorporates existing rules, policies and processes and maps out the group's human rights strategy. It applies throughout the group and is designed to emphasise the central importance of human rights to partners, customers, suppliers, other stakeholders and the general public. The declaration also meets the requirements of Section 6 (2) LkSG for the policy statement on the human rights strategy with regard to the group's employees and suppliers. It is published on KfW's website. The business sectors are responsible for ensuring compliance with the human rights policy within their business processes. Overall responsibility lies with the Executive Board. The group maintains regular and open dialogue with stakeholders, potentially affected parties and experts regarding aspects related to human rights, with the aim of refining processes in place to uphold human rights. Stakeholder dialogue is described in the "Interests and views of stakeholders" section in the "General information" chapter.

To meet the requirements of the **LkSG**, risk management processes have been implemented to identify and assess potentially highly relevant human rights and environmental risks. A risk analysis for the bank's own operations is carried out every year, and on an ad hoc basis, to identify these risks. This analysis is updated whenever the company expects the risk situation in the value chain to change or expand significantly, due, for instance, to the introduction of new products, projects or a new business sector, or if new knowledge has come to light through the established complaints procedure. The relevant departments and subsidiaries must introduce, review or, if necessary, adapt appropriate preventive and remedial action depending on the risk assessment. Several risks such as child labour, forced labour including human trafficking, and the violation of land rights can be classified as less relevant for the group's banking operations, as most of its employees work in Germany.

As an employer, KfW Group is committed to **respecting human and labour rights**, which includes prohibiting child labour, forced labour and human trafficking. It guarantees freedom of association, the right to collective bargaining, non-discriminatory pay, the ban on discrimination in respect of employment and occupation (on grounds of gender, origin, ethnicity, religion, political beliefs, disability, age or sexual identity), the right of individuals to recreation, health and safety. Risk-based control measures have been implemented at KfW to monitor requirements related to human rights. Action is taken immediately if violations of human and labour rights become known.

Incorporating human rights and environmental protection into its business activities is a top priority for the group. Consideration of human rights and the human rights policy is ensured via the applicable sustainability guidelines (see the "Environmental and Social Appraisal Guidelines" section in the "Environmental information" chapter).

KfW Group's **Code of Conduct** is a group-wide set of rules that applies to the Executive Board, management boards of subsidiaries, top management and all employees in Germany and abroad. It serves as a guide for external service providers and partner institutions. It is available on KfW's website. The Executive Board has ultimate responsibility for the content of the Code of Conduct and reviews it at regular intervals to ensure that it is up to date. Responsibility for complying with the Code of Conduct and for its incentive effect lies with individual employees, who achieve this by controlling their own behaviour. The Code of Conduct sets out principles and recommendations for a value-based approach to risk culture, diversity, inclusion and a non-discriminatory working environment, leadership culture, skills development and data protection. Since the introduction of the Code of Conduct, new employees receive it at the start of their employment, confirm that they have read and understood it, and undertake in writing to compliance with it in performing their activities. Through implementation of the Code of Conduct, the group is committed to observing the principles laid down by the OECD and the Financial Action Task Force for dealing with non-cooperative, non-transparent or deficient countries and territories. The Code of Conduct is subject to an annual review process coordinated by the Compliance department. It can also be adjusted during the year if necessary. The departments of KfW and its subsidiaries are involved in preparing and updating the document.

## Social matters in banking operations

S1-4 in conjunction with ESRS 2 MDR-A S1-2

Social matters in banking operations relate to the group's own workforce, which comprises both KfW Group employees and non-employees, and include issues related to equal treatment, non-discrimination and corporate culture alongside general working conditions. Definitions of the group's workforce and the material impacts on its employees are described in the "Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy" and "Results of the materiality assessment" sections in the "General information" chapter.

Key levers for implementing the "Culture and employee potential" topic in the context of the KfWplus corporate strategy include the "Cultural journey" project for KfW Group's successful transformation by developing new strengths and boosting performance potential, and the "Employer positioning" project, which is aimed at making KfW more attractive as an employer.

KfW Group is taking targeted action to further develop its corporate culture as part of the **"Cultural journey" project**, which will run from 2024 to 2026. A further objective of the Cultural journey is to realise the corporate strategy. The project is jointly coordinated by Human Resources, Group Development and Group Communications. Workshops were organised for employees at various levels during the design stage to identify key action areas for a new cultural direction. Building on the cultural status quo, a shared vision for the corporate culture that all employees can work towards was developed at various events and workshops. The implementation stage, which has been under way since the end of September 2024, is organised in three waves, each of which focuses on different cultural levers for change within the organisation. The first wave (October 2024 to June 2025) focused on employee information and engagement, on developing department-specific measures and on helping senior management to lead by example. KfW employees are actively involved in the cultural journey through broad-based communication measures guided by the motto *"Gemeinsam. Mutig. WIRken"* (Making a difference, together). Cultural shadowing, including support from external coaches, helps senior management to promote cultural change. Elements of the cultural journey are being tested in the "Next Level Leadership" management development programme. "Culture Guides" for each department support cultural change processes and help to ensure that the various actions are taken. The second wave (which started in July 2025) focuses on addressing the departmental measures that have been defined in greater depth. Managers at all levels are also being equipped with additional skills; furthermore, a constructive conflict culture is promoted in a targeted manner. The measurability of the corporate culture status quo is being developed in a separate work package. The second wave is focused on bringing the cultural journey to life in employees' day-to-day work and ensuring that it is closely aligned with KfW Group's strategic objectives. In the third wave of the implementation stage (starting in December 2025), the insights gained in the previous phases are institutionalised by implementing and further developing culturally transformative processes and structures.

The **"Employer positioning" project** launched in 2023 serves as a strategic framework for the sustainable positioning and further development of the group's vision in terms of its appeal as an employer. Dialogue with all departments of KfW and its subsidiaries, as well as in-depth benchmarking, were used to identify action areas including purpose, leadership, collaboration, conditions and continued professional (and personal) development.

Actions were developed based on the action areas and integrated into the group business sector planning process in order to implement the strategic positioning. The actions were implemented on an ongoing basis. They apply to all group employees working in Germany. Employees and workers' representative bodies were continuously involved in the implementation of the actions at workshops organised with managers, employees and responsible bodies. Employees were informed about developments within the project via a quarterly newsletter, intranet articles and ad hoc information events. An additional information session was held for managers once a quarter. To reinforce the purpose, for example, actions related to diversity and inclusion were implemented, as described in the following chapters. In the "Learning Journey" format, which involves reflection

and joint learning based on practical experience, managers had the opportunity to bring their own leadership behaviour even closer into line with the target culture and the employer positioning objectives. The participants worked on an individual leadership challenge that they chose themselves in the context of the target culture and reflected both individually and collectively as a group on their leadership challenges and questions. The plan is to continue the “Learning Journey” in 2026.

Greater transparency was achieved in the area of remuneration through extensive communication regarding the benefits on offer. The sabbatical savings programme, which offers KfW and KfW IPEX-Bank employees the option of taking paid leave, including payment of social security contributions, after saving up a working hours balance that is then used for the sabbatical, further boosts flexibility in terms of working hours and location. The results of the actions taken as part of the Employer positioning project are reflected in the employee survey conducted in the reporting year, which showed a high recommendation rate, a higher engagement index and increased employer attractiveness. The engagement index and the measurement of employer attractiveness are explained in the “Targets related to working conditions within the group’s own workforce” section of this chapter. The “Employer positioning” project was completed in the reporting year upon implementation of the measures defined in the action areas described above. Key actions are described in the following chapters. KfW Group makes the financial and human resources available to take the actions necessary to manage material impacts on social matters. The allocated resources allow the necessary steps to be taken.

## Diversity and inclusion

### *Policies related to diversity and inclusion within the group’s own workforce*

S1-1 in conjunction with ESRS 2 MDR-P

KfW Group is committed to providing all people – regardless of linguistic, cultural or other differences – with equal and fair opportunities and options for self-expression. The topic of diversity and inclusion is covered within KfW Group by the human rights policy and the Code of Conduct, both of which are explained in more detail in the “Social matters at KfW Group” section of this chapter. KfW, KfW IPEX-Bank, KfW Capital and DEG have also signed the Diversity Charter. The aim of the “Employer positioning” project is to achieve an above-average market positioning for the “Company with purpose” dimension, including the areas of diversity and inclusion. Corresponding ambition levels and actions have been defined, for example, in the Equal Opportunities Plans and the Inclusion Agreement. The topic is also reflected in the group’s remuneration strategies, which are described in the “Remuneration” section of this chapter.

Showing employees that they are appreciated is a key focus of the group’s sustainability mission statement, and qualified, motivated employees are emphasised as a key success factor. A brief description of the sustainability mission statement is provided in the “Integrating sustainability matters into the business strategy” section in the “General information” chapter.

As KfW and its subsidiaries have different legal forms, they operate on different legal bases also as regards equal opportunities. This is reflected in a company-specific range of policies, actions and targets. Nevertheless, KfW Group’s commitment to gender equality – also with regard to remuneration – is part of the strategic objectives 2030 and is enshrined in the KfW and DEG Equal Opportunities Plans in accordance with Sections 11 to 14 of the German Federal Equality Act (*Bundesgleichstellungsgesetz – “BGleG”*).

KfW has prepared the sixth **Equal Opportunities Plan**, which came into effect on 1 January 2024 and applies to all KfW employees in Germany for a period of four years. It sets out four overarching targets relating to diversity, equity and inclusion. These include making equal opportunities part of corporate culture at KfW, identifying and eliminating structural disadvantages, improving the reconciliation of family life, care-giving and work, and increasing the proportion of women in management and senior specialist positions. After two years, the implementation status will be evaluated and, if necessary, adjustments made to validate target achievement level. Responsibility for implementing KfW’s Equal Opportunities Plan lies with managers,

supported by the Human Resources department. Employees are encouraged to participate in the implementation process and to exploit the opportunities offered by the Equal Opportunities Plan. The Equal Opportunities Plan and the results of the evaluation process are published on the intranet. The most important content is also published on KfW's website.

DEG has adopted its own Equal Opportunities Plan that runs from 1 January 2023 to 31 December 2027 and applies to all DEG employees working in Germany. The plan pursues the following objectives:

- promoting potential candidates through personnel development with a view to equal rights for women and men;
- creating an overall framework to promote work-life balance;
- non-discriminatory pay by identifying and eliminating structural disadvantages; and
- achieving targets through gender parity in management and senior specialist positions (see the “KfW Group's targets regarding employee diversity and inclusion” table in the “Targets related to diversity and inclusion within the group's own workforce” section).

The Equal Opportunities Plan was drawn up by DEG's HR department and coordinated with the Management Board and the Works Council. Reports are presented to the Management Board and the Supervisory Board annually and (interim) results are published internally. The management has overall responsibility for implementing the plan. There is no Equal Opportunities Plan in place for KfW IPEX-Bank or KfW Capital, as there is no legal basis. KfW IPEX-Bank implements comparable company-specific measures as described in the “Actions related to diversity and inclusion within the group's own workforce” section.

In the reporting year, KfW IPEX-Bank introduced a new strategy for diversity, equity and inclusion, including an action plan. Promoting diversity is designed to sustainably increase the bank's innovative strength and competitive standing. As part of the HR strategy, this strategy is closely linked to the objectives of the group-wide cultural journey and KfW's overarching purpose and vision. It focuses on four dimensions, with the aim of developing specific implementation measures by 2029: gender and gender identity, mental and physical abilities, age, ethnic origin and nationality. These aspects of diversity are to be incorporated into all phases of the employee lifecycle in the period leading up to 2026, including recruitment, onboarding and offboarding management, and HR development, such as through more diverse talent acquisition, awareness workshops on diversity and inclusion, succession management, or cooperation with an in-house inclusion task force team.

The new strategy aims to transform the corporate culture in a sustainable manner, boost employee satisfaction and strengthen the employer brand, which is crucial to achieving KfW IPEX-Bank's strategic objectives. Target achievement is monitored using a scientifically verified, tried-and-tested KPI system. By comparing data on other companies provided by an external service provider, KfW IPEX-Bank has the opportunity to compare and evaluate its own actions. Responsibility for diversity management at KfW IPEX-Bank lies with the Management Board. The strategic and operational levels are the responsibility of the heads of divisions and team leaders. The strategy was adopted by the Management Board and communicated via the announcement regarding the business strategy and via an internal communications campaign.

### **Actions related to diversity and inclusion within the group's own workforce**

S1-4 in conjunction with ESRS 2 MDR-A

In order to implement the policies and achieve the targets described in the next section, KfW Group uses various actions that contribute to diversity and inclusion. The aim is to create an inclusive working environment characterised by equal opportunities and non-discrimination, and to promote structurally disadvantaged groups. KfW Group applies an overarching corporate wording policy for gender-appropriate language in internal and external communication and documents. This policy was developed and adopted with due account for comprehensibility, accessibility and readability. Key actions taken by KfW and DEG are set out in their individual Equal Opportunities Plans.

KfW has developed an Equal Opportunities Plan that features additional measures to address the issues of cultural anchoring and equal opportunities. These actions are scheduled to be implemented by 31 December 2027. The actions concerned include the following (list is not exhaustive):

- promoting women by further developing existing communication formats with the involvement of relevant stakeholders, such as panel discussions with experts, webinars, articles and brochures;
- reducing implicit bias (unintentional stereotyping of, or prejudice against, people in a particular social group) by organising a voluntary basic seminar for all employees, with plans to incorporate the topic into further seminars and training sessions across the board;
- ensuring equal promotion and development opportunities for women by encouraging managers to highlight explicit opportunities and offerings to female employees, such as training and coaching to assess their skills or to help them develop in specialist roles;
- placing a focus on promoting career advancement for women with severe disabilities, with greater attention being paid to their ability to participate in talent programmes;
- ensuring a remuneration policy that meets the relevant requirements and is structurally appropriate, as explained in further detail in the “Remuneration” section of this chapter;
- analysing the career progression of women and men who have taken advantage of programmes to foster the reconciliation of work and family life; and
- setting target salaries for internal transfers and promotions, and actions in the context of a “second-life career” for parents who have utilised work-life balance offers for a prolonged period.

In order to increase the **proportion of women** in non-pay scale positions, KfW focuses specifically on exchange programmes and support measures for women. When filling vacancies, women with the appropriate qualifications are to be given preference for promotion to non-pay scale roles, to strive for parity and strengthen the basis for management levels. The proportion of women in STEM roles (science, technology, engineering and mathematics) is also to increase. To this end, women are being specifically approached through role models, discussion sessions, networking opportunities, communication measures and greater transparency regarding new roles. In order to promote part-time leadership, the necessary conditions, such as the establishment of job shares, are being put in place. The overall conditions for part-time work and leadership are being reviewed and adjusted if necessary.

Other actions include continuing the talent pools for employees involving at least equal participation of men and women, promoting the development of, and supporting, high-potential female employees in a targeted manner through mentoring, shadowing and group coaching, and actively approaching potential female candidates for vacancies in senior positions. Care is also being taken to ensure gender balance as part of the application process wherever possible, having at least one female manager involved in relevant processes. Following the reorganisation of non-pay-scale roles, KfW's departments are to define reference values for their senior positions.

Neurodiversity was identified as an action area in diversity and inclusion in the reporting year. This refers to natural cognitive variations associated with particular strengths. A survey of five pilot departments at KfW was conducted to this end in cooperation with an external service provider that employs a large proportion of people with autism. To ensure comprehensive capture of the status quo, the survey was supplemented with

interviews of employees from various departments and an extensive inspection and assessment of internal and external documents and processes of KfW. The analysis of the current situation as regards dealing with neurodiversity will be followed by a presentation of the results in financial year 2026 and the derivation of specific measures to promote neurodiversity on this basis. Such measures may include raising awareness of neurodiversity, increasing psychological security, encouraging networking, empowering managers and adapting the working environment.

An inclusion agreement was concluded for KfW in 2015 with the general representative for disabled employees and the General Staff Council to promote the topic of **inclusion and non-discrimination** more consciously. The Agreement defines seven target areas based on the UN Convention on the Rights of Persons with Disabilities. One of the aims is to give applicants with disabilities who have appropriate qualifications greater access to suitable jobs. Participation in the talent programme organised by a service partner offers young students and graduates with disabilities access to KfW through student taster days. Severely disabled employees are entitled to various benefits to compensate for the disadvantages they face, including six days of additional leave, exemption from overtime and a disabled-friendly parking space. One key action for KfW employees with disabilities is the accessible design of the working environment. KfW supports employees to obtain aids to make their working environment as accessible and suited to their disabilities as possible. In terms of accessible communication, sign language courses are on offer, and sign language interpreters are engaged at events.

In order to reduce prejudice against employees with disabilities, KfW offers voluntary awareness workshops and health and inclusion days at all sites for all employees. Managers and teams have access to targeted support services to successfully implement inclusion measures. These include external consulting for managers of KfW and KfW IPEX-Bank in the event of any uncertainty about the impact of a staffing decision or individual team workshops. Employees with disabilities also had the opportunity to openly discuss inclusive culture and inclusion measures at a dialogue session with the Executive Board.

Moreover, posts by employees with disabilities and inclusion officers were published on KfW's intranet in 2025, including written and video interviews and reports on the experience of (working) life with a disability. In addition, KfW was the lead sponsor of the German national para athletics team in 2025, and will be in 2026, thereby setting an example in terms of active inclusion and support for para athletics in Germany.

In collaboration with Marcel Friedrich, author of the book *Mutmacher-Menschen* (Inspirational People), KfW is an official partner of his MUTMACHER project. The aim of the project is to promote openness and courage as the basis for a culture of inclusion. KfW is supporting the project by organising events and panel discussions with the Executive Board. Employees and managers at KfW and its subsidiaries are to be encouraged to talk openly about disability and individual challenges in the workplace. The project is intended to raise awareness of the fact that everyone has the potential to inspire others, and that diversity and mutual recognition enrich working culture.

At the end of 2024, KfW launched a partnership with the University of St. Gallen to jointly explore innovative approaches to promoting inclusion, accessibility and diversity in the workplace. The partnership focuses on topics such as accessible business trips, the disclosure mindset – i.e. factors that encourage employees to be open about chronic illnesses and disabilities – and career development opportunities for employees with disabilities. This action was completed in the reporting year. The results of the research collaboration will be used to further improve inclusion expertise among managers and employees. Existing approaches to networking, coaching and mentoring are to be consolidated and expanded. The aim is to ensure the psychological safety of managers and of employees affected by disabilities when dealing with limitations and disabilities, and thereby to enhance the cultural journey initiated by KfW also in the area of inclusion.

KfW Development Bank established an inclusion network group in 2023 with the aim of increasing the proportion of severely disabled people within the department and raising awareness of inclusion issues. Department-specific inclusion workshops were offered, most recently covering topics such as allyship, inclusive leadership and accessible travel. The group's activities are planned to continue. An ad hoc accessibility review was also initiated for the New Delhi site, whose premises and IT infrastructure were adapted to meet employees' individual needs. This action was completed in the reporting year.

KfW IPEX-Bank has set targets for the **proportion of women in leadership positions** in line with the German Act for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector (*Führungspositionengesetz*). These are set out in the table entitled “KfW Group’s targets regarding employee diversity and inclusion”. Various actions have been implemented or are being planned to achieve these targets. For instance, an individual programme has been launched for employees working in Germany who are interested in a leadership role. The “Leadership Prospects” (*Perspektive Führung*) programme includes a needs analysis, workshops, group coaching, networking, dialogue opportunities, mentoring and shadowing. The aim is to get women, in particular, interested in leadership so that they sign up for and complete the potential assessment programme. The internal actions are aimed primarily at women within KfW IPEX-Bank who are interested in management or are already in a management position; the external actions target external female applicants. When recruiting managers, at least one female candidate (external, if necessary) is shortlisted. The “Female Leaders of IPEX” network was also established for women in management positions and women who have successfully completed the potential assessment programme. Overall, the aim is to boost the number of women from KfW IPEX-Bank participating in programmes offered by KfW. Recruiting days are organised to attract female trainees, and high-potential female employees are specifically approached by the responsible manager when management positions become vacant. In order to raise awareness and boost the appeal of KfW IPEX-Bank as an employer for women, an HR marketing campaign was developed in the reporting year using language and images tailored to appeal to women, in addition to participation in various careers fairs for female students and graduates. The campaign was supported by an event at which attendees discussed case studies, had the opportunity to network and learned more about career opportunities at KfW IPEX-Bank.

KfW IPEX-Bank also introduced the following new actions in the reporting year:

- designing an HR development and gender balance concept for all departments to ensure sustainable and targeted support for gender equality by analysing the status quo and developing measures related to the succession pool and the situation for female applicants;
- adjustment of the succession management process through increased applicant support and monitoring (development paths); and
- mutual mentoring (for mothers as a target group) and a keep-in-touch concept (programme for maintaining contact, such as by inviting employees on leave to events and sending them newsletters)

The actions defined by DEG in its Equal Opportunities Plan are to be implemented by 31 December 2027. Regarding **gender empowerment**, DEG is committed to addressing women and motivating them to participate in career development programmes. High-potential employees are provided with support such as mentoring, shadowing and specific training programmes. To reduce potential barriers towards leadership, DEG conducts surveys on the attractiveness of leadership roles. The goal is to encourage and enable women to take on responsibility in the form of board mandates – i.e. a position on the supervisory board of a company in which DEG holds a stake or which it finances – or by managing interdisciplinary projects.

During the promotion process, care is taken to ensure that the number of women and men promoted is as balanced as possible. The aim is to promote women in proportion to their share in the respective functional level.

Gender equality is increasingly becoming embedded in corporate culture. There is evidence of growing interest and increasing willingness among women to take on responsibility and assume leadership roles. This is reflected in rising demand for development programmes, growing participation in the potential assessment programme and an increase in internal applications for positions of responsibility and management roles since DEG’s Equal Opportunities Plan has been adopted.

**Targets related to diversity and inclusion within the group's own workforce**

S1-5 in conjunction with ESRS 2 MDR-T

Setting diversity and inclusion objectives is an integral component of the sustainability programme. From KfW Group's perspective, achieving the targets set out in the equal opportunities plans is an important milestone that also meets the requirements of the German Federal Equality Act.

A biannual report on inclusion and an annual report on diversity are provided to the Executive Board and heads of department, which measure and evaluate the progress made in terms of inclusion and diversity. To measure the progress made in diversity management at KfW, a **"diversity" KPI** has been implemented in the strategic objectives 2030. Information underlying the "diversity" KPI, which was commissioned by the Federal Ministry for Family Affairs, is collected annually by an external service provider. The result is compared with a benchmark of all indexed companies and backed up with an ambition level and actions that also contribute to the equity and inclusion strategy. The methodology for calculating the index values includes a combination of qualitative and quantitative parameters. Social and diversity development are part of sustainable development. The indicator is measured for KfW in Germany for the period from 2023 to 2029. KfW is aiming to rank among the top ten of the companies indexed by 2029. The value currently available (for 2024) is 80 points (2023: 80 points), which puts KfW just outside the top ten. Employees were involved in setting the target as part of the engagement procedures described in the "Procedures for engaging with own workforce and workers' representatives" section of this chapter.

KfW's target for the proportion of severely disabled employees with a German working contract is 6%, which is above the statutory 5% quota (see also the table entitled "KfW Group's targets regarding employee diversity and inclusion"). Both the Human Resources department and the Executive Board were involved in setting the target. Once the targets had been set, all departments and the representatives for severely disabled employees were informed about the status quo, existing development needs and the support measures provided by the Human Resources department. The Executive Board and the heads of department receive information on the status of implementation every six months. In the reporting year, the quota was 6.2%. KfW's rate of severely disabled employees differs from the proportion of employees with disabilities in KfW Group described in the section "Key figures relating to the diversity and inclusion of KfW's own workforce" in terms of its calculation methodology, scope and underlying definition of employees. These two figures are therefore not comparable.

In its Equal Opportunities Plan, KfW has set the objective of **increasing the proportion of women** in managerial and senior specialist positions. The targeted increase includes quantitative targets and is set out in the table entitled "KfW Group's targets regarding employee diversity and inclusion". The targets for the proportion of women are to be achieved at the levels of heads of department, heads of division and team heads. Demographic trends were taken into account when setting the targets and were discussed in the Executive Board dialogue.

Further indicators for measuring the proportion of women in managerial and senior specialist positions include the number of job shares and the proportion of part-time management positions. The job shares are management job shares at team head level, with two managers able to share team head responsibilities and use up to 1.4 full-time equivalents. Target achievement is tracked by measuring the impact of individual actions. The impact of the actions in terms of anchoring gender equality in corporate culture at KfW is measured based on the number of participants in panel discussions, webinars and seminars, the associated number of clicks, data trends from HR department reports, and the answers to equality-related questions in the employee survey. Identifying and eliminating structural disadvantages is evaluated using the same sources, as well as by looking at salary trends for new hires and transfers over time. In particular, the inclusion rate and the proportion of women with disabilities or equal status also play a role here.

KfW IPEX-Bank's strategy provides for a gender-neutral personnel policy and sets targets for **equal participation** in leadership positions and on the Board of Supervisory Directors. The quota relates to all KfW IPEX-Bank managers worldwide, including subsidiaries, and all branches and foreign branch offices. The quotas are calculated based on the ratio of women to all managers at the relevant level and use the number of women and men at the level concerned as key metrics. The Human Resources department measures and reviews the quotas and reports to the Management Board on a quarterly basis. The regular measurements always take place at the end of a quarter and are compared with the target value for 30 June 2027; there are no milestones or interim targets. The target ratio was determined taking into account the current or planned number of management positions and the gender distribution, projection regarding age-related departures, and assumptions regarding (re)appointments. The Management Board and the Board of Supervisory Directors of KfW IPEX-Bank were involved in the determination process. Current trends and changes in the company's performance have no impact on the target-setting process. The quotas and the current level of target achievement are considered when (re)filling management positions.

To help promote structurally disadvantaged groups, KfW IPEX-Bank introduced a target quota for female trainees in Germany in 2024 (see the table entitled "KfW Group's targets regarding employee diversity and inclusion"). The focus is on recruiting female graduate trainees, provided they are equally suitable candidates. Care is taken to ensure a balanced ratio of female and male trainees in every recruitment decision. A quota of 60% applies for the current year. No stakeholders were involved in the target-setting process. The quota was set based on the current equal distribution of women and men, and the fact that significantly fewer women are interested in leadership roles. To increase the number of potential female applicants, the target was set in favour of female graduate trainees. The company again fell short of its target in the reporting year. It was 48.0% (2024: 48.3%). This was due primarily to what remains a lower number of female applicants compared to male applicants; just 32% of the applications received were from women (2024: 30%).

At DEG, the targets described in the table below, **Proportion of women in the potential pool** and **Proportion of women in development programmes**, were designed to increase the proportion of female participants in programmes such as the Professional Development Programme ("PDP") and mentoring schemes. The stages in the potential pool relate to the potential assessment programme used to select managers. The first selection stage consists of an aptitude assessment interview, while the second stage features an assessment centre in which an individual's leadership potential is assessed. The figures are volatile because the target group is small and, for example, employees who complete an assessment centre after the first stage are no longer counted. The proportion of women at the first selection stage corresponds to the proportion of women at the senior manager level, from which the potential pool is predominantly recruited. In the reporting year, the proportion of women at the first selection stage was 38%, unchanged from the previous year; the 2027 target has therefore not yet been reached. The proportion of women in the potential pool of the second selection stage fell slightly year on year to 50%; the target was nevertheless achieved. With women accounting for 55% of participants in development programmes in 2025, the target was not quite achieved.

DEG's continued goal of **achieving gender balance** is intended to help eliminate structural disadvantages and further boost the proportion of women at management level and in senior specialist positions. DEG has defined corresponding targets for achieving equal participation among women and men. Each of the targets is based on the applicable laws, DEG's ambitions and internal modelling of realistic results within the term of the plan. Regarding gender balance, the proportion of women in management and senior professional positions increased in the reporting year, with the exception of head of department level.

## KfW Group's targets regarding employee diversity and inclusion

S1-5 in conjunction with ESRS 2 MDR-T

Action area (scope of application)	Target	Function	Actual value (31 Dec. 2025)	Actual value (31 Dec. 2024)	Target value	Target year
			%	%	%	
Inclusive working environment that ensures equal opportunities and non-discrimination (KfW)	Diversity KPI		80 points	80 points	85 points	2029
Inclusive working environment that ensures equal opportunities and non-discrimination (KfW)	Proportion of severely disabled employees		6.2	6.0	6.0	Ongoing minimum value until 2027
Promotion of structurally disadvantaged groups in management positions (KfW)	Increasing the proportion of women in management and senior professional positions	Heads of department	24.0	30.8	30.0	2027
		Heads of division	42.5	40.6	40.0	
		Team heads	40.5	39.4	42.5	
Promotion of structurally disadvantaged groups in management positions (KfW IPEX-Bank)	Equal participation in corporate bodies and management positions	Supervisory Board	55.6	44.4 <sup>1)</sup>	44.4	30 June 2027
		Management Board	75.0	50.0	50.0	
		Heads of division	28.6	33.3	40.0	
		Team heads	33.3	34.9	40.5	
Inclusive working environment that ensures equal opportunities and non-discrimination (KfW IPEX-Bank)	Proportion of female graduate trainees		48.0	48.3	60.0	Annually
Promotion of structurally disadvantaged groups in management positions (DEG)	Proportion of women at selection stages 1 and 2 of the potential pool	Stage 1 of the potential pool	38.0	38.0	50.0	Ongoing minimum value until 2027
		Stage 2 of the potential pool	50.0	67.0	50.0	
Promotion of structurally disadvantaged groups in management positions (DEG)	Proportion of women participating in development programmes (PDP, mentoring, etc.)		55.0	60.0	60.0	Ongoing minimum value until 2027
Promotion of structurally disadvantaged groups in management positions (DEG)	Increasing the proportion of women in management and senior professional positions	Heads of department	40.0	45.0	40.0	2027
		Heads of division	39.0	36.0	40.0	
		Management level 3 <sup>2)</sup>	42.0	36.0	50.0	
		Management level 2 <sup>3)</sup>	43.0	42.0	50.0	

<sup>1)</sup> The target and actual values were not reported for reporting year 2024.

<sup>2)</sup> Management level 3 – Specialist coordination and foreign branch office management

<sup>3)</sup> Management level 2 – Senior management

### Metrics related to diversity and inclusion within the group's own workforce

S1-6, S1-9, S1-12, each in conjunction with ESRS 2 MDR-M

As of 31 December 2025, KfW Group had a total of 9,119 employees (2024: 8,838 employees). As this relates to the number of employees on the reporting date, the figure differs from the average figure shown in the financial report under "Average number of employees during the financial year" in the consolidated financial statements. The breakdown of the number of employees by various characteristics (e.g. gender) is shown in the following tables. All metrics are measured as of the reporting date and always relate to the head count.

Employee turnover within KfW Group was 4.4% in 2025 (2024: 5.3%), with a total of 399 employees leaving the group (2024: 454 employees). Employee turnover includes all employees who left the company during the reporting period either voluntarily or due to dismissal, retirement or death. The figure does not include the expiry of temporary contracts, employees who moved to different positions within the group, or secondments. The departure measure relevant to the employee turnover rate is counted on the first day after the official termination of the contract of employment.

The definition in Section 2 (1) of Book IX of the German Social Code is decisive for calculating the proportion of employees with disabilities concerning employees with a German employment contract. Only those foreign sites with at least 20 employees were included in the data collection for confidentiality reasons. These are subject to the locally applicable statutory definitions. The proportion for KfW Group was 4.7% as of 31 December 2025. Information on the proportion of severely disabled employees at KfW can be found in the “KfW Group’s targets regarding employee diversity and inclusion” table in the “Targets related to diversity and inclusion within the group’s own workforce” section.

The following employee metrics are reported on a head count basis as of 31 December 2025. No specific methods and assumptions were used in collecting the data; the system counts and totals the figures.

### Number of employees by gender

S1-6

	31 Dec. 2025	31 Dec. 2024
Female	4,405	4,261
Male	4,714	4,577
Other	0	0
Not disclosed	0	0
<b>Total</b>	<b>9,119</b>	<b>8,838</b>

### Number of employees by region and country<sup>1)</sup>

S1-6

	31 Dec. 2025	31 Dec. 2024
Germany <sup>2)</sup>	8,651	8,387
Rest of the world	468	451
<b>Total</b>	<b>9,119</b>	<b>8,838</b>

<sup>1)</sup> Breakdown by country for countries with more than 50 employees, accounting for at least 10% of KfW Group’s total workforce

<sup>2)</sup> This also includes employees assigned to foreign posts.

## Number of employees by type of contract and gender as of 31 December 2025

S1-6

	Female	Male	Other	Not disclosed	Total
Permanent employees	3,924	4,183	0	0	8,107
Temporary employees	481	531	0	0	1,012
Non-guaranteed hours employees <sup>1)</sup>	0	0	0	0	0
<b>Total</b>	<b>4,405</b>	<b>4,714</b>	<b>0</b>	<b>0</b>	<b>9,119</b>

<sup>1)</sup> Workers with no guaranteed minimum or fixed number of working hours. While employees must be available to work as required, the employer is under no contractual obligation to guarantee employees a minimum or fixed number of working hours per day, week or month.

## Number of employees by type of contract and gender as of 31 December 2024

S1-6

	Female	Male	Other	Not disclosed	Total
Permanent employees	3,777	4,050	0	0	7,827
Temporary employees	484	527	0	0	1,011
Non-guaranteed hours employees <sup>1)</sup>	0	0	0	0	0
<b>Total</b>	<b>4,261</b>	<b>4,577</b>	<b>0</b>	<b>0</b>	<b>8,838</b>

<sup>1)</sup> Workers with no guaranteed minimum or fixed number of working hours. While employees must be available to work as required, the employer is under no contractual obligation to guarantee employees a minimum or fixed number of working hours per day, week or month.

## Gender distribution at top management level at KfW Group<sup>1)</sup>

S1-9

	31 Dec. 2025		31 Dec. 2024	
	Head count	%	Head count	%
Female	12	32.4	11	29.7
Male	25	67.6	26	70.3
Other	0	0.0	0	0.0
<b>Total</b>	<b>37</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>

<sup>1)</sup> Top management level is defined as the level below the Executive Board; which, within KfW, comprises head of department level including any appointed General Managers. The subsidiaries are included with their management level.

## Number of employees by age group

S1-9

	31 Dec. 2025	31 Dec. 2024
< 30 years of age	1,150	1,133
30 ≤ 50 years of age	4,802	4,664
> 50 years of age	3,167	3,041
<b>Total</b>	<b>9,119</b>	<b>8,838</b>

## Remuneration

### *Policies related to remuneration within the group's own workforce*

S1-1 in conjunction with ESRS 2 MDR-P

The **group-wide remuneration strategy policy** in accordance with Section 27 of the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung – “InstitutsVergV”*) sets out the overall conditions for remuneration within KfW Group as a whole. In its policy, KfW Group makes an explicit commitment to transparent and non-discriminatory remuneration principles and to the same standards for the evaluation process. Rules stipulate that the remuneration systems should not differentiate on the basis of gender, nationality, ethnic origin or religion. The policy also describes the key aspects of performance management and (variable) remuneration, as well as the parties involved and responsibilities within the remuneration process. These rules apply to all group employees with a German employment contract. KfW's remuneration system does not apply to employees working abroad whose employment contracts are subject to local law in that country, and to whom KfW's staff agreements do not apply. KfW ensures, however, that the remuneration paid to these individuals also meets the requirements set out in the Remuneration Regulation for Institutions by summarising the remuneration rules for national staff at foreign sites in employment guidelines.

The objectives of the remuneration strategy are:

- to align all remuneration instruments and processes with the group's business and risk strategy;
- to support employee retention and recruitment and thereby ensure that personnel requirements are met;
- to ensure openness regarding changes of position within each company and between the companies in the group;
- to define a standardised framework for the design and implementation of processes for performance management and remuneration structure;
- to ensure appropriate remuneration systems, in particular by avoiding any incentives to take disproportionately high risks;
- to create clear and transparent remuneration systems; and
- to implement and continually monitor all relevant regulatory requirements.

As the parent institution, KfW ensures compliance with the regulatory requirements for remuneration at the subsidiaries, too, and works towards the implementation of, and compliance with, the group-wide remuneration strategy. To this end, it assesses at least once a year whether the requirements set out in Section 27 *InstitutsVergV* are met, i.e. compliance with the group-wide remuneration strategy. The following aspects are reviewed for compliance: strategic relevance of the remuneration systems, misguided incentives and negative performance contributions, guaranteed variable remuneration, severance payments and retention awards, bonus cap, total amount of variable remuneration and hedging transactions. KfW must also be involved by the subsidiaries in any processes introducing new or revising existing remuneration system concepts. This ensures that new concepts comply with the regulatory requirements and are consistent with the group-wide remuneration strategy. Any deviating regulations must first be reviewed by KfW's Human Resources department. The approval of the Executive Board is then required before the responsible supervisory body is involved. In accordance with the Remuneration Regulation for Institutions, the Board of Supervisory Directors monitors the appropriateness of the employee remuneration systems, which also involves setting the total amount of variable remuneration.

The subordinate remuneration strategies of KfW IPEX-Bank, DEG and KfW Capital describe the parties involved and responsibilities within the remuneration process. The subsidiaries review their systems and the underlying remuneration metrics once a year to ensure that they are appropriate and compatible with the business and risk strategies. The Board of Supervisory Directors/supervisory boards of the subsidiaries receive the documented results. Where shortcomings are identified, KfW promptly draws up an action plan. The Executive Board of KfW is responsible for the remuneration process and, as a result, for ensuring an appropriate remuneration system structure, as well as for providing annual information to the Board of Supervisory Directors.

KfW Group employees in Germany covered by collective bargaining agreements are subject to the regulations of the collective bargaining agreement for public banks. Activities that fall under collective bargaining agreements are assigned to the relevant pay-scale groups and remuneration is paid accordingly. Among other things, the collective bargaining agreement includes regulations on working hours, pay, annual leave and termination of employment. Employees not covered by collective agreements are subject to similar working and employment conditions as employees who are covered by a collective agreement; the applicable collective bargaining agreement also serves as a frame of reference for contracts of the former group of employees. The main working conditions are regulated in particular in staff or works agreements negotiated and concluded between the employer and the Staff Council or Works Council. KfW Capital is not bound by collective bargaining agreements and does not have a works council.

The remuneration committees of KfW's and KfW IPEX-Bank's Boards of Supervisory Directors and of the Supervisory Boards of DEG and KfW Capital are responsible for supporting the management/supervisory body in monitoring an appropriate structure of the remuneration systems for employees. This also includes the annual review to determine whether the defined principles for setting remuneration metrics are appropriate, the total amount of variable remuneration has been calculated properly, the performance contributions and performance and retention periods are appropriate, and the remuneration systems meet the requirements set out in the Remuneration Regulation for Institutions or, for KfW Capital, the Investment Firm Remuneration Regulation (*Wertpapierinstituts-Vergütungsverordnung*) and the German Investment Firm Act (*Wertpapierinstitutsgesetz*). The remuneration metrics must be based on the relevant remuneration strategy and support the achievement of the strategic objectives, which at KfW Group include non-discriminatory remuneration in line with standard market conditions.

The committee also monitors the remuneration systems for the heads of the Risk Controlling and Compliance functions and the risk takers, as well as the process for identifying risk takers. In addition, the committee reviews the appropriate structure of the remuneration system for managing directors of the subsidiaries and prepares for the supervisory board consultation on their remuneration. In accordance with Section 10 of the German Transparency in Wage Structures Act (*Entgelttransparenzgesetz*), employees have been able to assert their individual right to information to verify gender-neutral pay since 2018. This means that they can consult information on the criteria and procedures used to determine pay and receive written information on the statistical median of the average gross monthly remuneration extrapolated to full-time equivalents, as well as up to two individual salary components of a peer group. All KfW Group companies have implemented this requirement. KfW Capital is not affected, as it has fewer than 200 employees, meaning that implementation of the right to information is reviewed on a case-by-case basis.

#### **Actions related to remuneration within the group's own workforce**

S1-4 in conjunction with ESRS 2 MDR-A

Various actions relating to remuneration and other benefits for KfW Group's workforce are in place to ensure implementation of the policies and their anchoring in processes. These are explained in greater detail in the chapter below. The group aims to continuously ensure the satisfaction of its employees by providing appropriate remuneration and social benefits in line with market standards. To make sure that the remuneration systems are gender-neutral, salaries are set based on a grading structure in which equivalent functions are assigned to salary bands.

In addition, a **gender-sensitive remuneration policy** is designed to ensure that structural disadvantages are identified and eliminated. For this purpose, possible "structural cases" are identified at KfW and DEG in advance of the salary review, in particular structurally disadvantaged women and part-time employees, which result in effective and sustainable salary adjustments by the department. All directors received an evaluation at the start of the 2025/2026 salary review showing which female employees stood out in particular as regards their remuneration with a view to equal pay, meaning that they were considered "structural cases". The gender pay gap of the relevant peer group was used to identify the women who stood out statistically in terms of deviating significantly from the peer group. The heads of department were asked to pay attention

both to differences in performance and to reducing gender-specific imbalances when allocating the budget. Special attention was to be paid to any salary differences identified affecting women, as they made a particularly marked statistical contribution to the gender pay gap. During the salary review, the gender pay gaps of the departments were monitored in order to present transparent information on the impact of the planned salary adjustments on department gender pay gaps. For those employees not covered by a collective bargaining agreement, the results of the salary review had a consistently positive effect on the gender pay gap for annual target salaries at the relevant non-pay scale levels.

In order to implement equal pay for women and men, DEG is enhancing the tools used to analyse the remuneration structure based on parameters such as gender, age, length of service and function level. An external benchmarking process is also designed to make the competitiveness of the remuneration structure more transparent. If a salary equalisation measure is not implemented for employees with a comparable performance evaluation, separate grounds must be furnished by the department concerned, along with a plan for future effective and sustainable development. Performance factors, incentives and structural equal treatment of employees are given equal weighting in salary adjustments.

Moreover, an external, independent pay equity analysis was conducted for KfW, KfW IPEX-Bank and DEG in Germany for the first time in 2024 by the Frankfurt-based company Lurse AG. All three companies received a positive outcome from the analysis and met all requirements for the Lurse pay equity certificate which is valid for two years. The results of the analysis show that systematic further development of the job evaluation methodology has the potential to increase salary transparency and further reduce any salary differences at KfW. The Job architecture project, launched in 2025, addresses this issue and aims to create greater granularity in the individual job levels and, as a result, more differentiated peer groups, by introducing a new job evaluation system. This is aimed at increasing the transparency of the remuneration policy, and therefore at boosting employee loyalty in the long term.

KfW Group offers the following additional benefits to employees with German employment contracts: voluntary deferred compensation for pension benefits, mobility benefits, such as reimbursement for the “Deutschlandticket” monthly travel pass or free parking spaces, and occupational accident insurance that also covers accidents not related to work. KfW, KfW IPEX-Bank and DEG also offer their employees with permanent German employment contracts several additional benefits, such as access to low-interest building loans, occupational incapacity insurance, capital accumulation benefits (*vermögenswirksame Leistungen*) and bicycle leasing, which has also been introduced at KfW Capital.

#### ***Targets related to remuneration within the group's own workforce***

S1-5 in conjunction with ESRS 2 MDR-T

The policies and actions described above promote non-discriminatory and transparent pay for KfW Group employees. While no specific, measurable and results-based targets have been defined, qualitative objectives are in place. The general objectives of the group-wide remuneration strategy are described at the beginning of this section. KfW's Equal Opportunities Plan supports the goal of identifying and eliminating structural disadvantages to ensure a gender-sensitive remuneration policy. The effectiveness of the policies and actions is measured by the salary trend for new hires and transfers over time. DEG's targets include increasing the transparency of the data basis for the remuneration structure, ensuring a gender-sensitive remuneration policy, and avoiding structural discrimination in new hires and salary trends. The plans have been in effect since 1 January 2024.

**Metrics related to remuneration within the group's own workforce**

S1-8, S1-10, S1-16, each in conjunction with ESRS 2 MDR-M

The relevant remuneration metrics and associated methodology are described in this section. Within KfW Group, 29.2% of employees in the European Economic Area (EEA) are covered by collective bargaining agreements (2024: 29.7%<sup>2)</sup>). A total of 98.5% of the group's employees in the EEA have workers' representatives (2024: 98.8%). The table below shows the collective bargaining coverage and proportion of employees with workers' representatives per country by coverage rate clusters. As Germany is the only country with more than 50 employees, only this country is shown in the table. Collective bargaining coverage in Germany is 29.2% (2024: 29.7%), while 98.5% of employees with German contracts are represented by workers' representatives (2024: 98.8%).

**Collective bargaining coverage and social dialogue 31 December 2025**

S1-8

Coverage rate	Collective bargaining coverage Employees – EEA (for countries with > 50 employees accounting for > 10% of the total number)	Social dialogue Workplace representation (EEA only) (for countries with > 50 employees accounting for > 10% of the total number)
0–19%		
20–39%	Germany	
40–59%		
60–79%		
80–100%		Germany

**Collective bargaining coverage and social dialogue 31 December 2024**

S1-8

Coverage rate	Collective bargaining coverage Employees – EEA (for countries with > 50 employees accounting for > 10% of the total number)	Social dialogue Workplace representation (EEA only) (for countries with > 50 employees accounting for > 10% of the total number)
0–19%		
20–39%	Germany	
40–59%		
60–79%		
80–100%		Germany

All countries in which KfW Group is represented were investigated in financial year 2025 to ensure that all employees received adequate wages. In EEA countries, the focus was on the statutory minimum wage, while outside the EEA, various criteria based on the international standards applicable under the ESRS were used to determine adequate wages. The review showed that all KfW Group employees received adequate wages in financial year 2025.

The **gender pay gap** as defined by the ESRS was 12.5% in financial year 2025 (2024: 14.0%). This describes the ratio of the difference between the gross hourly pay of male and female employees and the gross hourly pay of male employees. Gross hourly pay is calculated by dividing total annual remuneration by the target working hours, or by the hours worked in cases involving temporary student employees. The total annual remuneration includes the following items, provided they were paid in the reporting period: wage and salary payments, remuneration for work performed (remuneration for hours worked including overtime, shift

<sup>2)</sup> The previous year's figure of 25.7% for employees covered by collective bargaining agreements was corrected, as working students covered by collective bargaining agreements had not been included in the calculation of the metric in 2024.

allowances), remuneration for working hours lost/absence, as well as one-time payments such as bonuses, holiday bonuses, other fixed one-time payments, company performance bonuses, individual performance bonuses, other variable one-time payments and non-monetary (in kind) benefits. The pay components are calculated based on the accrual principle. The gender pay gap is unadjusted, i.e. factors such as qualifications, employment history and employment scope and activity are not taken into account.

The ratio of the total annual remuneration paid to the highest-paid individual at KfW Group to the annual median total remuneration paid to all employees (**total remuneration ratio**) is 10.7 (2024: 10.6). The total remuneration included in this calculation includes the same pay components as those included in the gender pay gap. Please note for the purposes of this metric, that 27.4% of employees work part-time, and therefore receive lower total annual remuneration (2024: 28.1%). Furthermore, in line with the definition of employees, the remuneration metrics also include the salaries paid to interns, temporary student employees and vocational trainees. These two effects reduce the median income overall.

All the metrics relate to the reporting date based on the accrual principle as of 31 December 2025.

## Working conditions

### *Policies related to working conditions within the group's own workforce*

S1-1 in conjunction with ESRS 2 MDR-P

For KfW Group, the structure of working hours and the promotion of work-life balance are key factors when it comes to ensuring sustainable working conditions that take account of employees' individual needs. The policies related to working conditions at KfW Group are described in detail below.

The policies related to working conditions at KfW Group are derived from the business strategy. They include promoting employability and creating a sustainable working environment as an attractive employer, to recruit and retain the best employees. These objectives were addressed in the Employer positioning project that is described in greater detail in the "Diversity and inclusion" section of this chapter. Working conditions are set out in procedural rules that are agreed between the employer and the Staff Council or Works Council, and apply to employees in Germany with a German employment contract. KfW and its subsidiaries follow the policies described in the "Social matters at KfW Group" section and other statutory requirements and provisions, including the German Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work (*Arbeitsschutzgesetz*), the German Ordinance on Workplaces (*Arbeitsstättenverordnung*), Book VII of the German Social Code (*Sozialgesetzbuch VII*) and the German Maternity Protection Act (*Mutterschutzgesetz*). The labour and health protection law of the respective country applies to employees with a foreign employment contract. German labour and social security law also applies when employees are assigned to posts abroad and are not subject to foreign social security obligations.

Key aspects of working conditions for KfW Group include **flexible working hours and locations, as well as striking a balance between work, family life, care-giving and personal life**. The relevant work-life balance policy for KfW is mentioned in the sixth Equal Opportunities Plan, which is explained in more detail in the "Diversity and inclusion" section of this chapter. The issue of flexible working hours and locations is also covered, for KfW, in the staff agreements on mobile working, workations and working hours, while corresponding works agreements are in place for KfW IPEX-Bank and DEG.

KfW Group operates preventative **occupational health and safety management** services to promote employee health. The focus of these services is to provide an appropriate working environment, including ergonomic workstations, to prevent risks and accidents at work, minimise sick days and raise employee awareness of health-promoting behaviour. The issue of health is addressed in the German Works Constitution Act (*Betriebsverfassungsgesetz*). Actions to minimise hazards are based on the activity-oriented risk assessment to be carried out on a decentralised basis by managers. The implementation process, along with guidelines on occupational health and safety, is set out in policies and work instructions based on the statutory health and safety regulations, such as the German Occupational Safety and Health Act and accident prevention regulations. The risk assessments focus on groups of persons not only active in an office context. Personal risk assessments are conducted for particularly vulnerable individuals.

**Actions related to working conditions within the group's own workforce**

S1-4 in conjunction with ESRs 2 MDR-A

Various actions are in place within KfW Group to ensure implementation of the policies and their establishment in corresponding processes. As part of the Employer positioning project, **flexible working models** were enhanced to facilitate employees' work-life balance. The three main components are individual part-time models, flexible working hours using a flexitime model, and mobile working. Work-life balance is covered by a staff agreement, and works agreements for the subsidiaries. **Mobile working** is an option on a 60:40 basis for employees in Germany working for KfW, KfW IPEX-Bank and DEG (up to 60% of working hours worked outside of the office). There is no fixed ratio of hours at KfW Capital.

To improve work-life balance, KfW, KfW IPEX-Bank and DEG offer additional leave of absence schemes that go beyond the statutory and collectively agreed regulations. These are set out in a staff agreement at KfW and in works agreements at KfW IPEX-Bank and DEG and include overall conditions for time off for childcare purposes, care-giving for close relatives and for other personal reasons, such as sabbaticals. As part of another measure, staff members, graduate trainees and sandwich-degree students working at KfW, KfW IPEX-Bank and KfW Capital who have been employed in Germany for at least six months and have EU citizenship can apply for up to 20 working days per calendar year of mobile working abroad. This applies on a pro rata basis for part-time employees. DEG plans to implement similar measures for mobile working abroad and sabbaticals based on the KfW regulations.

In addition, KfW Group offers numerous measures relating to **family and care-giving**. Parent-child offices have been set up at every location in Germany. KfW operates its own in-house daycare centre with 45 childcare places at the Frankfurt office. Ten additional childcare places at the Erasmus kindergarten are arranged through the KfW daycare centre. Children of employees of KfW IPEX-Bank and KfW Capital can also use these facilities. Further support programmes are also offered by external service providers. A total of 66 crèche places at two other facilities have also been arranged in cooperation with the parents' organisation Elternverein am Palmengarten. For childcare at other facilities, employees can access extensive databases with lists of available places in day nurseries, after-school care facilities and schools. Employees across Germany can access 24-hour emergency care from a family service provider every day of the year in the case of last-minute childcare requirements, as well as virtual childcare options. A family service provider organises childcare services where needed at conferences hosted by KfW. Assistance in finding babysitters and au pairs and a very comprehensive school holiday programme are also available. DEG offers its employees in Cologne childcare subsidies and emergency care services, as well as support in organising regular childcare via a family service provider. To make it easier to plan a return to work after parental leave, DEG also provides a total of 17 childcare places itself. The number of places offered is based on demand among employees. DEG additionally offers an extensive school holiday programme and an academy providing training on topics for parents. In the reporting year, it also offered a series of workshops for parents in cooperation with an external work-life balance expert, with the aim of helping to improve work-life balance through seminars, individual coaching sessions and a process providing employers with feedback. After the workshops, a parents' network was established, which is supported by DEG's HR department. KfW Group has its own fathers' network and has been a member of the nationwide fathers' network Conpadres since 2019. The "Work and Family" staff agreement has been revised and modernised. Among other things, it now includes an extended leave of absence for parents of children with disabilities. There are plans to conclude cooperation agreements to provide childcare for employees' children in Berlin and Bonn.

KfW, KfW IPEX-Bank, DEG and KfW Capital offer various support measures for employees who care for their relatives. These include, in particular, dedicated care guides, on-site consultation sessions, a 24/7 hotline and information events. In the reporting year, a care concept was also developed, including comprehensive care guidance featuring questions and answers relating to care-giving and support. This applies to all employees in Germany. There are also plans to make leave of absence to care for sick relatives more flexible from 2026 onwards. The paid leave of absence that KfW offers employees to care for sick relatives will be changed from six full days to twelve half days from 2026. New care guides were trained at the Berlin and Frankfurt offices. There are currently ten care guides working at KfW and KfW IPEX-Bank to offer initial guidance on scenarios related to care-giving.

As part of its Equal Opportunities Plan, DEG is planning actions to improve working conditions in order to increase employer attractiveness and employee satisfaction. The offerings to facilitate a work-life balance, particularly in the context of childcare, care-giving for relatives and other aspects of work-life balance, are reviewed every three years as part of the “audit workandfamily” recertification process. Overall, the services and overall conditions for work-life balance are to be continuously adapted and developed to reflect employees’ needs.

**Employees at other stages of life** are also supported with offers and fringe benefits. Older employees of KfW and KfW IPEX-Bank in Germany have the option of continuing to work beyond the statutory retirement age. There is also a “reverse mentoring” scheme for managers, where experienced managers are supported by “digital natives” acting as their mentors. These mentors are members of the Digital8 network, an external network of young entrepreneurs, programming experts, federal state school student representatives and sustainability pioneers. The long-standing “management job sharing” HR development tool is to be enhanced to also focus more on “mixed age group management job sharing”, alongside better reconciliation of work and family. A corresponding action is currently being planned. The effectiveness of all of these actions is measured as part of the employee surveys. For further information, please refer to the “Procedures for engaging with own workforce and workers’ representatives” section of this chapter.

For **local KfW Group staff working in our foreign offices**, working conditions and social benefits apply that comply with or exceed the respective national legal requirements. These are based on the benefit level provided by comparable international companies locally. The regulations for national employees are set out in separate employment guidelines issued by KfW Development Bank, KfW IPEX-Bank and DEG. The aim is also to apply the requirements and agreements applicable to employees in Germany, such as regarding flexible working hours/locations, and inclusion and diversity, in the same way to the foreign offices depending on the local context and needs. When assigning employees to foreign posts, the group provides additional benefits which take account of economic and safety requirements. These additional benefits address both the local situation and the differences between the home and host countries.

#### ***Targets related to working conditions within the group's own workforce***

S1-5 in conjunction with ESRS 2 MDR-T

As part of its corporate goals for working conditions, KfW Group is focusing on mobile working and promoting a results-oriented culture without setting any overarching quantitative targets. Effectiveness is measured in the context of regular employee surveys (see the “Procedures for engaging with own workforce and workers’ representatives” section of this chapter), as well as by monitoring employee turnover and incoming job applications.

While KfW has not defined any quantitative targets relating to working conditions as part of its Equal Opportunities Plan either, the impact of the actions described is measured and tracked. The overarching qualitative objective is to “improve the reconciliation of work, family life, care-giving and personal life for women and men alike”. Improvements in the options for childcare and care-giving for relatives are measured, for instance, based on the number of childcare places, the use of school holiday and emergency childcare places, and care-giving services.

In addition, the overall effectiveness of the actions taken as part of the Employer positioning project is measured based on an **“Employer attractiveness” KPI** as part of the strategic objectives 2030. The KPI is based on both internal and external employer attractiveness, for which the data is collected with an external market research institute. Internal employer attractiveness is measured on the basis of the engagement index as part of the regular employee survey. The index is measured based on six different items which are then used to calculate an average. A qualitative follow-up process compensates for the survey’s limitations. The index is in line with market standards and is validated, enabling benchmarking with other organisations. External employer attractiveness is a weighted index of various factors that are combined with the company’s representative peer group. The index is measured on the basis of three factors (e.g. visibility, intention to apply) in the relevant target groups, which are then used to calculate a weighted average. An external market research institute compiles the index every two years and carries out benchmarking against the peer group.

DEG has defined two targets in the area of **work-life blend** (see table below): creating additional capacity for management job shares and promoting job shares based on individual matching processes. Flexible working hours are also to be promoted at management level to enable part-time and job share solutions to be implemented in management positions in a responsible manner. These offers are currently taken up largely

by women. As a result, DEG is aiming to increase the use by male employees of part-time and temporary part-time models, as well as parental leave, in order to achieve an improved gender balance. The work-life balance services are certified by the Hertie Foundation in regular audits.

The work-life blend targets set have already been achieved. It is worth noting that three of the job shares were mixed gender in 2025. The number of people using the “part-time management” model increased from eight to thirteen in the reporting year. There is also growing interest among fathers in taking parental leave. Up to 40% of participants in the work-life balance workshops were men. An event to establish a parents’ network has already taken place. It was moderated by a male manager. Around 50% of those taking part were fathers.

### DEG’s targets in relation to working conditions

S1-5 in conjunction with MDR-T

Action area (scope of application)	Target <sup>1)</sup>	Actual value 2025	Actual value 2024	Target value	Target year
Promotion of structurally disadvantaged groups in management positions	Part-time management (including job share partner)	13	8	8	2027
Promotion of structurally disadvantaged groups in management positions	Management job shares	4	4	3	2027

<sup>1)</sup> Targets have currently been defined at DEG only. Table content is therefore limited to DEG. However, the offer is available throughout KfW Group.

### Metrics related to working conditions

S1-15 in conjunction with ESRS 2 MDR-M

As described, the group offers a wide range of measures to promote work-life balance. As of the reporting date, at least 94.9% of the group’s employees were entitled to take family-related leave. This includes parental leave, leave due to illness of a close relative in accordance with the applicable works agreement, or carers’ leave from work in accordance with the Caregiver Leave Act (*Pflegezeitgesetz*) and the German Federal Equality Act. A total of 15.6% of eligible employees took a leave of absence of these types in the reporting year. The proportions shown in the table are calculated based on the eligible employees of each gender. Only employees with German employment contracts were considered when calculating the number of eligible employees. It was not verified whether employees at foreign sites are entitled to family-related leave in accordance with local law. The workers at the foreign sites were nevertheless included in the denominator for calculating the metric, meaning that the proportion shows the minimum number of eligible employees for KfW Group.

### Use of family-related leave by eligible employees by gender<sup>1)</sup>

S1-15

	31 Dec. 2025
	%
Female	20.4
Male	11.1
Other	0.0
Not disclosed	0.0
<b>Total</b>	<b>15.6</b>

<sup>1)</sup> No prior-year figures are reported as the data was collected for the first time for financial year 2025.

## Procedures for engaging with own workforce and workers' representatives

S1-2, S1-4

Due to the various laws on employee participation, such as the German Federal Personnel Representation Act (*Bundespersonalvertretungsgesetz*) and the German Works Constitution Act, it is not possible to create a works council for KfW Group as a whole. As a result, there is no group-wide, standardised procedure for KfW Group to engage with its own workforce and workers' representatives. However, each company has put its own procedures in place, which are described below. An agreement with employees on representation by a European works council, a works council of a *Societas Europaea* (SE) or a works council of a *Societas Cooperativa Europaea* (SCE) is not required by law.

The social interests of employees at KfW Group are represented by **trade unions and the company's social partners**. Employees have the right to freedom of association, which includes the right to form associations to protect and advance working and economic conditions.

KfW is subject to the German Federal Personnel Representation Act. Employee interests are represented by a General Staff Council, which is responsible for issues across all sites and generally meets once a month, and by the three Local Staff Councils at KfW's offices in Frankfurt, Bonn and Berlin, which generally meet once a week. These bodies propose measures that benefit employees, monitor compliance with regulations in favour of KfW, address suggestions and complaints raised by employees and negotiate with KfW's management where there is a legitimate interest. They are required to be involved in organisational, social and HR-related matters and can negotiate and conclude staff agreements.

The KfW General Staff Council holds monthly meetings with the Chief Human Resources Officer and the Head of Human Resources. The Local Staff Councils usually meet monthly with the Head of Human Resources and once a year with the Chief Human Resources Officer. KfW IPEX-Bank and DEG are subject to the German Works Constitution Act and have separate works councils and supervisory boards with elected staff representatives. The works councils are involved in the negotiation of works agreements at an early stage, and initial ideas are discussed with employees if necessary. These workers' representatives, along with the equal opportunities officers, the (general) representatives for youth and vocational trainees and the (general) representatives for severely disabled employees, monitor compliance with laws and (company) regulations and serve as direct points of contact in the event of individual questions or conflicts of interest.

KfW Capital does not have a works council or any established procedures for engaging the workforce or workers' representatives, as the German Works Constitution Act does not stipulate any obligation to create a works council if a company has only a small number of employees. However, there are (informal) dialogue opportunities used throughout the group to include and address workforce concerns and demands.

In accordance with the German Federal Equality Act, the elected equal opportunities officer and their three deputies also promote and monitor the achievement of gender equality, the elimination or prevention of discrimination on grounds of gender, and the improvement of work-life balance at KfW. There are monthly dialogue sessions between HR staff and the equal opportunities officer, as well as monthly dialogue between the equal opportunities officer and their deputies with the responsible Head of Human Resources.

The interests of employees with severe disabilities are represented by the relevant KfW, KfW IPEX-Bank or DEG representatives for employees with severe disabilities. They promote the integration of people with severe disabilities into the company, represent their interests, monitor compliance with, and implementation of, regulations applicable to severely disabled employees, and provide advice. These representatives have the right to attend, in an advisory capacity, all meetings of the Staff Council/works councils concerned, of the occupational health and safety committees, and workplace inspections.

KfW has a representative body for youth and vocational trainees. Its responsibilities include representing the interests of young people and vocational trainees in the company, providing advice and support in the event of problems relating to vocational training, monitoring compliance with legislation and collective bargaining agreements, and reporting to the relevant staff councils. Every two weeks, dialogue sessions are held between the youth and vocational trainee representatives and the head of the team responsible for promoting young talent within the Human Resources department.

The Human Resources department is responsible for ensuring that KfW workers' representatives are involved. Responsibility for ensuring that the results are incorporated into the company policy lies with the responsible heads of department depending on the topic, and the Executive Board.

The responsible bodies and affected employees are involved as extensively as possible at an early stage, especially during change processes – such as internal restructuring, major new projects and decisions on corporate strategy. The channels used to engage affected employees can include face-to-face information from line managers, in-house events and intranet notifications.

Potential obstacles such as language and cultural differences are addressed and efforts made to prevent them. A team charter is drawn up in each team at KfW and KfW IPEX-Bank in order to emphasise any specific factors related to their cooperation. Complaints and suggestions can be submitted via KfW Group's grievance channels, which are described in more detail in the "Complaints management" section of this chapter. There are currently no workers' representatives at the foreign sites; employees there are involved directly.

In order to engage with employees directly and to review the effectiveness of actions, KfW Group has commissioned a **group-wide employee survey** of all staff working in Germany by an external consultancy firm generally every two years since 2014. The catalogue of questions contains a mandatory section to evaluate satisfaction with overall conditions in the workplace and teamwork, which is reviewed for relevancy prior to each survey. Stakeholders such as the equal opportunities officer, the Staff Council/works councils and the representatives for severely disabled employees are involved. The Staff Council/works councils, in particular, are always involved in the preparation, implementation and evaluation as part of the employee participation process. The survey results allow comparisons to be drawn over time, and open comments give employees an opportunity to make suggestions on improving working conditions.

The Executive Board and the management at KfW use the survey results as the basis for extensive follow-up work. This work is performed at all hierarchical levels using various dialogue formats; company-wide team and divisional workshops and management forums are used to analyse the results of the survey, define action areas for various levels and target groups, and adopt actions at departmental and company level. The management receives the results of their relevant organisational entity and discusses them with their employees so that suitable improvement actions can be taken if necessary. The employee survey is analysed in detail at team or divisional level only if a defined minimum number of participants have completed the survey. Employees are given transparent information on the follow-up processes and decisions made at events, on the intranet and by e-mail. The effectiveness and success of the actions taken are evaluated via the next survey.

The survey was once again conducted across the group in the reporting year. It focused on the understanding of, and identification with, KfWplus, the company's attractiveness as an employer and key corporate culture issues at KfW Group. The format comprised 105 questions. The feedback was evaluated, in particular, from a cultural transformation viewpoint. It will form the basis for cross-company and individual actions taken by the organisational entities. The Executive Board and managers of KfW Group focused on the results of the employee survey in the final quarter of 2025 and identified key areas of action for particular attention at KfW and its subsidiaries over the next two years. These included topics addressed by the Cultural journey project and internal processes such as digitalisation. Specifically, actions are to be developed by mid-2026 in a follow-up process and implemented by the time the next employee survey is carried out.

In addition to this official format, there are also individual surveys on specific topics tailored to specific needs and target groups. The "Listen and Learn" advisory service offers a standardised framework for systematically reviewing key aspects such as data security, co-determination, methodological quality and costs. This allows the group to ensure demand-oriented, cost-optimised and timely data collection. A decision-making aid also ensures that users can conduct surveys securely and independently. The group uses the insights gained from the surveys in a targeted manner to continually improve collaboration, leadership and processes. For instance, in 2025, the cultural journey project was evaluated using a pulse survey, and a survey was conducted on performance and collaboration in the agile context of an organisational unit.

**Various stakeholder groups are integrated into the group's remuneration policies** in different ways. At KfW, shareholders are involved in decision-making processes as stipulated in the KfW Bylaws through the Board of Supervisory Directors and the Remuneration Committee. Employees with German employment contracts can exert influence on staff or works agreements on remuneration matters through the workers' representatives – i.e. the staff and works councils – in accordance with the German Federal Personnel Representation Act or Works Constitution Act.

The Board of Supervisory Directors of KfW IPEX-Bank and Supervisory Board of DEG are each composed of one-third workers' representatives and two-thirds shareholder representatives in accordance with the German One-Third Participation Act (*Drittelbeteiligungsgesetz*). One workers' representative is also a member of the Remuneration Committee of the Board of Supervisory Directors/Supervisory Board and serves as a point of contact for employees. Due to its size, KfW Capital does not fall within the scope of the German One-Third Participation Act.

Employees have the opportunity to address any negative impacts that KfW or its subsidiaries may have on them with the workers' representatives, the representatives for employees with severe disabilities, the vocational trainee representatives, the equal opportunities officer or the ombudsperson. Details on grievance channels are provided in the "Complaints management" section of this chapter.

### Social matters in the banking business

The specific promotional and financing products of the KfW Group business sectors result in different impacts, risks and opportunities in KfW Group's banking business with regard to social matters. A detailed description of the business models and activities of each company is provided in the "Strategy, business model and value chain" section in the "General information" chapter. The following section of the report describes the policies, actions and targets that KfW Group or its subsidiaries use to address material impacts along the value chain in the context of social matters. The relevant stakeholders are value chain workers, affected communities, consumers and end-users, as well as corporate customers.

### Value chain workers and affected communities

#### *Policies related to value chain workers and affected communities*

S2-1, S2-4, S3-1, S3-4, each in conjunction with ESRS 2 MDR-P, MDR-A

**Downstream value chain workers** of KfW Group include employees of financed companies in direct business, employees of financing partners in the on-lending business and employees of funds and business partners in liquidity management (e.g. issuers of debt securities and trading partners). Details on the value chain are explained in more detail in the "KfW Group's value chain" section in the "General information" chapter. Only the downstream value chain is taken into consideration, as the focus is on the banking business due to its materiality. The material impacts relate in particular to employees at financing partners and financed companies, both in direct financing and in the on-lending business. KfW Group's ability to influence and control employees at financing partners in the on-lending business, at business partners on the money and capital markets, and at funds, as well as the availability of information on the impact on these employees, is very limited. Regarding these companies, the group relies on compliance with general statutory provisions and specific regulations that apply to these companies in accordance with their respective business models. The Code of Conduct, which was described in the "Social matters at KfW Group" section of this chapter, also serves as a guide for externals and partner institutions.

This section also reports on **affected communities** which are (potentially) affected by the use of funds within the KfW Group product and service portfolio. Indigenous peoples are recognised as a particularly vulnerable group in society. For more detailed information, please refer to the "Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy" section in the "General information" chapter.

To fulfil KfW Group's business purpose and minimise potential adverse impacts on people and the environment, KfW Group conducts an E&S Appraisal on all planned domestic promotional business, project and export financing, as well as projects in emerging and developing countries. This, combined with regular monitoring, ensures that companies included in the value chain have established their own effective environmental and

social management systems. The **E&S Appraisal procedures** are set out in the **sustainability guidelines of the business sectors** (see the “Environmental and Social Appraisal Guidelines” section of the “Environmental information” chapter). Specific social topics covered by the individual sustainability guidelines are explained in further detail for each business sector below.

The sustainability guideline for the domestic promotional business ensures, with reference to KfW’s human rights policy, that respect for, and protection of, human rights are taken into account in KfW’s own sphere of influence. At the same time, the human rights policy formulates the goal of ruling out any involvement in human rights violations. With regard to value chain workers, the guideline stipulates the application of the standards referred to in the “Environmental and Social Appraisal Guidelines” section in the “Environmental information” chapter as the benchmark for the E&S Appraisal.

KfW Development Bank assesses environmental and social sustainability based on the standards and requirements set out in its sustainability guideline. With regard to financing, the requirements of the World Bank’s Environmental and Social Standard 2 on Labor and Working Conditions (or IFC Performance Standard 2 when working with financial intermediaries/the private sector), the World Bank Group’s Environmental, Health, and Safety Guidelines and the ILO Core Labour Standards are taken into account in particular with regard to workers in the value chain. If implementation or monitoring consultants are involved in a development bank project (such as a standard infrastructure project), their duties on site also include monitoring compliance with the ILO Core Labour Standards, the requirements set out in the World Bank standards, the actions defined in management plans for occupational health and safety, working conditions (including accommodation and social facilities in camps where relevant) and resident protection, as well as with the corresponding KfW environmental, social, health and safety requirements for contracts awarded to companies involved in the project. They are also responsible for remedying any shortcomings.

With regard to affected communities, one of the aspects explored is the extent to which financed projects could pose risks to human health or safety, and whether they could lead to large-scale resettlement or significant loss of livelihoods. Concerning indigenous peoples, KfW Development Bank implements an approval process in accordance with World Bank Environmental and Social Standard 7 (or IFC Performance Standard 7) and the Human Rights Strategy of the German Federal Ministry for Economic Cooperation and Development (BMZ), including the principle of free, prior, informed consent (FPIC). Specific actions are developed using participatory approaches and recorded in an Indigenous Peoples Plan. Compliance with local environmental regulations and efforts to minimise environmental risks also help protect affected communities. KfW Development Bank pursues a “do no harm” approach in all its projects, the aim being not to reinforce existing disadvantages, but to reduce them wherever possible.

KfW IPEX-Bank’s Sustainability Guideline calls for application of the standards and requirements set out in the “Environmental and Social Appraisal Guidelines” section in the “Environmental information” chapter. They describe how human rights are addressed in financing projects, including value chain workers and affected communities. The following topics are assessed for relevance: impacts on affected communities and on disadvantaged and vulnerable groups, safeguarding human rights through appropriate action to avoid adverse impacts on human rights or to address disadvantages through appropriate actions, as well as social matters in the workplace (including ILO Core Labour Standards). Issues such as human trafficking, forced labour and child labour are covered in the human rights policy of KfW and its subsidiaries by the Modern Slavery Act and the Equator Principles. If adverse impacts on indigenous peoples are identified, the project is reviewed to ensure it complies with IFC Performance Standard 7 (including FPIC).

DEG’s procedure for environmental and social assessment and project monitoring is set out in the “Environmental and Social Appraisal Guidelines” section in the “Environmental information” chapter. With regard to value chain workers and affected communities, DEG assesses, also in accordance with the IFC Performance Standards, whether financing could pose risks to human health or safety (IFC Performance Standard 4), whether it could lead to large-scale resettlement or significant loss of habitat and cultural heritage (IFC Performance Standards 5 and 8) and the extent to which indigenous peoples are likely to be affected (IFC Performance Standard 7). Compliance with local environmental regulations and efforts to minimise environmental risks (including IFC Performance Standards 3 and 6) also help protect affected communities. DEG acts in accordance with the exclusion lists that apply to it, the contents of which are explained in the “Exclusion

lists at KfW Group” section in the “Environmental information” chapter. Regarding human rights issues, the list expressly prohibits child and forced labour, among other things, also by taking into account the ILO Core Labour Standards.

As part of the due diligence process, KfW Capital verifies whether the venture capital funds have a monitoring, reporting, and corresponding exclusion and grievance mechanism in place to ensure compliance with human rights in line with international standards (e.g. the UN Universal Declaration of Human Rights). It examines which actions are implemented by the venture capital funds to ensure the well-being of their own workforce, such as preventive health programmes. The funds are also asked how they ensure the well-being of employees working in their portfolio companies through pre-investment checks and subsequent monitoring. KfW Capital’s exclusion list rules out any investments in areas owned or claimed by indigenous peoples without their fully documented consent. Contracts with venture capital and venture debt funds also include obligations to respect human rights and comply with the ILO standards.

KfW Group’s financing and investment decisions are made in line with the requirements of the sustainability guidelines and the E&S Appraisal described in detail in the “Overarching guidelines” section of the “Environmental information” chapter. Despite diligent application of these requirements, negative impacts from financing can generally, but not always be completely avoided. For instance, KfW became aware of two potential cases in Latin America and Africa in 2025, which focused on possible **conflicts regarding the concerns of local population groups**. Both cases were initially reported via third parties, outside of the grievance process described in the “Complaints management” section; one of them was later reported again via the established complaints channel without any new content. These cases, which involved allegations of pollution and violation of participation rights, among other aspects, were also reviewed with regard to the applicability of, and compliance with, the UN Guiding Principles on Business and Human Rights. According to current information, no violation is to be assumed in either case.

Five potential severe **human rights** incidents in Asia and Africa in the context of **value chain workers** were identified at KfW Group in 2025. These incidents were reported using the grievance process described in the “Complaints management” section or via third parties. Action was taken to investigate the matter in all cases. Three of the cases are subject to regular, partially independent monitoring; for the other two the executing agency immediately initiated remediation measures and actions to prevent similar incidents in future. To KfW Group’s knowledge, one incident is being addressed in court between the parties involved; KfW Group is not involved in these claims proceedings. One of the cases is currently being reviewed and has not been definitively confirmed. As three of these incidents involved allegations of precarious working conditions, reports of potential non-compliance with the ILO Declaration on Fundamental Principles and Rights at Work were also made during the reporting year.

#### *Processes for engaging with value chain workers and affected communities about impacts*

S2-2, S3-2

KfW Group endeavours to involve all relevant stakeholders in order to avoid adverse impacts and strengthen positive impacts. Engaging with stakeholders at an early stage can help to ensure that any problems, conflicts and other adverse impacts are recognised at an early stage, resolved or mitigated from the outset. This is achieved primarily via existing **grievance processes**, which are described in the “Complaints management” section of this chapter. Stakeholders are also involved via various **dialogue formats** at KfW Group as set out in the “Interests and views of stakeholders” section in the “General information” chapter. The relevant formats for value chain workers and affected communities include bilateral talks, the *Bonner Frühstücksrunde* (Bonn breakfast), *Förderdialog* (promotional dialogue), information and participatory events, NGO dialogue (including the UN Climate Change Conference), project visits as part of project audits and progress checks, and company visits.

KfW Development Bank has established additional procedures. Familiarity with the target groups and parties affected is a prerequisite for designing successful KfW Development Bank projects. This involves both identifying the relevant actors and recognising the potential and risks associated with the project’s sustainable effectiveness (participation, acceptance, conflicts, etc.), as well as assessing the positive and potentially adverse impacts that the project might have on these groups and making any necessary adjustments to the

design. The scope of the necessary target group and stakeholder analysis depends on the type of project and whether it has direct or indirect impacts on the target group. The gender analysis reveals gender inequalities, power structures and discriminatory norms and can be supplemented to include additional mandatory analyses, such as a target group and stakeholder analysis. Potential for promoting equal opportunities and gender-transformative approaches, as well as risks, are identified in the context of the project, adopting an intersectional perspective. The ultimate responsibility for the project documentation and gender analysis lies with the KfW Development Bank portfolio manager, even if external consultants are involved. In addition, KfW Development Bank and the Building and Wood Workers' International (BWI) global trade union federation have signed a cooperation agreement to strengthen occupational safety and labour rights worldwide in KfW Development Bank projects. Among other things, the cooperation agreement provides for joint training sessions on health and safety at work and labour rights to be offered in connection with projects, both internally at KfW Development Bank and for its executing agencies and consultants. Joint knowledge products on occupational safety and labour rights can also be created to support this quest. The ability to carry out joint progress checks on KfW Development Bank project construction sites if necessary is planned for the future. Overall, this should improve occupational safety in KfW projects and further promote workers' rights. Work plans are being drawn up jointly spanning a period of two years and setting out the action to be taken. Responsibility for the cooperation with BWI lies with the in-house Competence Centre for Environmental and Social Sustainability.

The following procedures have also been put in place at DEG: it reviews compliance with environmental and social standards and the implementation of agreed action plans at existing customers on an annual basis. This also includes the review of an environmental and social management system and the protection of affected communities by the customer. DEG is assessed externally every year within the framework of the Operating Principles of Impact Management to ensure that DEG is adequately measuring the impact of its investments on businesses and affected communities.

#### *Actions related to value chain workers and affected communities*

S2-4, S3-4, each in conjunction with ESRS 2 MDR-A

KfW Group fulfils its due diligence obligations towards workers in the value chain and affected communities, as well as other mandatory requirements identified as part of the E&S Appraisal. In so doing, it meets the requirements of the complaints management process, which is described in detail in the "Complaints management" section of this chapter. KfW Group creates and secures skilled jobs at companies and organisations as part of its business activities described in the "KfW Group's value chain" section of the "General information" chapter by providing financial resources to support the economy on an economic, environmental and social level.

One of the ways in which KfW Group improves the living conditions of affected communities is by financing various **environmental projects**, such as with respect to environmental and resource conservation, including biodiversity. A detailed description of the promotional programmes as key actions can be found in the "Environment and climate quota" section of the "Environmental information" chapter.

Exclusion lists define areas in which KfW Group does not offer financing for new projects or individual purposes to avoid negative impacts on affected communities, such as the use of pesticides, or investments that could pose a threat to areas worthy of protection. Details on the exclusion lists can be found in the "Exclusion lists at KfW Group" section in the "Environmental information" chapter.

KfW Group applies business area-specific E&S Appraisal procedures to **ensure socially responsible financing**. This involves analysing whether projects could result in large-scale resettlement or significant loss of habitat or cultural heritage, and whether indigenous peoples could be affected. If human rights violations come to light after a project has started, remedial actions are taken immediately. The E&S Appraisals are explained in greater detail in the "Overarching guidelines" section in the "Environmental information" chapter. Please refer to the "Environmental and Social Appraisal Guidelines" section in the "Environmental information" chapter with respect to determining the appropriateness of actions and assessing the effectiveness of mitigation measures in the event of negative impacts.

KfW takes special requirements and risks into account when **financing projects abroad**, particularly in developing countries and emerging economies. It takes the additional precautions outlined below within its international business in order to live up to its responsibilities, with the primary aim of protecting affected communities.

The sustainability guidelines of KfW Development Bank, KfW IPEX-Bank and DEG allow for the possibility of an in-depth analysis of human rights issues (Human Rights Impact Assessment) and actions to safeguard compliance with human rights. This option is exercised, in particular, if a project is to be realised in an area in which a critical human rights situation has arisen, or if the project is expected to result in conflicts that could have a significant impact on human rights. Exposures with potential adverse impacts on indigenous peoples require their free, prior and informed consent in line with the World Bank criteria (IFC Performance Standards). Economically viable solutions for appropriate mitigation actions are sought. For the business areas of Export and project finance, KfW Development Bank and DEG, appropriate mitigation actions are based on a mitigation hierarchy, which is intended to anticipate and avoid risks and impacts. If avoidance is not an option, the aim is to minimise the impact or reduce it to an acceptable level. The mitigation actions, to be arranged on a case-by-case basis, are aimed at diminishing and minimising the impacts within an appropriate timeframe. If significant residual impacts remain, these are countered by suitable offsets, provided this is technically and financially feasible. If this is not feasible, a review is performed to determine whether the project is worthy of support or can be financed.

If indigenous peoples are affected by KfW, KfW IPEX-Bank or DEG financing or projects, the project is reviewed in accordance with the applicable guidelines. If an environmental and social plan or mitigation actions are defined as part of the E&S Appraisal, the contracts provide for reporting (monitoring) on compliance with the actions.

If KfW Group projects result in a significant loss of livelihoods due to land use, or if people affected by the project have to be resettled involuntarily, a separate Livelihood Restoration Plan, Resettlement (Action) Plan or, where applicable, a Resettlement Policy Framework for affected communities must be prepared in accordance with the World Bank's Environmental and Social Standard 5 or IFC Performance Standard 5. This should be available at the time of the project review. A final audit is carried out to assess the success of the resettlement process and the extent to which livelihoods have been restored. Resettlement is considered successful if the affected individuals identified in the resettlement plan have received their entitlements (e.g. compensation, new homes, support measures) and their livelihoods have been at least restored or ideally improved.

The implementation agreements and contracts at KfW Development Bank and DEG include the obligation for the partners to report any particular incidents, such as serious accidents and other significant incidents, during project implementation in a timely manner and to provide information on remedial action (incident reporting clause). Reported incidents are recorded and tracked. KfW Development Bank employees are informed about the incident disclosure requirements at mandatory E&S Appraisal training sessions. Project partners are given the same information during the contractual negotiations. KfW Development Bank and DEG ensure that all reported incidents are properly documented and processed so that appropriate action can be taken to remedy the situation and stop it from recurring.

KfW Development Bank has built up a **network of environmental and social experts** consisting of the Competence Centre for Environmental and Social Sustainability, along with environmental and social experts in the operating divisions. The Competence Centre generally conducts mandatory introductory and refresher training for specific target groups of operational staff on a quarterly basis. Optional specialised in-depth training is offered for employees who come into contact with value chain workers and affected communities. Mandatory training providing an introduction to the E&S Appraisal is offered four times a year for new hires in financial cooperation, and it is recommended that all employees repeat this training approximately every four years. The aim of this training is to familiarise participants with the entire E&S Appraisal process in detail. This is designed to raise their awareness of the need to identify potential negative environmental and social impacts at an early stage. They also learn how to involve experts at the relevant points, ensuring that suitable tools to counter these impacts can be developed for the projects concerned. The effectiveness of the approach

and the actions taken is reviewed at regular intervals, at least every year when the annual budget is set for the training programme. If necessary, the actions are adjusted accordingly. The Competence Centre advises KfW IPEX-Bank's operating units on compliance with its sustainability guideline. As part of the onboarding process, new employees also receive a broad overview of various sustainability matters at KfW IPEX-Bank. Basic training on the fundamentals of the sustainability management system and the E&S Appraisal process is mandatory for all staff and back-office units. The front-office units are required to complete in-depth training on KfW IPEX-Bank's sustainability guideline and E&S Appraisal process.

The Voluntary Ambition Level in Supply Chains (*Freiwilliges Ambitionsniveau in Lieferketten* – “**FALKE**”) **initiative** was initiated at KfW Development Bank in 2023. The aim of FALKE is targeted further development of the human rights due diligence approach for financing, even though this is not formally required by the German Supply Chain Act. Based on a comprehensive analysis, a set of actions has been created which is being developed and tested between now and 2026. In the reporting year, for instance, a tool to enable more structured screening of human rights risks and a guide for dealing with human rights risks in the supply chain of projects with a significant solar component were developed. Implementation of the planned package of actions will further reduce human rights risks in financing activities and also enables KfW Development Bank to make targeted preparations for potential regulatory requirements. The FALKE initiative does not require significant operating resources or capital expenditure.

As mentioned earlier, DEG also has its own environmental and social guidelines. The agreement and processing of action plans by the customer has a positive effect, particularly also with regard to the consideration and protection of affected communities. This allows DEG to make an indirect positive contribution in those countries where financing is provided. This impact is measured and managed using the **DERa** metric, which measures customers' developmental impact. DEG's financing has positive impacts in customer regions in the five DERa target dimensions. DERa is explained in detail in the following “Targets related to value chain workers and affected communities” section of this chapter. DEG has established a decentralised model comprising experts from the Sustainability division and market multipliers to broaden internal knowledge and firmly embed specialist expertise within the organisation. In addition, DEG has developed in-person and online trainings for employees on standards, performing assessments and impact measurement.

As part of the E&S Appraisals performed at KfW Development Bank and DEG, individual actions are introduced for financing partners that do not implement or comply with their own environmental and social requirements. If financing partners do not implement or comply with the actions imposed, KfW Development Bank and DEG can demand that corrective steps be taken. This may include stopping invoice payment approvals until the relevant requirements have been met. In extreme cases, contracts with these partners can be terminated.

KfW Capital's Sustainability Policy requires **venture capital funds** to take **ESG criteria** into account in their own due diligence. Extensive checks are performed in this regard and the obligation is set out in the relevant contracts. In addition, KfW Capital enquires as to whether monitoring, reporting and complaints procedures are in place to ensure compliance with international governance standards (e.g. the UN Universal Declaration of Human Rights, the ILO standards and the EU General Product Safety Directive) and ensures that these procedures are contractually agreed. If the due diligence process reveals that the venture capital fund does not comply with ESG standards in its investments, there are minimum criteria that must be met before an investment can be made. This includes the fund drawing up an ESG policy, the content of which is coordinated with KfW Capital, specifying which ESG criteria are to be observed going forward (potentially tailored to suit the sector and phase of investment focus). Due diligence also involves verifying whether the fund has established a whistleblowing mechanism and whether internal compliance procedures are currently in progress or have been completed. These actions serve to protect the employees of the venture capital funds.

**Targets related to value chain workers and affected communities**

S2-5, S3-5, each in conjunction with ESRS 2 MDR-T

KfW Group's sustainability mission statement requires that risks and negative impacts on social and environmental matters be considered as a qualitative target for all financing and promotional projects. The mission statement is set out in the "Integrating sustainability matters into the business strategy" section of the "General information" chapter. The group-wide "SDG mapping of KfW's financing activities" target also takes into account SDGs relating to value chain workers and affected communities. This is explained in greater detail in the "SDG mapping of KfW's financing activities" section in the "Environmental information" chapter, where an overview of all quantitative SDG contributions made by KfW Group is provided.

At individual business sector level, additional quantitative indicators are used in some cases to measure the effectiveness of policies and actions and to track material positive impacts on value chain workers and affected communities. However, these are not underpinned by results-based, measurable targets, and are described below. KfW Capital does not have any specific targets for tracking the effectiveness of the policies and actions.

KfW Group's contribution to creating and securing **jobs in the value chain** is covered by allocating financing to SDG 8 (Decent work and economic growth). The mapping of financing to individual SDGs uses the methodology described in the "SDG mapping of KfW's financing activities" section of the "Environmental information" chapter. SDG 8 is aimed at sustainable economic growth, full and productive employment and decent work, which applies to a core area of KfW's promotional activities. In Germany, KfW's programmes aimed at support for SMEs, start-up capital, digitalisation and innovation are particularly relevant in this regard. Outside of Germany, development programmes to strengthen the private and financial sector, as well as large-scale export financing, are mapped to SDG 8.

As part of the impact management project described in the "Expansion of group-wide impact management" section of the "Environmental information" chapter, indicators were developed with respect to workers both within KfW's value chain and beyond. Job-related impacts are measured to determine whether financing contributes directly or indirectly to maintaining or increasing the number of jobs. This indicator was developed as part of the "Creating and securing decent work" impact category and is intended to make KfW's financing and promotional activities more transparent. For further information on impact management, refer to the "Expansion of group-wide impact management" section in the "Environmental information" chapter.

Positive contributions to the **improvement of living conditions and protection of affected communities** can be achieved by mapping financing commitments to SDG 9 (Industry, innovation and infrastructure) and SDG 11 (Sustainable cities and communities). Financing commitments that are mapped to SDG 9 provide information on intended positive contributions to improving living conditions. KfW Group launches programmes ranging from promoting energy-efficient refurbishment to financing innovative start-ups and growth companies. Abroad, financing for the transport and raw materials sectors makes key contributions to SDG 9 by promoting industrial processes within the partner countries and securing the basis for industrial production in Germany and Europe. International development financing focuses on expanding sustainable transport infrastructure, in particular on expanding local public transport. The contribution to SDG 11 includes financing municipal and social enterprises (e.g. kindergartens, water supply, land development), promoting home ownership and environmentally friendly actions for energy-efficient urban rehabilitation, or improving energy efficiency, primarily in Germany. With its commitment to areas including socially inclusive slum rehabilitation, social housing construction, sustainable transport systems and disaster prevention, KfW Group also makes key contributions to SDG 11, facilitating an intended positive contribution to the living conditions and protection of affected communities.

KfW Group endeavours to avoid any negative impacts on the living conditions of affected communities, such as resettlement, that could arise from its co-financed projects. While KfW Group does not collect any overall metrics in this regard, individual business sectors monitor the impact of their financing activities and the actions implemented using the indicators described below.

KfW Development Bank works to avoid or at least reduce the negative impacts of co-financed projects as far as possible and also monitors this. Going forward, significant positive impacts are to be evaluated and tracked systematically. Before a project starts, KfW Development Bank assesses its **developmental benefits and feasibility**, generally on the basis of a feasibility study and an environmental and social sustainability study. A final review is carried out once the project has been completed. The effectiveness of a representative random sample of around 50% of the projects completed is also evaluated ex post by an independent unit. This allows KfW Development Bank to promote institutional learning and ensure the continuous improvement of future projects.

KfW Development Bank ensures transparency by disclosing the results of its effectiveness review. The developmental impact is assessed on the basis of six key criteria agreed by the international donor community in the OECD Development Assistance Committee. This overall assessment reveals at a glance whether a project was successful or unsuccessful, and how the success is ranked. A total of 85% were ranked at 3 or better in the 2023–2024 reporting period, and were therefore deemed successful. The evaluation reports are published in KfW's transparency portal. The key results and findings are also presented in a user-friendly digital format in the "Interactive Database Evaluation and Learning" application.

DEG's Impact/Climate Commitments are a pledge to increase the contribution its customers make to the economic, environmental and social goals covered by the SDGs, thereby continuously improving the positive impact of its investments at local level. It evaluates its financing activities and the associated developmental impact in relation to factors such as value chain workers and the affected communities using DERa, which was first introduced in 2017. DERa was updated in 2024, validated by Risk Research and relaunched as **DERa 2.0**. Stakeholders, i.e. value chain workers, were not involved in this update.

DERa assesses the negative and positive contribution that each customer makes to sustainable development, highlights the changes that have occurred since DEG's investment and illustrates DEG's role in the transformation process. DEG can report on its effectiveness and manage the overall developmental quality of its portfolio based on the DERa evaluation. The DERa comprises two pillars. Five impact categories are defined for the purposes of the first pillar to evaluate the development contributions made by each customer: decent jobs, local income, market and sector development, environmental stewardship, and benefits for local communities. Each category consists of various impact areas and features indicators that capture a customer's contribution in this area. These indicators are usually quantitative data, qualitative expert assessments or indicators from international databases, such as the World Bank. Impacts are evaluated in net terms, i.e. impact areas, impact categories and the overall score for this pillar can be negative. This is possible because indicators are included that capture either positive or negative impacts, or both. The second pillar considers four approaches that DEG uses to support its customers in their transformation: structuring, closing environmental and social compliance gaps, promotional measures and impact climate commitment beyond compliance. For these mechanisms, DERa 2.0 documents transformation milestones and targets that DEG agrees with its customers, allowing DEG to monitor the progress of implementation. Once a project has been approved, DERa is recorded annually based on the latest values. This enables DEG to provide information on customers' actual developmental impact since the investment. DEG publishes information on the impacts made by customers every year in its Annual Development Report.

In its business strategy, DEG has set itself the target of achieving an annual average DERa portfolio value of 32 points. This target creates an incentive to enter into more socially sustainable financing arrangements. All customers who have a positive cash exposure at the end of the year and are not classified as defaulted exposures are included in the calculation. In 2025, DEG achieved an average DERa 2.0 score of approximately 38 points with its customers (2024: around 35 points).

## Customers – Consumers and end-users

### *Policies related to consumers and end-users*

S4-1 in conjunction with ESRS 2 MDR-P

Consumers and end-users as customers are private individuals in the context of the value chain described in the “KfW Group’s value chain” section of the “General information” chapter. They either receive financing directly from KfW, such as student loan recipients, or take out real estate loans, for instance, through the on-lending business. This section relates exclusively to KfW’s business model, as only KfW – unlike its subsidiaries – provides financing to end-users. Detailed information on consumers and end-users and material impacts on them is provided in the “Assessment of the material impacts, risks and opportunities and their interaction with KfW Group’s strategy” section of the “General information” chapter.

**Non-discriminatory access to financing products** for consumers and end-users is a top priority for KfW. In this area, it promotes, among other things, energy efficiency in construction, the refurbishment of residential buildings, the purchase and installation of new, climate-friendly heating systems, the purchase and construction of owner-occupied homes, and also provides education financing (e.g. student loans and loans for continuing professional development). Article 2 of the KfW Law, the KfW Bylaws and the mandate letters and agreements of the respective ministries form the legal basis for the promotional options.

KfW’s “Sustainability guideline for the domestic promotional business” also addresses financing projects for consumers and end-users and manages potential adverse impacts and risks related to environmental and social matters. A detailed explanation of the guidelines can be found in the “Overarching policies” section of the “Environmental information” chapter. The human rights policy described in the “Social matters at KfW Group” section of this chapter also applies in this regard. No cases of non-respect of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, involving consumers and end-users in the upstream or downstream value chain were reported at KfW in financial year 2025. Nor were any severe human rights issues or incidents connected to its consumers or end-users identified.

### *Processes for engaging with consumers and end-users about impacts*

S4-2

Consumers and end-users are involved directly in particular through **measurement of their satisfaction levels**. Various tools have been put in place to obtain feedback on improving services and to involve customers in KfW’s activities. Customer satisfaction with domestic lending is measured using the KfW new customer monitoring programme, which surveys 3,000 end borrowers every month to yield a representative picture of their opinions. Along with the external evaluation of the promotional programmes, their feedback provides information on how KfW products, processes and services can be more closely aligned with market requirements. Ultimate operational responsibility for KfW new customer monitoring lies with the Head of SME Bank & Private Clients. Consumers and end-users are also involved through an information and feedback session with financing partners and banking associations, as described in the “Interests and views of stakeholders” section of the “General information” chapter.

**Actions related to consumers and end-users**

S4-4 in conjunction with ESRS 2 MDR-A

Consumers and end-users are largely addressed via promotional programmes of the on-lending business. The product requirements are defined either by the commissioning ministries in close consultation with KfW (federal programmes) or by KfW working closely with the commissioning ministries (KfW's own programmes/ERP programmes). Within the target groups addressed, the products are open equally to all eligible applicants in line with the product terms and conditions.

One of the ways in which KfW makes a positive contribution for consumers and end-users is by offering various financing solutions to meet the financing needs of people in vocational and higher education, and in further professional development. The education financing programmes improve access to education, particularly for financially disadvantaged consumers and end-users, helping to promote equal opportunities. KfW also promotes the purchase and construction of owner-occupied residential property, thereby supporting housing security.

KfW grants education financing directly to the end customer in the form of a loan and currently offers three promotional products. **The KfW Student Loan** is used to finance a student's living expenses during an undergraduate/graduate degree or doctorate. This is KfW's own programme, which is offered without the use of state funds and at KfW's own risk. The KfW Student Loan is offered to almost all students at state or state-recognised higher and further education institutions in Germany, but is subject to age restrictions. The **Education Loan** is a promotional product for vocational trainees and students in the last two years of their training or studies. It is granted by KfW on behalf of the Federal Ministry for Education, Family Affairs, Senior Citizens, Women and Youth ("BMBFSFJ") in cooperation with the Federal Office of Administration (*Bundesverwaltungsamt*). It provides support in the final stage of vocational and higher education to enable the recipients to concentrate on obtaining their qualifications. The details are governed by the promotional requirements of the Federal Office of Administration. The funding programme under the Upgrading Training Assistance Act (**Aufstiegs-BAföG**), which is also implemented on behalf of the BMBFSF, is intended for further professional development. The promotional terms are governed by the Upgrading Training Assistance Act. The funding consists of a grant and an optional loan component, which are designed to cover not only living expenses but also the costs of resources and examinations. KfW handles the optional loan component of the *Aufstiegs-BAföG* programme only, while the application and approval process is the responsibility of the further professional development offices in the federal states. In 2025, the promotional business volume for the three education financing products totalled EUR 422 million (2024: EUR 383 million<sup>3)</sup>).

Article 2 (1c) of the KfW Law states that KfW's mandate includes implementing promotional measures on behalf of the state for private individuals, in particular concerning housing. To finance owner-occupied housing, KfW grants loans via the bank on-lending system both with and without energy efficiency conditions, thereby promoting housing security. Products with energy efficiency conditions include the "Residential Property for Families" loan product, subsidised by federal budget funds, for construction of new buildings and purchasing existing buildings. This product helps families with children on low to middle incomes to create energy-efficient owner-occupied homes. Further details on this and other housing-related promotional products for private individuals with energy efficiency conditions can be found in the "Environment and climate quota" section of the "Environmental information" chapter. For the purchase of owner-occupied property without energy efficiency conditions, KfW offers the **Home Ownership programme**, which can be used to finance the purchase or construction of owner-occupied property, including ancillary building costs. The promotional loan is granted via the bank on-lending system; KfW does not make use of any state funds with regard to the financing conditions. KfW also offers private individuals the **promotion of cooperative housing** with a loan that can be used to purchase shares in housing cooperatives for a member-occupied housing cooperative flat in Germany. In 2025, the promotional business volume for these products totalled EUR 5,178 million (2024: EUR 5,292 million<sup>3)</sup>).

<sup>3)</sup> The prior-year figures of EUR 172 million for education financing and EUR 2,354 million for housing financing have been corrected as incorrect totals were calculated for promotional products in 2024. The promotional volumes listed in the table for each promotional product for 2024 are still correct.

## KfW's key actions for consumers and end-users

S4-4

Promotional product	Target group	Promotional business volume	
		2025 EUR in millions	2024 EUR in millions
<b>Home Ownership programme:</b> loan to purchase or build a home	Private individuals who buy or build a residential property for their own use	5,149	5,266
<b>KfW Student Loan:</b> financing of undergraduate/graduate degrees and doctorates; KfW's own programme	Students aged 18 and over studying at a state or state-recognised higher education institution based in Germany	272	244
<b>Funding under the Upgrading Training Assistance Act:</b> loan and grant for further professional development; programme mandated by the Federal Government	Individuals who have completed a recognised vocational training programme	133	125
<b>Promotion of cooperative housing:</b> loan to purchase shares in housing cooperatives to be used for member-occupied housing	Private individuals who wish to acquire shares in housing cooperatives for member-occupied housing	29	25
<b>Educational Loan:</b> financial support in the final years of education/training; programme mandated by the Federal Government	Full-time vocational trainee or student aged 18 to 35	17	13

KfW Group's sustainability mission statement refers, among other things, to supporting achievement of the 2030 Agenda with the 17 SDGs. Education financing products contribute to SDG 4 "Quality education" by promoting equal access to education. The housing-related promotional products contribute to SDGs 7, 11 and 13. Financing home ownership that is not linked to energy-efficiency conditions contributes to secure housing and thus to SDG 11. More detailed information can be found in the "SDG mapping of KfW's financing activities" section in the "Environmental information" chapter.

**Targets related to consumers and end-users**

S4-5 in conjunction with ESRS 2 MDR-T

In its domestic promotional business, KfW uses **KfW new customer monitoring** to identify and implement optimisation potential related to customers, and in doing so monitor the effectiveness of actions taken with respect to private customers, among others. Approximately 3,000 borrowers and grant recipients are surveyed every month to gain a representative overview of opinions. The aim is to systematically monitor and measure customer satisfaction over time and to analyse current developments in detail. Customer satisfaction in Germany has been surveyed and analysed since 2017. The overall satisfaction indicator is used to measure customer satisfaction. The survey asks "How satisfied are you with KfW's services overall?" on a 5-point scale, with the proportion of customers answering "Completely satisfied" or "Very satisfied" being included in the metric. The "customer satisfaction" KPI is calculated as a simple average of the weighted average scores for commercial and private customers. A market research institute commissioned by KfW carries out statistical analyses of the anonymised data. KfW's ambition level is between 75% and 80% (top 2 values), depending on the analysis. If the ambition level is not achieved, control measures can be taken at an early stage and the impact of any action can be measured. The 2025 Sustainability Programme, in turn, set the target of developing approaches to improve customer satisfaction. Employees from Group Strategy and SME Bank & Private Clients were involved in setting the target. Results from the preceding years and the national "Kundenmonitor Deutschland" survey were used to determine an ambitious target corridor. KfW new customer monitoring provides important insights for KfW's strategic objectives 2030 and is incorporated into the user-centric (further) development of products, processes and services. KfW calculates this indicator on a monthly basis using representative samples in the main domestic programmes for commercial and private customers (residential construction and student loans/education).

The KfW new customer monitoring value as of 31 December 2025 was 79.1% (31 Dec. 2024: 66.1%). It climbed sharply at the beginning of the reporting year and remained within the target corridor throughout the year. The strong growth was underpinned by the positive performance in the high-application heating promotion customer group and the housing construction borrower group. KfW is in constant specialist dialogue with its commissioning ministries to optimise the promotional products to be more customer-friendly.

## Customers – Corporates

ESRS 1.11

Corporate customers have been identified as a material topic due to the particular nature of KfW Group's business model, in particular due to the positive impacts from access to financial products for this customer group. Due to their size, SMEs face structural disadvantages when it comes to raising capital. These disadvantages can be explained by asymmetrical distribution of information between companies and investors, which is exacerbated by a lack of credit history. These two factors make it difficult for investors to assess companies' creditworthiness and the success potential of the projects to be financed. Demand also tends to be for smaller financing volumes. This can translate into a smaller and/or more expensive supply of capital.

To improve access to financing products for SMEs, KfW Group offers various financing options for this customer group, as already explained in the "Assessment of the material impacts, risks and opportunities and their interaction with KfW Group's strategy" section of the "General information" chapter. Based on the business model provided for in the KfW Law (on-lending principle), SMEs gain access to KfW's promotional products via their regular banks. KfW provides its financing partners with product information and marketing material and offers a contractually agreed monetary incentive for each financing. Trained advisors in the dialogue centre advise companies on promotional products and help them with their applications. KfW promotional loans are characterised by favourable interest rates compared to standard market rates, long terms and fixed interest rate periods, as well as the use of repayment bonuses. To facilitate access to lending, KfW also enables the on-lending banks to assume part of the SME's default risk as a risk partner in selected programmes (e.g. start-up financing). As well as providing conventional financing information, KfW offers support in the form of online tools such as the digitalisation check. The digitalisation check is an accessible way of helping companies to drive their digitalisation efforts and obtain advice on how to position themselves more efficiently. DEG supports SMEs in developing countries and emerging economies with specific credit lines via banks, to facilitate access to long-term financing.

The group uses the following metric or indicator to track improvements in access to financing products for SMEs. One aim of KfW Group's strategic objectives is to provide financing for the German SME sector with the commitment volume for domestic promotional business products classified as "relevant to the SME sector" accounting for over 40% of the total commitment volume in core business in Germany. In 2025, the SME share of financing at group level was approximately 43% (2024: 35%), which was above the target of the strategic objectives. The increase in the SME share of financing in 2025 is due primarily to the marked increase in the new business volume in corporate environmental financing for the business sector SME Bank & Private Clients. The lending volume in the programme to promote renewable energies, in particular, increased year on year, and the normalisation of the interest rate structure compared with the previous year enabled a return to more favourable lending conditions for companies. The table below provides an overview of the contributions made by KfW Group's business sectors to the SME share of financing.

**Commitments made by the business sectors in relation to the strategic area of German SMEs<sup>1)</sup>**

ESRS 2 MDR-M

Promotional area	2025		2024	
	EUR in billions	%	EUR in billions	%
SME Bank & Private Clients	23.5	49	13.4	37
Customised Finance & Public Clients	1.7	14	1.0	2
KfW Capital	0.8	100	1.6	100
<b>Total commitments</b>	<b>26.0</b>	<b>43<sup>2)</sup></b>	<b>16.0</b>	<b>35<sup>2)</sup></b>

<sup>1)</sup> The table shows the commitment volume of the business sectors classified as “relevant to the SME sector”. The figure has not been adjusted for commitments “relevant to the SME sector” which were made outside Germany.

<sup>2)</sup> Adjustment for non-recurring effects from emergency aid and price cap for gas and heat on behalf of the Federal Government, special funding measures (including margining and gas storage facilities) and the hydrogen core network amortisation account

For SMEs too, the improvement in customer satisfaction is measured via the KfW new customer monitoring programme. The group calculates this indicator monthly in its main domestic programmes using representative samples. The calculation of the indicator is explained in greater detail in the “Customers – Consumers and end-users” section of this chapter.

As for other direct customer groups, any complaints about promotional products and financing are received by the dialogue centre, the specialist divisions responsible for processing them and the complaints management team. The complaints management team is responsible for performing a structured evaluation of critical feedback and complaints. The process is explained in the “Complaints procedure in the banking business” section of this chapter.

**Complaints management**

S1-3, S2-3, S3-3, S4-3

KfW Group has established grievance mechanisms and channels that are available to stakeholders to ensure that the policies, strategies, actions and targets of KfW Group described above are implemented and monitored effectively, and that human rights, particularly with regard to the human rights policy, are respected. In order to follow up on reports received and potential action areas, KfW Group attaches a great deal of importance to an appropriate risk culture. The recommendations set out in the Code of Conduct provide guidance in this regard (see the “Social matters at KfW Group” section in the “Social information” chapter). The emphasis is on a responsible, competent approach to risk and a healthy culture of error. The risk culture is monitored centrally using the risk culture index, which is calculated every two years as part of the employee survey. After each survey, an action group identifies focus areas in which targeted actions are defined to continuously improve the risk culture.

**KfW Group’s grievance mechanisms**

S1-3, S2-3, S3-3, S4-3

KfW Group has established procedures to respond to complaints regarding potential human rights-related and environmental risks, and to react appropriately to any of its own breaches of duty. The grievance mechanisms are based on the Policy statement of KfW and its subsidiaries on human rights and on its human rights strategy, which is explained in further detail in the “Social matters at KfW Group” section of this chapter. Complainants can lodge complaints or raise human rights and environmental issues with KfW Group using the various channels described below. All of the usual communication channels are available: verbal, written, e-mail, the established online complaint forms, and issues can also be raised in person with the ombudsperson (see the “Strategies relating to aspects of business conduct policies” section in the “Governance information” chapter).

### *KfW's LkSG complaints procedure*

S1-3

The Executive Board has commissioned the Compliance department to set up a central evidence unit to monitor the obligations arising from the LkSG. The statutory minimum requirements set out in the LkSG currently relate to procurement and KfW's banking operations. In order to achieve this, Compliance has established a governance structure related to the LkSG with clear responsibilities and set these out in a group-wide policy. Compliance monitors risks related to the Act, verifies compliance with appropriate due diligence obligations and takes on general tasks such as documentation, reporting and training of the employees concerned. The Executive Board bears overall responsibility for KfW Group's compliance with the LkSG.

Existing grievance mechanisms were reviewed as part of the implementation of the LkSG and adapted to meet the statutory requirements. In particular, all environmental and human rights-related grievances received are reported to the central evidence unit and included by that unit in the group-wide risk assessment. The whistleblowing system meets the requirements set out in the LkSG and protects all whistleblowers from retaliation.

Handling of complaints is governed by the group-wide "LkSG complaints procedure". Once a complaint or report has been received, the first step involves determining whether it relates to potential human rights violations or environmental issues. Receipt is documented within the company. The whistleblower or complainant should receive confirmation of receipt within a maximum of seven calendar days. Complaints and reports are passed on to the competent unit, which is responsible for processing and clarifying the facts of the case. If possible and necessary, the matter is discussed with the whistleblower or the complainant in order to better understand the facts and the action to be taken. The whistleblower or the complainant is informed of the result in writing provided they have consented to being contacted. Feedback should be provided within three months. If it takes more than three months to investigate the matter, the whistleblower or complainant is informed accordingly.

For activities covered by the LkSG, a review of the effectiveness of the actions implemented to comply with the due diligence obligations is carried out at least annually or on an ad hoc basis. The central evidence unit within Compliance acts not only as a regulator, but also as an advisor to the specialist departments, and is also responsible for monitoring risk management, including the development of safeguards and control measures. When complaints or reports related to the LkSG are received by the central complaints management team, the central evidence unit is informed about the processing of the case and its outcome, including any actions introduced or adapted. In cases involving complaints related to human rights or environmental risks or breaches of duty, it develops remedial actions and adapts existing preventive measures if necessary.

The German Minimum Requirements for Risk Management (MaRisk) provide protection against being penalised or disadvantaged as a result of lodging a complaint related to the LkSG. The Compliance function works towards ensuring the implementation of effective procedures for complying with the legal rules and regulations that are material to the group, and of corresponding controls. The appropriateness and effectiveness of the LkSG complaints procedure are monitored at least annually and on an ad hoc basis. The review in 2025 did not reveal any findings. If a report or complaint related to the LkSG is not received by the Compliance department, but by another department within the group, the central evidence unit is informed.

The LkSG complaints procedure was first communicated to employees during LkSG information campaigns on the intranet. This is intended to ensure that all employees are aware of the options for reporting human rights-related and environmental risks and violations, and can use the procedure effectively. In addition, KfW Group conducts a group-wide training session on the LkSG every two years, with relevant departments being provided with information on the main content and regulatory purpose of the Act. The training aims to raise sufficient awareness of human rights-related and environmental risks. Training and awareness-raising actions help to draw employees' attention to these issues so that any impending or actual violations can be recognised and reported at an early stage. The training is mandatory for all employees and their attendance is documented.

### **Complaints channels for employees**

S1-3, S1-17

In addition to the overarching channels already described, group employees can generally approach their managers with concerns and complaints at any time. Employees in Germany also have the option of contacting their company's workers' representatives and their HR partners. Various channels have been set up at KfW and its subsidiaries to reflect the different statutory requirements. Complaints are passed on to the relevant division if they have initially been raised elsewhere.

Employees of KfW in Germany who feel discriminated against on grounds related to the German General Act on Equal Treatment (*Allgemeines Gleichbehandlungsgesetz – "AGG"*), for example due to their race, ethnic origin, gender, religion or beliefs, disability, age or sexual identity), can contact the AGG Complaints Office. The right of complaint pursuant to Section 13 AGG grants the employees of a company a comprehensive right to lodge a complaint in the event of discrimination. The employer is responsible for the specific structure of the complaints procedure and the complaints office to be established. The AGG Complaints Office ensures appropriate accountability for unfair conduct and strengthens employee trust. The information is available on the KfW intranet. In addition, mandatory AGG training is provided every three years for all employees of KfW, KfW IPEX-Bank and DEG in Germany. There are no defined procedures for case processing, as all cases differ. Any findings resulting from the individual complaints are forwarded to the areas responsible. The complainant decides whether the information is to be passed on and is involved in any decisions on action to be taken. KfW IPEX-Bank, DEG and KfW Capital also have their own AGG complaints offices. Within KfW Group, no cases of discrimination were reported in reporting year 2025 which were closed without any monetary obligations (2024: two cases). Complaints not related to discrimination or harassment are not systematically recorded. Submitted cases are generally documented and analysed by Human Resources and handled in collaboration with the individuals or departments responsible. In cases of conflict, external social counsellors and an external psychosocial hotline are available. The Staff Council, Works Council, equal opportunities officers and representatives for disabled employees are available as further contacts. They are listed on the intranet with their contact details and offer open consultation sessions. The employer's representative for matters relating to staff with severe disabilities is the main point of contact for inclusion at KfW.

Employees in Germany also have the right to submit any suggestions or complaints to the workers' representatives responsible for them at KfW, KfW IPEX-Bank and DEG. At KfW, the equal opportunities officer is the point of contact for any complaints regarding discrimination based on gender, especially discrimination against women. The workers' representatives advise those affected and represent their interests towards KfW and its subsidiaries. They provide regular information on these matters on the intranet, in circulars and at staff and works meetings.

The legal basis for the activities of KfW's Staff Council in Germany is the German Federal Personnel Representation Act. The Staff Council is responsible for proposing actions to ensure compliance with the relevant laws, but also for receiving and passing on suggestions and complaints, and ensuring that they are addressed by KfW. All workers' representative bodies have their own intranet page providing contact details and the times of their consultation sessions. The Executive Board and the Head of the Human Resources department meet monthly with the General Staff Council, and the Human Resources department meets weekly with the Local Staff Councils. In accordance with Section 80 of the German Works Constitution Act, the situation at KfW IPEX-Bank and DEG is comparable, with the same tasks being performed and the employer required to provide the Works Council with full and timely information. Weekly meetings are held with HR and regular monthly meetings with the management board. Various processes are in place to ensure and implement compliance with the participation rights of the Staff Council or Works Council. KfW, KfW IPEX-Bank and DEG focus on dialogue with complainants in order to reach amicable solutions.

### **Complaints procedure in the banking business**

S2-3, S3-3, S4-3

Grievance mechanisms are in place throughout KfW Group that are tailored to the individual business sectors and the different types of complaints. These are based on the BaFin minimum requirements for complaints management and the UN Guiding Principles on Business and Human Rights, respectively. The grievance mechanisms are designed to give anyone who feels negatively affected by KfW Group's projects the opportunity to lodge a complaint. They are presented in the following. Reporting channels for suspected criminal offences and other violations of the law are set out in the "Strategies relating to aspects of business conduct policies" section of the "Governance information" chapter.

The group uses incoming complaints regarding products and services as a vital customer feedback tool to optimise processes and services. Another goal is to prevent human rights breaches as far as possible using established processes and preventive measures. KfW Group also sees improving channel accessibility, particularly for vulnerable groups, as one of its tasks.

KfW's grievance mechanism is described on its website. Complaints can be lodged by telephone, post or by sending an e-mail to a complaints mailbox. Each complaint is processed and answered with the involvement of the relevant departments of KfW. The principles for complaints handling include informing complainants of the opportunities available for arbitration and out-of-court dispute resolution. Affected communities can submit complaints using the business sector-specific complaints channels or the project-related grievance mechanism provided by the respective local partners. Complaints are evaluated quarterly and the findings reported to the Executive Board. If the analysis reveals recurring fields of action, these are addressed in a targeted manner. To this end, the causes of complaints are identified and solutions developed jointly with all divisions involved in order to make the group's service and performance even more customer-friendly. Customer enquiries are answered either by the responsible specialist division or by the complaints management team. As regards value chain workers, it is not standard procedure with respect to financing to refer employees of financed companies or on-lending banks to grievance mechanisms of the financing bank. Although the information is publicly available, there is no systematic review of the extent to which it is actually known and considered trustworthy. Complaints are always assessed for relevance to compliance issues and are then processed by the relevant divisions. If a complaint is received that is relevant to compliance, KfW's independent Compliance organisational unit assumes responsibility for further processing.

KfW Development Bank's grievance mechanism is described on the bank's website in German and English and is open to anyone who feels directly negatively affected by the impact of a project supported by KfW Development Bank, either now or in the future. These complaints can be submitted by e-mail or using an online form, as well as via KfW Development Bank's central complaints office. Alternatively, complaints can also be submitted to one of KfW Development Bank's foreign branch offices or to the responsible project manager directly. All complaints are processed regardless of the channel selected to submit them. Contact options, admissibility criteria and further information on the mechanism, as well as the annual complaints reports, are published on the website. A complaint does not require any particular form, but the complainant must be actually or potentially affected or an authorised representative of an affected person. Incoming complaints are first assessed to ensure their validity before being registered. Following a preliminary review, which involves collecting information on the background to the complaint, an attempt is made to work towards suitable remedial action in tandem with the complainant and other parties involved. If agreed action cannot be taken immediately or a solution cannot be found, the complainant will be provided with information on alternative means of addressing their concerns. KfW Development Bank's grievance mechanism evaluates all valid complaints and determines whether there are recurring issues or systematic fields of action, with the aim of analysing internal processes and procedures and, where appropriate, making adjustments to avoid similar complaints in future. The grievance mechanism is also part of the periodic internal and external reporting obligations. It is subject to regular effectiveness assessments by KfW Development Bank. Action to refine relevant aspects can be taken if necessary, such as to improve the accessibility of the mechanisms through targeted training for stakeholders and awareness-raising campaigns.

In accordance with the applicable environmental and social standards (in particular World Bank Environmental and Social Standard 10), all KfW Development Bank projects must set up a local grievance mechanism as a point of contact for affected communities, for example. This also applies to financial intermediaries. KfW Development Bank requires the project developers to inform and consult affected communities about the project as part of the E&S Appraisal, using information that is easy to understand, and to address suggestions and concerns related to the project design and implementation where possible. In accordance with World Bank Environmental and Social Standard 2, it is also mandatory for the projects to also have their own grievance mechanism for workers.

The planned policies and processes of KfW Development Bank's complaints management include a clause on retaliation. The idea is for KfW Development Bank to undertake to implement actions to prevent and counteract possible retaliation against complainants and other individuals involved in a complaint.

In addition to the group-wide complaints options, complaints can be submitted to KfW IPEX-Bank using an e-mail address set up specifically for complaints about banking services and using an online form that is available in German and English on the website. This compliance channel set up specifically for regulatory matters is responsible for complaints relating to investment advice, lending and other services provided by KfW IPEX-Bank; it serves as the complaints management mechanism in accordance with the requirements imposed by BaFin and the German Securities Trading Act (*Wertpapierhandelsgesetz*). The person lodging the complaint receives confirmation receipt along with an indication of the expected processing time, which generally does not exceed two weeks. The central complaints office then coordinates clarification of the matter and involves all the necessary areas of the organisation. Information on the complainant can be submitted in anonymised form. The sustainability officer and the press inquiries channel within Group Communications are responsible for complaints and concerns relating to sustainability, environmental and social issues.

KfW IPEX-Bank's Sustainability Guideline requires borrowers to set up a procedure for risk category A and category B+ projects to receive and handle complaints by employees and affected members of the public. The procedures are to be appropriate and culturally adapted for the project in question. The appropriate implementation of the procedure, including raising awareness of it and its accessibility for employees and affected members of the public, are monitored by the environmental and social experts from the Competence Centre for Environmental and Social Sustainability. All cases and results of processing must be documented and included in reports to KfW IPEX-Bank. The employees of KfW IPEX-Bank receive information about the procedure as part of their training on the environmental and social impact analysis.

DEG's grievance mechanism can be used by any person who believes they have been adversely affected by a project co-financed by DEG. Complaints to DEG must be submitted in writing, either online using a complaint form, by e-mail or by post. The DEG complaints office is independent of the company's operational activities and of the areas responsible for the activities relating to the complaint. It can be accessed via the DEG website. The process is described in German and English with information provided on the relevant procedures and timelines. The complaints procedure is the responsibility of an independent body, the Independent Expert Panel (IEP), which is supported by a complaints office at DEG. Any complaints received are passed on to the IEP. This external body consists of three independent international experts and is designed to ensure appropriate accountability for fair conduct and to strengthen stakeholder trust. If the complaint does not fulfil the necessary criteria published on the website, the complainant is notified and informed of the reasons for the rejection. The panel recommends alternative procedures in such cases.

In valid cases, the IEP decides whether to initiate arbitration or a compliance review. The complaints office is staffed by DEG employees who record incoming complaints, confirm receipt, coordinate appropriate implementation of the grievance process, and support the panel in practical matters. DEG established this mechanism in 2024 with a Dutch development finance institution. DEG informs the parties concerned if efforts to reach a satisfactory solution are hampered by the principle of confidentiality. The IEP may use additional investigation methods depending on the nature of the complaint. It ensures that stakeholders have appropriate

access to sources of information, advice and expertise, and monitors the agreed action. The IEP ensures conformity with DEG's guidelines, in particular the DEG Guideline for environmental and social sustainability, the group's sustainability mission statement, the group's human rights policy and the exclusion list. The DEG grievance mechanism has its own policy that governs protection against retaliation. The requirements of the EU Whistleblowing Directive are also relevant to compliance. In addition to providing the grievance mechanism in connection with DEG business, the focus is currently on a clearly structured procedure; there are no plans to introduce any additional training or reviews at present.

KfW Capital's central complaints management team coordinates the clarification of concerns raised. The complaints process is described on the website in German and English. Complaints can be submitted by post or online via a central e-mail inbox and can also be made anonymously if desired. Complaints that are potentially relevant to the LkSG are processed in the same way as other incoming complaints and are passed on to KfW Capital's Compliance function. Complaints and reports relating to KfW Capital that are received via the group companies' complaints channels are passed on by KfW's Compliance division to KfW Capital's Compliance function for further processing. As part of its due diligence, KfW Capital also verifies whether the venture capital funds have established a whistleblowing mechanism that can be used by employees of the venture capital funds, and whether internal compliance procedures are currently under way or have been completed in the past. This also serves to protect the employees of the venture capital funds. The whistleblowing unit can also be set up to be used by externals, for instance by employees of the portfolio companies.

# Governance information

Governance and compliance requirements form the foundation for responsible and sustainable corporate governance and culture within KfW Group. They ensure that all KfW Group activities are carried out in accordance with statutory, regulatory and internal requirements and that the company's integrity is maintained. KfW Group's Code of Conduct plays a central role in promoting a values-oriented corporate culture while also ensuring compliance with legal requirements. In addition to this Code of Conduct, which is fundamental for compliance with requirements, this chapter describes KfW Group's strategies with regard to aspects of corporate policy.

## Compliance strategies at KfW Group

### Promoting and further developing the corporate culture

G1-1 in conjunction with ESRS 2 MDR-P

KfW Group's Code of Conduct is at the centre of promotional activities and an expression of corporate culture. It sets out key values, such as strengthening collaboration, expanding risk culture, promoting diversity, leading effectively and developing skills. Accordingly, KfW Group expects its employees to act ethically and with integrity, and to be prepared to take responsibility in order to maintain this corporate culture. For a detailed description of the Code of Conduct, please refer to the "Social matters at KfW Group" section in the "Social information" chapter. KfW Group's Code of Conduct is directed at all employees, managers, members of the KfW Executive Board and the managing directors of the subsidiaries. In addition, the KfW Executive Board and the management boards of the subsidiaries have their own codes of conduct, which expressly address their particular obligations to the respective boards of supervisory directors/supervisory boards.

Compliance with all relevant statutory, regulatory and internal requirements forms the foundation of KfW Group's corporate culture. This includes requirements on combating corruption and fraud, preventing money laundering and financing of terrorism, compliance with financial sanctions and embargoes, and on securities and tax compliance, data protection and risk management. Compliance with these requirements is an integral component of the group-wide Code of Conduct, which also defines the values to which all employees are committed. The guidelines on anti-corruption and anti-bribery are in line with the United Nations Convention against Corruption, the statutory requirements and German legal and regulatory requirements, while the procedures for protecting whistleblowers comply with Directive (EU) 2019/1937 and the German Whistleblower Protection Act (*Hinweisgeberschutzgesetz* – "HinSchG"). Safeguards for the prevention of criminal acts are created and documented in accordance with Section 25h KWG. The implementation of all integrity and compliance guidelines is described by the group-wide compliance guideline, which is supplemented and further elaborated by additional, company-specific policies and work instructions.

The prevention of corruption and other criminal acts is also an ongoing objective in KfW Group's sustainability programme as part of the corporate culture. In addition, KfW Group is committed to fighting corruption as a corporate member of Transparency International and, represented by DEG, is a supporting company of the Extractive Industries Transparency Initiative. The group also cooperates with partners including the Federal Ministry for Economic Cooperation and Development (*Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* – "BMZ") in implementing the corruption prevention and integrity strategy in German development policy. The BMZ requires all implementing entities, i.e. organisations that implement development policy tasks on behalf of the BMZ, such as financial and technical cooperation, to meet binding criteria that define clear requirements and quality standards for project realisation. KfW Group applies these quality criteria required by the BMZ in its international financing activities. The applicable rules of conduct are based on the German Federal Government's anti-corruption requirements and also on the existing rules of large German commercial and promotional banks.

KfW Group has been pursuing the aim of further developing its own corporate culture in a targeted manner to support the implementation of its strategic agenda through the "Cultural journey" project since 2024. More information on the cultural journey is provided in the "Social matters at KfW Group" section of the "Social information" chapter.

## Strategies relating to aspects of business conduct policies

G1-1 in conjunction with ESRS 2 MDR-P

Compliance responsibility for KfW Group lies with the KfW Executive Board, while the managing directors of the individual subsidiaries and their compliance organisations are responsible for compliance with, and implementation of, binding regulations for the respective subsidiaries. The Executive Board has delegated various areas of responsibility to the Compliance department, including group compliance. Delegated tasks include defining preventive measures and conducting investigations in the event of loss. Preventive measures include, for instance, introducing additional controls and expanding existing controls on business initiation and/or the realisation of projects (e.g. prior to approvals/carrying out disbursements).

The Compliance department operates independently of other departments and uses the group-wide compliance management system to ensure that legal requirements are identified at an early stage, preventive measures are implemented, and compliance with these measures is monitored. The main focus is on preventing criminal offences, money laundering and terrorist financing, as well as ensuring compliance with data protection and securities regulations. A detailed description of the organisation, responsibilities and processes can be found in the “Additional internal control procedures – Compliance” section of the risk report.

KfW Group has introduced various measures for **reporting and following up suspected incidents**. All KfW Group employees and external persons have the opportunity to report information on possible unlawful behaviour (in particular criminal acts) in connection with KfW Group’s business activities to the fraud officer or the trusted third party (ombudsperson). For a description of the internal and external complaints management systems, please refer to the “Complaints management” section in the “Social information” chapter. Employees and third parties can also opt to report potential criminal offences and failure to comply with the law anonymously via KfW’s compliance whistleblowing system.

KfW Group has appointed a lawyer from an external law firm to act as its ombudsperson. This lawyer serves as an external point of contact for the KfW Group workforce and third parties who wish to report potential compliance violations and suspected criminal offences. Whistleblowers can contact this ombudsperson confidentially if they have reason to suspect criminal offences or potential violations of the law. This includes, in particular, corruption, fraud, money laundering and other irregularities, as well as breaches of the German Banking Act and the LkSG. This whistleblowing system allows KfW Group to investigate any such irregularities systematically.

The ombudsperson independently and autonomously investigates the reports received to determine how relevant they are to the company. If the conclusion is that KfW and/or a KfW Group company could be affected, the ombudsperson passes on the matter to the Compliance department of the group company concerned without disclosing the whistleblower’s identity. The Compliance department then follows a due and proper procedure to evaluate the case before initiating the necessary action. Each group company has its own compliance organisation. Compliance violations are generally handled by the various compliance units within the group. If individual cases cannot be assigned to a specific group company, KfW Compliance acts as the overarching compliance function. If criminal conduct is suspected, further (e.g. legal) steps are taken on a case-by-case basis.

When complaints and reports of violations are processed, the complaint offices and KfW Group’s independent Compliance function ensure compliance with the principles of impartiality, objectivity and confidentiality. Information on whistleblower protection is available for employees via the intranet and is also provided by means of both digital and in-person training. Details on the whistleblower system and the relevant contact details are available in several languages and can be accessed on the group’s intranet and websites.

Consumers and end-users are informed of the availability of the whistleblowing system by the dialogue centre, or are referred to it when submitting a complaint. Although the information is publicly available, there is no systematic review of the extent to which it is actually known and considered trustworthy.

The Compliance unit inventories and processes all suspected incidents. Claims involving operational risk are also recorded in a loss database maintained by the Non-Financial Risk department. The operational compliance units prepare a risk analysis and monitor compliance with rules and coordination of investigations. The fraud officer from the Compliance department is authorised to issue instructions for the performance of the officer's institution-specific responsibilities and, in exceptional cases, can convene a fraud task force. The task force consists of the relevant divisions and organisational units and decides jointly on further action. Suspected incidents in which employees are involved with a loss potential of more than EUR 1 million or with the potential for material reputational damage are deemed exceptional cases. The fraud officer informs the Executive Board about the processing of the suspected incidents. Internal Auditing then audits compliance with the correct procedure. The units responsible for compliance and the compliance divisions themselves are also included in Internal Auditing's audits. For the results of Internal Auditing's annual audit, see the "Additional internal control procedures" section of the risk report.

A review of implementation of compliance requirements is also carried out in the annual audit of the consolidated financial statements. The auditor sends the audit report to BaFin as the competent supervisory authority. Violations of or deviations from the rules may be subject to fines and sanctions.

The **investigation of business conduct incidents** is also regulated within KfW Group. Pursuant to Section 25h KWG, banks must create and document adequate safeguards to prevent criminal acts. In this context, a risk analysis of internal and external fraud risks is prepared every year, and appropriate preventive measures derived. Corruption risks exist, for instance, in the approval of loans or subsidies, in procurement and in the award of contracts. In 2025, there were no confirmed cases associated with corruption (2024: two confirmed cases).

The Executive Board has adopted group-wide rules of conduct and a Code of Conduct to prevent corruption for all KfW Group employees. These contain binding rules for the acceptance and giving of gifts and other benefits. The option these provide to have the acceptance of gifts and other benefits authorised is intended to protect employees from criminal charges. The focus is on transparency and dealing openly with any conflicts (of interest). An existing work instruction sets out how to deal with gifts and invitations and includes fixed value limits for accepting or giving them. In addition, there is a guideline on the principles for dealing with conflicts of interest (KfW Group) and a policy on dealing with conflicts of interest (KfW).

In order to avoid violations of KfW Group's compliance regulations, **awareness-raising and training measures** are carried out to avoid internal and external criminal acts. The heads of division are required to address the topic of preventing corruption once a year in divisional meetings. Obligatory online training on criminal acts, money laundering/terrorist financing and data protection plus additional, target group-oriented in-person training is held every year to ensure responsible conduct by employees when dealing with business partners. This target group-oriented in-person training organised by the Compliance department is aimed at employees who are deemed to be particularly at risk pursuant to the "risk analysis of criminal acts". This includes in particular employees involved in award and/or approval processes, and employees at KfW's foreign branch offices due to their particular vulnerability with regard to corruption and bribery.

# Independent auditor's assurance report<sup>1)</sup>

## **ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE COMBINED NON-FINANCIAL REPORT OF KfW AS THE PARENT COMPANY AND OF KfW GROUP**

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

### **Assurance Conclusion**

We have conducted a limited assurance engagement on the separate combined non-financial report of KfW as the parent company and of KfW Group, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2025 (hereafter referred to as “the sustainability report”). The sustainability report was prepared to fulfil Section 289b to Section 289e, Section 315b and Section 315c German Commercial Code (HGB), including the disclosures contained in this non-financial reporting to fulfil the requirements under Article 8 of Regulation (EU) 2020/852 for a combined non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying non-financial reporting for the financial year from 1 January to 31 December 2025 is not prepared, in all material respects, in accordance with Section 289b to Section 289e HGB and the requirements under Article 8 of Regulation (EU) 2020/852, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the consolidated sustainability statement included in the accompanying sustainability report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the consolidated sustainability statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section “General information” of the sustainability report, or
- that the “Disclosures in accordance with Article 8 of the EU Taxonomy” in the sustainability report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

### **Basis for the Assurance Conclusion**

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

<sup>1)</sup> Translation of the independent auditor's assurance report issued in German language on the combined non-financial report prepared in German language by the Executive Board of KfW, Frankfurt am Main. The German version prevails.

Our responsibilities under ISAE 3000 (Revised) are further described in section “German Public Auditor’s Responsibilities for the Assurance Engagement on the Sustainability Report”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

#### **Emphasis of Matter – Principles of Preparation of the Sustainability Report**

Without modifying our conclusion, we draw attention to the details provided in the sustainability report, which describe the principles of preparation of the consolidated non-financial reporting. According to these principles, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent described in section “General information” of the sustainability report.

#### **Responsibilities of the Executive Directors and the Board of Supervisory Directors for the Sustainability Report**

The executive directors are responsible for the preparation of the sustainability report in accordance with the requirements of the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a sustainability report in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the sustainability report) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the sustainability report as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The board of supervisory directors is responsible for overseeing the process for the preparation of the sustainability report.

#### **Inherent Limitations in Preparing the Sustainability Report**

The applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the sustainability report. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the sustainability report is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the sustainability report.

#### **German Public Auditor’s Responsibilities for the Assurance Engagement on the Sustainability Report**

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the sustainability report has not been prepared, in all material respects, in accordance with applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the sustainability report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism. We also

- obtain an understanding of the process used to prepare the sustainability report, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the sustainability report.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. 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 control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

#### **Summary of the Procedures Performed by the German Public Auditor**

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the sustainability report.
- inquired of the executive directors and relevant employees involved in the preparation of the sustainability report about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the sustainability report, and about the internal controls related to this process.
- evaluated the reporting policies used by the executive directors to prepare the sustainability report.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the sustainability report.
- considered the presentation of the information in the sustainability report.

### **Restriction of Use**

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated 1 January 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to KfW alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Frankfurt am Main/Germany, 5 March 2026

### **Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

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

Signed:  
Christian Schweitzer  
Wirtschaftsprüfer  
(German Public Auditor)



# **Combined management report**

<b>Basic information on KfW Group</b>	<b>149</b>
KfW's business model	149
Group structure	152
Strategic objectives 2030	153
Internal management system	154
Alternative key financial figures used	156
<b>Economic report</b>	<b>158</b>
General economic environment	158
Development of KfW Group	160
Development of the KfW Group earnings position	164
Development of net assets of KfW Group	168
Development of the KfW Group financial position	170
<b>Risk report</b>	<b>172</b>
Overview of key indicators	172
Current developments	174
Basic principles and objectives of risk management	175
Organisation of risk management and monitoring	175
Risk management approach of KfW Group (overview)	178
Types of risk	184
Additional internal control procedures	198
<b>Forecast and opportunity report</b>	<b>200</b>
General economic environment and development trends	200
New business projections	203
Funding projections	206
Earnings projections	207
Overall conclusion	207
<b>Notes to the KfW annual financial statements prepared in accordance with the German Commercial Code</b>	<b>208</b>
Development of KfW	208
Development of earnings position	208
Development of net assets	212
Development of financial position	213
<b>Declaration of compliance</b>	<b>215</b>
<b>Non-financial statements of KfW Group</b>	<b>215</b>

# Basic information on KfW Group

The KfW management report is combined with the 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 for publication.

The KfW annual financial statements prepared in accordance with HGB and the group financial report are also available online at [www.kfw.de](http://www.kfw.de).

Information on KfW as the parent company can be found under a separate section, "Notes to the KfW annual financial statements prepared in accordance with the German Commercial Code".

The KfW consolidated financial statements were prepared in accordance with the provisions of Section 315e HGB in conjunction with the International Financial Reporting Standards (IFRS) as applicable within the European Union. With the exception of the HGB information in the section "Notes to the KfW annual financial statements prepared in accordance with HGB", all financial figures in this combined management report, including the comparative figures for the previous year, are reported in accordance with IFRS.

## **KfW's business model**

KfW is a promotional bank of the Federal Republic of Germany in the legal form of a public law institution. The Federal Government owns 80% of KfW's share capital, 33% of which are attributable to the ERP Special Fund (*ERP-Sondervermögen*). The German federal states own the remaining 20%. KfW is subject to the Law Concerning KfW (*KfW-Gesetz – "KfW Law"*), which defines its functions and sets out the requirements for KfW's operating activities. This set of functions is defined in Article 2 of the KfW Law and represents the implementation of Understanding II, which was reached with the European Commission. KfW's functions include the carrying out of promotional business, related transactions and mandated transactions. Because of its special business model, comparing KfW with commercial banks is possible only to a very limited extent.

KfW's primary and core statutory objective is its promotional business, in accordance with Article 2 (1) of the KfW Law. It consists of promotional measures, particularly in the form of financing for SMEs, the professions and business start-ups, venture capital, housing, environmental protection, infrastructure, technical progress and innovation, internationally agreed promotional programmes and development cooperation (Article 2 (1) no. 1 of the KfW Law). The promotional business also involves financing regional and local authorities and special-purpose associations under public law (*öffentlich-rechtliche Zweckverbände*), measures with purely social objectives and for the promotion of education. Moreover, project financing is part of KfW's promotional business, insofar as it is co-financed by European financing institutions in the interest of the European community, as is export financing outside the European Union ("EU")/European Economic Area ("EEA") or in countries with official status as candidates for EU accession, provided that such funding is carried out on a syndicated basis or that there is insufficient financing available in the relevant countries (Article 2 (1) nos. 2 to 4 of the KfW Law). KfW's promotional business is conducted pursuant to a state mandate in accordance with Article 2 (1) no. 1 of the KfW Law. KfW is entitled to conduct other business pursuant to Article 2 (1) nos. 2 to 4, and in particular Article 2 (3) of the KfW Law also under its own responsibility.

A significant portion of promotion, particularly in the areas of SMEs, start-ups, venture capital, technical progress and innovation, is covered by European Recovery Program ("ERP") promotion carried out by KfW. The ERP Special Fund contributed funds to KfW's equity, which was recognised under the Capital reserve as ERP promotional reserves. ERP promotion is executed based on the approaches in the annual ERP Economic Planning Acts (*ERP-Wirtschaftsplangesetz*). The ERP Special Fund is the largest shareholder based on KfW's total capital ratio, due to the contribution of ERP promotional reserves.

Where these operations are directly related to the fulfilment of its promotional tasks, KfW may also conduct additional transactions in accordance with Article 2 (3) of the KfW Law (related transactions). These include strategic equity investments at KfW's own risk, KfW's refinancing and treasury management measures as well as refinancing of KfW IPEX-Bank GmbH ("KfW IPEX-Bank") in line with market conditions. KfW may engage in other transactions only to the extent that these are expressly mandated by the German Federal Government on a case-by-case basis if there is a public interest in accordance with Article 2 (4) of the KfW Law (mandated transactions). Pursuant to Article 2 (3) sentence 3 of the KfW Law, KfW is expressly prohibited from engaging in financial commission business and deposit business with the general public. It therefore refinances its lending business via the capital markets, primarily by issuing bonds.

In structuring its business activities, KfW follows the principle of subsidiarity and functions as a countercyclical bank offering structure and stability. It is therefore primarily active in the areas where market mechanisms alone would lead to socially or economically disadvantageous results. KfW's offering is designed to avoid distorting the market. Generating profit is merely a secondary objective. KfW's business model as a promotional bank without a primary profit-making objective and without a trading book is a key factor in its fundamentally conservative risk culture.

In accordance with the retention requirement (Article 10 (1) of the KfW Law), there is no distribution of net profit to KfW shareholders. The annual net profit resulting after depreciation, amortisation and provisions is allocated to a statutory reserve. These funds are available to strengthen the binding regulatory capital ratios and can be re-deployed for promotional purposes subject to these ratios being met. The funds, therefore, remain in the promotional cycle.

In carrying out its transactions, KfW is subject to the requirement of competitive neutrality in cooperating with commercial banks. The remit as defined in the KfW Law in implementation of Understanding II reached with the European Commission ensures that KfW does not enter into significant competition with commercial banks. An on-lending principle is generally applied in the core domestic promotional business areas (Article 3 (1) of the KfW Law). Derogations therefrom may be made with approval of the Board of Supervisory Directors. The on-lending principle means that credit institutions or other financing institutions are involved in granting financing, enabling final borrowers to receive KfW loans in the legal form of loans from their own primary bank, which in turn refinances such operations via KfW. Therefore, KfW does not need to operate a branch network to sell its products. The on-lending principle applies exclusively in the promotional areas pursuant to Article 2 (1) no. 1 a) to f) of the KfW Law, with the particular exception of financing for municipalities, for purely social purposes and for education.

Funding on the money and capital markets has a material impact on the group's business activities. KfW's creditworthiness, which is assessed by rating agencies, is key to its funding conditions. Based on what is referred to as institutional liability (*Anstaltslast*), the Federal Republic of Germany is obligated to safeguard or maintain KfW's economic basis, thereby ensuring KfW's ability to function. In addition to institutional liability, it is necessary to mention the comprehensive liability of the German Federal Government under Article 1a of the KfW Law, which extends to loans taken out and bonds issued by KfW, forward transactions structured as fixed transactions, the rights conferred by options and other loans to KfW, and loans to third parties insofar as they are expressly guaranteed by KfW.

The guarantee of the Federal Republic pursuant to Article 1a of the KfW Law along with the ownership structure result in KfW's classification as a "public sector entity" in accordance with Article 4 (1) no. 8 CRR. This makes it possible to use the exemption under Article 116 (4) CRR, by which creditors of exposures to KfW can apply a risk weight of 0% to an instrument covered by the federal guarantee.

KfW is subject to legal supervision by the Federal Government exercised by the Federal Ministry of Finance in consultation with the Federal Ministry for Economic Affairs and Energy. As a public-law institution, KfW is subject to regular audits by the Federal Audit Office. With regard to compliance with the applicable provisions of banking supervisory law applicable in accordance with the KfW Regulation, KfW is subject to supervision by the

German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – “BaFin”*) and the Bundesbank. However, KfW is neither a credit institution nor a financial services institution within the meaning of the German Banking Act (*Kreditwesengesetz, “KWG”*) nor a credit institution within the meaning of CRD V.

The responsible bodies at KfW (the Board of Supervisory Directors and the Presidial and Nomination Committee) deal with the strategy documents, particularly the business strategy including strategic objectives, as well as the strategic guidelines and the group business sector planning, based on the KfW Law and KfW Bylaws. The legal supervisor is also regularly involved in dealing with the strategy documents and other important matters.

As the promotional bank of the Federal Republic of Germany and the federal states, KfW bears particular responsibility for the sustainable impacts of its financing activities. KfW's business strategy and sustainability strategy are therefore closely aligned with one another. KfW plays a leading role with a particular view to the forward-looking transformation of the economy and the financial market towards greenhouse gas neutrality. KfW works in accordance with its broad statutory remit, with a primary focus on “climate and environment” and “digitalisation and innovation” in line with the guiding principle: “Boost competitiveness and resilience”. To ensure a sustainable impact, KfW endeavours to combine the economic, environmental and social dimensions of sustainability in all promotional areas.

As the promotional bank of the Federal Republic of Germany, KfW supports private individuals, businesses, municipalities, and developing countries and emerging economies with low-interest loans, grants and advisory services. In addition to promotional lending business, equity financing constitutes another key component of KfW's promotional business. KfW primarily refinances its promotional activities through two sources, the most important being funds raised on the money and capital markets. In this context, KfW benefits from its triple A credit rating and the very favourable terms associated with it (market funds). Moreover, the Federal Government makes federal budget funds available to KfW, for instance in the context of promotion in development cooperation, which KfW passes on to the relevant customers. The business refinanced using budget funds is generally recognised as trust activities as it is conducted on behalf of the Federal Government. KfW also received funds from the government-owned Economic Stabilisation Fund (WSF) in addition to refinancing via market and budget funds for selected mandated transactions pursuant to Article 2 (4) of the KfW Law and following consultation with the Federal Government. There is the option of follow-on financing via the WSF.

KfW passes on its refinancing advantage to borrowers as part of the promotional lending business carried out under its statutory promotional mandate in accordance with Article 2 (1) No. 1 of the KfW Law. In the domestic business sectors, KfW also grants additional subsidies in the form of interest rate reductions affecting its own earnings position in certain programmes. These, along with other promotional contributions, such as incentives to on-lending banks to process microloans, constitute promotional expense. Moreover, KfW grants loans on behalf of the Federal Government, in domestic promotion in particular, in which the government makes budget funds available as earmarked promotional contributions in the form of interest rate reductions, repayment bonuses and/or assumption of risks for targeted promotion of political objectives. In addition, KfW awards grants on behalf of the Federal Government and using federal budget funds, primarily in domestic promotion and development cooperation. The specific structure of the promotional programmes is set out in special federal laws, policies and budgetary decisions. Transactions in which the Federal Republic of Germany has an interest can be carried out as mandated transactions in accordance with Article 2 (4) of the KfW Law.

KfW has equity, comprising share capital, the reserve from the ERP Special Fund, capital reserves and retained earnings. This equity is primarily for KfW's promotional capacity, as it serves to hedge the risks generally associated with promotional activities and the banking business. Any profits generated are channelled into KfW's reserves and thus also indirectly boost its promotional business.

## Group structure

In line with its products and services, KfW Group is divided into the following business sectors: Mittelstandsbank & Private Kunden (*SME Bank & Private Clients*), Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*), KfW Capital, KfW Development Bank, DEG, Export and project finance, Financial markets and Head office, to which the main products and services are attributed as follows:

Business sectors	Products/services
Mittelstandsbank & Private Kunden ( <i>SME Bank &amp; Private Clients</i> )	<ul style="list-style-type: none"> <li>– Start-up financing</li> <li>– Financing of general corporate investments and investments in innovation, energy and environmental protection</li> <li>– Education financing</li> <li>– Financing for housing construction, conversion and refurbishment</li> </ul>
Individualfinanzierung & Öffentliche Kunden ( <i>Customised Finance &amp; Public Clients</i> )	<ul style="list-style-type: none"> <li>– Financing of municipal and social infrastructure</li> <li>– Customised corporate financing with equity and debt capital</li> <li>– Customised financing of banks and promotional institutions of the federal states</li> <li>– Mandated transactions for energy suppliers (debt capital)</li> </ul>
KfW Capital	<ul style="list-style-type: none"> <li>– Investments in German and European venture capital and venture debt funds</li> <li>– Co-investments in start-ups (via special purpose vehicles)</li> </ul>
Export and project finance	<ul style="list-style-type: none"> <li>– Financing of German and European export activities</li> <li>– Financing of projects and investments which are of special interest for Germany and Europe</li> </ul>
KfW Development Bank	<ul style="list-style-type: none"> <li>– Promotion of developing countries and emerging economies with standard loans/grants refinanced through federal budget funds and promotional/development loans from market funds raised by KfW</li> </ul>
DEG	<ul style="list-style-type: none"> <li>– Private enterprise financing in developing countries and emerging economies</li> </ul>
Financial markets	<ul style="list-style-type: none"> <li>– Securities and money market investments</li> <li>– Holding arrangements for the Federal Republic of Germany</li> <li>– Transactions mandated by the Federal Government, loan granted to Greece</li> <li>– Funding</li> </ul>
Head office	<ul style="list-style-type: none"> <li>– Central interest rate and currency management</li> <li>– Strategic equity investments</li> </ul>

In addition to KfW (that is, the business sectors Mittelstandsbank & Private Kunden (*SME Bank & Private Clients*), Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*), KfW Development Bank, Financial markets and Head office), the group includes six consolidated subsidiaries. The main operational subsidiaries are KfW IPEX-Bank (responsible for the business sector Export and project finance), DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) and KfW Capital GmbH & Co. KG (KfW Capital).

KfW IPEX-Bank addresses the global lending business in Export and project finance that is not part of KfW's promotional activities and that is subject to competition in the financial services sector. In addition to its own market business, KfW IPEX-Bank manages the fiduciary business conducted on behalf of and for the account of KfW under an agency agreement. KfW IPEX-Bank is subject to the KWG and banking supervisory regulations. As a consequence of its total assets exceeding EUR 30 billion and its classification as a significant entity, its supervisory authority changed from BaFin and the Bundesbank to the European Central Bank in 2025.

DEG is one of the largest European development finance institutions for long-term financing in the private sectors of developing countries and emerging economies. DEG's objective is to achieve a developmental impact within the meaning of the Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda through reliable, long-term financing and advisory services for private-sector entities.

KfW Capital, represented by KfW Capital Verwaltungs GmbH, is responsible for equity financing as part of the domestic promotional business. KfW Capital is an institutional investor that invests in venture capital and venture debt funds related to Germany at all stages and across all sectors. In addition to its own market business conducted at its own risk, KfW Capital manages Federal Government funds on a fiduciary basis. KfW Capital also functions as KfW's agent for KfW's equity investments in funds, which it enters into on a fiduciary basis for the Federal Government in the context of the Future Fund (*Zukunftsfonds*).

**Composition of KfW Group Total assets (IFRS, before consolidation)**

	<b>Total assets as of 31 Dec. 2025</b>	<b>Total assets as of 31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
KfW, Frankfurt am Main, Germany	535,339	540,309
<b>Subsidiaries</b>		
KfW IPEX-Bank GmbH, Frankfurt am Main, Germany	40,504	38,337
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, Germany	8,889	9,156
KfW Beteiligungsholding GmbH, Frankfurt am Main, Germany	4,116	3,521
KfW Capital GmbH & Co. KG, Frankfurt am Main, Germany	1,809	1,287
Interkonnektor GmbH, Frankfurt am Main, Germany	236	249
KfW IPEX-Bank Asia Ltd., Singapore (IPEX Asia)	16	16
	<b>Total assets as of 30 Sep. 2025</b>	<b>Total assets as of 30 Sep. 2024</b>
Green for Growth Fund, Southeast Europe S.A., Luxembourg (11.2%), Luxembourg	1,091	1,093
coparion GmbH & Co. KG, Cologne (16.4%), Germany	251	345
	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
DC Nordseekabel GmbH & Co. KG, Bayreuth (50.0%), Germany	755	802

**Strategic objectives 2030**

KfWplus is the strategic agenda that serves as the basis on which KfW seeks to realise its vision of the digital transformation and promotional bank. It defines the priorities that KfW will set for its products and services in the coming years and how its organisation will reflect these priorities. KfW positions its strategic agenda KfWplus in line with the “Boost competitiveness and resilience” concept, with a focus on the “climate and environment” and “digitalisation and innovation” action areas. The aim is to make the promotional impact measurable and a focal point in order to successfully pursue the dual transformation. Private capital is also specified as a lever to drive sustainable transformation. KfW’s strength forms the foundation. Customers who use KfW’s financing and/or promotional offers are at the heart of KfWplus, along with investors in KfW. The strategic objectives implement the control components of KfWplus, to enable comprehensive control and the achievement of the group’s strategic targets. This system of objectives provides the group with a clear roadmap, indicating the direction in which KfW would like to take over the next five years. It defines KfW Group’s targeted medium-term positioning and sets top-level objectives for the bank as a whole. It is subject to an annual review along with the defined targets and key performance indicators (“KPIs”) in close consultation with the departments. The objectives of the previous year are reviewed for relevance, completeness and level of aspiration and adjusted based on changed parameters or newly determined priorities. Efforts are made, however, to maintain a high degree of consistency to ensure that there are no fundamental changes made to the strategic road map in the course of the annual review. The Board of Supervisory Directors addresses the strategic objectives as part of group business sector planning.

The overarching aim of the strategic objectives 2030 is to boost competitiveness and resilience for sustainable improvement of living conditions. The purpose was aligned with the updated KfWplus to ensure consistency throughout KfW’s strategic approach. KfW strives to boost the competitiveness and resilience of the German economy and society through targeted measures and initiatives. Its vision remains to position itself as the digital transformation and promotional bank that uses innovative approaches and technologies to make a significant contribution to sustainable development. KfW focuses on close cooperation with its partners and customers to develop future-viable solutions together. The strategic objective system was reviewed as a whole in 2025 and a new structure was developed based on the strategic focus areas. The strategic focus areas are the key to translating KfW’s vision into tangible actions and priorities. They are directed at the central departments, which help to prioritise resources, make decisions and control the direction of the corporate strategy. They also act as a framework with which the specific targets and KPIs are aligned. KfW

uses the following six strategic focus areas: “promotional mandate, impact and impetus”, “culture and employee potential”, “digitalisation and AI”, “modernisation of banking systems”, “risk and regulatory governance”, and “profitable business model”. The alignment of the strategic objectives with the strategic focus areas ensures that KfW’s entire strategic approach is consistent and that the individual strategic elements are interconnected. The management-relevant group targets provide the basis for the 2026 group business sector planning, and primarily comprise: under “promotional mandate, impact and impetus”, the quotas for climate and environment (>38%), digitalisation and innovation (>10%), SMEs (>40%) and promotional quality (75–80%); under “risk and regulatory governance”, the total capital ratio ( $\geq$  regulatory requirements plus a combined buffer) and the economic coverage ratio ( $\geq$ 140%); and under “profitable business model”, consolidated profit (>EUR 1 billion) and limiting the increase in administrative expense (~3% p.a.). Moreover, KfW aims to achieve 1.5°C alignment of KfW financing and climate neutrality by the middle of the century in line with the targets of the Federal Republic of Germany (sustainability in the strategic focus area of “promotional mandate, impact and impetus”).

### Internal management system

KfW Group has an integrated strategy and planning process. Conceived as a group-wide strategy process, group business sector planning is KfW Group’s central planning and management tool. Group business sector planning consists of three consecutive sub-processes performed every year: defining objectives, implementation and quality assurance, and finalisation. The overall strategy and planning process includes the collaboration of staff responsible for planning in all areas.

**Objectives:** The KfWplus transformation agenda and the strategic objectives form the basis for strategic planning. Within this strategic framework and based on assumptions regarding future development of relevant factors, the business sectors derive strategic proposals for medium-term development of their business activities in a base case scenario. These take into account both opportunities and risks relating to external factors (including market development, regulatory requirements, climate policy, the competitive situation and customer behaviour) and internal factors and resources (including human and technical and organisational resources, promotional expense, primary cost planning and tied-up capital) as well as targeted earnings levels. It involves regular evaluation of the key business and revenue drivers for the business sectors and the group. The business sectors are also called upon to address the environmental, social and governance (“ESG”) risks resulting from their business activity. As risk drivers, these can have a considerable impact on the likelihood of occurrence or the extent of typical banking risks. Although ESG risks primarily affect the lending and equity finance business of KfW Group, they can also potentially give rise to consequential risks, such as reputational risk. The initial regular capital budget in the base case and two adverse cases is prepared with a multi-year horizon on this basis. This makes early identification of any capital bottlenecks arising from strategic considerations or changed parameters possible; in response, measures can be agreed on and implemented to mitigate such capital shortages. In addition to the business sectors, the departments also make a major contribution to achievement of strategic targets. By involving these departments, their own strategies are aligned with the strategic objectives. The business sectors and departments can include major new projects relevant throughout the bank that contribute towards the strategic focus areas and targets of the strategic objectives (bank backlog projects) in the planning and management processes on a rolling basis. Promised benefits (such as project efficiencies) are also considered in business sector and departmental planning. Based on the strategic focus areas, the Executive Board prioritises all new and ongoing bank backlog projects across the group on a quarterly basis. The Executive Board defines top-down objectives for each business sector (promotion, risk, finances, full-time equivalents [FTEs] and costs) and department (FTEs and costs) for the entire planning period based on the assessment of the strategic development of business activities from a group perspective in the dimensions promotion, finances and risk and the group-wide bank backlog.

**Implementation and quality assurance:** The business sectors plan their new business, risks and earnings, and the budgets and staffing in the form of FTEs for all departments and business sectors, based on the top-down objectives defined by the Executive Board, taking into account any changes in external or internal factors and in close collaboration with Finance and Risk Controlling. These are reviewed for consistency with the group’s and business sectors’ strategic planning. The interest rate forecast plays a key role in shaping KfW’s earnings position. Scenarios with vastly different interest rates (+200/–200 basis points) are therefore considered in addition to the expected base case scenario. The plans are also assessed for future risk-bearing capacity in a second round of regular capital budgeting in a base case and two adverse cases over a multi-year horizon.

Finalisation: The Executive Board approves the resulting budget or has plans fine-tuned in a revision round if necessary. In the event of changes, there is consultation with the Risk Controlling department to ensure consistency between the business and risk strategies. The key conclusions from the planning process are incorporated into the business and risk strategies. The Executive Board has overall responsibility for formulating and adopting both strategies. The business strategy comprises the group's strategic objectives for its main business activities as well as important internal and external factors, which are included in the strategy and planning process. It also contains the business sectors' contribution to the strategic objectives and the measures for achieving each objective. Moreover, the business strategy combines the budget at the group and business sector levels. The Executive Board sets out KfW Group's risk policies in its risk strategy, which is consistent with the business strategy. The risk strategy is based on the overarching aim of ensuring risk-bearing capacity and liquidity for the long term. Group business sector planning is used to review and redetermine risk appetite. The main risk management approaches are also incorporated into the risk strategy as a basis for operational risk management. The group business sector planning process ends when the Executive Board adopts a final budget for the entire planning period, including future capital requirements and business and risk strategies. The budget is then presented to the supervisory body (Board of Supervisory Directors) for approval at the last meeting of the Board of Supervisory Directors of the year, along with the business and risk strategies for discussion. The Board of Supervisory Directors also addresses the strategic objectives within the context of the business strategy. After the Board of Supervisory Directors has decided on the business and risk strategy, it is communicated to the staff in an appropriate manner. On the other hand, the result from the valuation of derivatives, which KfW carries out purely for hedging purposes, is not included in the planning, as it cannot be controlled or planned due to the complex interdependencies affecting the measurement at fair value of derivatives in the context of KfW's refinancing activities. The temporary effects on results from the measurement of such hedging relationships included in the actual figures are recognised separately in internal reporting and the management report as alternative key financial figures.

The adoption of the business sector planning serves as a foundation for the group's qualitative and quantitative objectives. The Executive Board reviews achievement of the objectives both on a regular and an ad hoc basis during the current financial year. The assumptions concerning external and internal factors made when determining the business strategy are also subject to regular checks. Strategic management involves analysing the development of the management-relevant group targets set out above under "KfWplus and strategic objectives 2030" in the strategic focus areas "promotional mandate, impact and impetus" and "profitable business model", achievement of the targets and the reasons for any shortfalls. Strategic assumptions are reviewed and a systematic variance analysis of early objectives and forecasts is performed at the beginning of every year. Ad hoc issues of strategic relevance are also addressed in consultation with the group's departments, and, if necessary, recommendations for action concerning potential strategy adjustments or optimisation of the use of resources are made to the Executive Board by means of the strategic performance report. The results of the analysis are included in further strategy discussions and strategic planning processes. The integrated forecasting process serves at mid-year as a comprehensive basis for interim quantitative management input on group variables of strategic importance (new business, risks and earnings in respect of funding opportunities), while providing a well-founded guide to achieving planned objectives. The achievement of objectives is regularly monitored by the Board of Supervisory Directors based on reports submitted under the KfW Bylaws. The commentary in these reports outlines analyses of causes and any potential plans for action. Comprehensive and detailed reports are prepared on a monthly or quarterly basis as part of financial controlling. These comprehensive, detailed analyses at group and business sector level comprise earnings and cost developments and are reported to specific business sectors and departments. Additionally, complete analyses of significant relevance to overall group performance are presented directly to the Executive Board. The risk controlling function is implemented alongside strategic and financial controlling. Early warning systems have been established and mitigation measures defined for the business sectors, all material risk types and risk-bearing capacity in general in line with the risk management requirements set out in the risk strategy. All controlling and monitoring approaches are integrated into regular risk reporting to the Executive Board. The Board of Supervisory Directors receives a risk report on a quarterly basis.

### Alternative key financial figures used

The combined management report contains financial figures that are defined neither in the HGB nor the IFRS accounting standards. In its strategic objectives, KfW uses key indicators prescribed by accounting standards and supervisory regulations as well as key figures that are geared towards promotion as the core business activity. It also uses key figures in which the temporary effects on results determined and reported in the consolidated financial statements in accordance with IFRS, and which KfW does not consider representative, are adjusted.

KfW has defined the following alternative key financial figures:

#### Promotional business volume

Promotional business volume refers to the commitments of each business sector during the reporting period. In addition to the lending commitments shown in the statement of financial position, promotional business volume comprises loans from Federal Government funds for promotion of developing countries and emerging economies – which are accounted for as trust activities – financial guarantees, equity financing and securities purchases (in the green bond asset class). Promotional business volume also includes grants committed as part of development aid and in domestic promotional programmes. Allocation to the promotional business volume for the current financial year is generally based on the commitment date of each loan, financial guarantee and grant, and the transaction date of the equity finance and securities transactions. On the other hand, allocation of general funding and global loans to the promotional institutions of the federal states (*Landesförderinstitute – “LFI”*) and to student loans provided by the government under the Federal Education Assistance Act (*Bundesausbildungsförderungsgesetz – “BAföG”*) is based on the individual drawdown volume and date, instead of the total volume of the contract at the time of commitment. In the lending business, financing amounts denominated in foreign currency are converted into euros at the exchange rate on the commitment date, whereas in the securities and equity finance business, the conversion generally occurs at the rate on the transaction date.

See the economic report “Development of KfW Group” or segment reports for a breakdown of promotional business volume by individual segment.

#### Promotional expense

Promotional expense is understood to mean certain expenses arising in the two business sectors *Mittelstandsbank & Privatkunden (SME Bank & Private Clients)* and *Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)* to achieve KfW’s promotional objectives.

KfW’s overall promotional expenses primarily comprise interest rate reductions accounted for at present value. KfW grants these reductions during the first fixed interest rate period for certain domestic promotional loans in new business in addition to passing on favourable funding conditions based on its rating (triple A). The difference between the fair value of these promotional loans and the transaction value during the first fixed interest rate period, due to the interest rate being below the market rate, is recognised in profit or loss as an interest expense and accounted for as an adjustment to the carrying amount under the item Financial assets at amortised cost. In addition, the accumulated interest rate reductions over the fixed interest rate period are recognised through profit or loss in Net interest income (see the relevant notes on KfW’s promotional lending business, financial assets at amortised cost, and provisions).

An additional promotional component (in commission expense) comprises the expense paid in the form of upfront fees to sales partners for processing microloans. Promotional expense also contains disposable and product-related marketing and sales expenses (administrative expense), expenses for innovative digital promotional approaches (commission and administrative expense), and promotional grants awarded by KfW from 2023 in the context of European Recovery Program promotion (other operating expense).

Promotional expense included in Interest, Commission and Administrative expense and Other operating expense is reported separately in the internal presentation of the earnings position due to its special relevance as a management variable.

### **Cost/income ratio (before promotional expense)**

The cost/income ratio (before promotional expense) is calculated as administrative expense (excluding promotional expense) in relation to net interest and commission income before promotional expense.

The cost/income ratio ("CIR") reflects costs in relation to income and is thus a measure of efficiency. To enable a comparison of the CIR with other (non-promotional) institutions, an adjustment for the components of KfW's promotional business results is made to the numerator (administrative expense) and denominator (net interest and commission income).

In addition to the CIR, KfW also reports an adjusted CIR, which takes into account KfW's specific business model. Under domestic promotional programmes with expense-based remuneration, as well as for implementation of Financial Cooperation KfW receives compensation in the amount of the costs incurred, which means that for these products, the CIR is almost 100%. In order to ensure comparability of KfW's CIR with that of other financial institutions, the adjusted CIR does not take into account income and expenses related to these products.

### **Consolidated profit before IFRS effects**

Consolidated profit before IFRS effects from hedging is another key financial figure based on Consolidated profit in accordance with IFRS. Derivative financial instruments are entered into for hedging purposes. Under IFRS, the requirements for the recognition and valuation of derivatives and hedges give rise to temporary net gains or losses that are offset over the entire term of the transactions. In KfW's opinion, such temporary effects on results are not representative due to the economically effective hedging relationships.

Consequently, the following reconciliations are performed by eliminating temporary contributions to profit and loss as follows:

- Valuation results from micro and macro hedge accounting.
- Net gains or losses from the use of the fair value option to avoid an accounting mismatch in the case of funding including related hedging derivatives.
- Net gains or losses from the fair value accounting of hedges with high economic effectiveness but not qualifying for hedge accounting.
- Net gains or losses from foreign currency translation of foreign currency positions, in accordance with recognition and valuation requirements for derivatives and hedging relationships.

These temporary contributions to profit and loss make up the IFRS effects from hedging relationships.

### **Economic result**

The alternative key financial figures were expanded in financial year 2025 to include the economic result.

The economic result comprises the operating earnings components net interest and commission income and administrative expense (each before promotional expense), along with the valuation result before IFRS effects from hedging relationships. The valuation result, which primarily comprises risk provisions in the lending business, net gains/losses from hedge accounting and fair value valuation of equity investments, is adjusted for temporary IFRS effects from hedging relationships, which KfW does not consider economically representative.

KfW Group's contribution to society and the economy in the form of promotional and tax expense is presented separately and is not included in the economic result.

# Economic report

## General economic environment

Global real domestic product (“GDP”) increased by 3.3% in 2025 compared with 2024, according to estimates by the International Monetary Fund (“IMF”). This means that real GDP growth for the global economy in 2025 was as high as in 2024: lower for industrialised countries and higher for developing countries and emerging economies. The global environment was characterised in part by increased economic and trade policy uncertainty. The global Trade Policy Uncertainty (TPU) index averaged 538 points in 2025, up from an average of 132 points in 2024, while the global Economic Policy Uncertainty (EPU) index averaged 395 points in the period up to and including October, from an average of 223 points in 2024. Another factor was the increase in the effective US import tariff rate from 2.7% in 2024 to 18.8% in September 2025, according to the IMF, based on the weighted average of published statutory tariffs. Despite trade conflicts, global trade volume grew by 4.1% in 2025, outpacing real global GDP growth, after increasing by 3.6% year on year in 2024 according to IMF data. According to IMF calculations, the annual average rate of global consumer price inflation declined to 4.1% in 2025 from 5.8% in the previous year.

## Gross domestic product at constant prices

	2025 estimate	2024	2015–2024 average
<b>Year-on-year change in %</b>			
Global economy <sup>1)</sup>	3.3	3.3	3.1
Industrialised countries <sup>1)</sup>	1.7	1.8	1.9
Developing countries and emerging economies <sup>1)</sup>	4.4	4.3	4.0

<sup>1)</sup> The IMF aggregates the annual growth rates of GDP at constant prices for each country on the basis of the shares of country-specific GDP at purchasing power parity in the corresponding global aggregate to the growth rate of global real GDP, for industrialised countries as well as developing countries and emerging economies. The average is calculated as the geometric mean of annual growth rates.

Euro area economic growth proved surprisingly robust in the face of heightened US trade barriers in the spring of 2025. Price-adjusted GDP rose by 1.5% in 2025 after growing by just 0.9% in 2024 (see table below on gross domestic product at constant prices, year-on-year change). Harmonised consumer price inflation averaged 2.1% for the year, slightly lower than in the previous year (2.4%). While deliveries that had been brought forward due to the US tariffs contributed to an increase in exports at the beginning of the year, exports weakened as the year progressed. This weakening was also a consequence of the price competitiveness of euro area companies in global trade deteriorating as a result of the appreciation of the euro. Overall, the stronger increase in imports relative to exports slowed GDP growth. Private consumption made the biggest contribution to economic output, with rising disposable incomes and falling inflation fuelling this development. The rise in the household savings rate in the first half of the year, however, put a slight damper on the recovery in consumption. Gross fixed capital formation recovered significantly compared with the previous year, supported by government spending. Economic development was hampered by high geoeconomic uncertainty caused by US tariff policy and the geopolitical conflicts in Ukraine and the Middle East. The monetary easing policy of the European Central Bank (“ECB”), which had begun in the previous year, led to better financing conditions overall. It ended in June after four interest rate cuts. Fiscal policy did not provide any significant economic stimulus in the euro area. Lower current expenditure by member states was offset by higher government investment spending, including on defence.

## Gross domestic product at constant prices, year-on-year change

	2025	2024	2015–2024 average	1999–2024 maximum
	in %	in %	in %	in %
Euro area	1.5	0.9	1.5	6.4 <sup>1)</sup>
Germany	0.2	–0.5	0.9	4.1 <sup>2)</sup>

<sup>1)</sup> 2021    <sup>2)</sup> 2010

GDP in Germany increased by 0.2% year on year in 2025. This increase was the result of the global economic developments described above, of lower interest rates and rising purchasing power among private households, and of a consumer price index (“CPI”) inflation rate that averaged 2.2% in 2025, unchanged from 2024 (+2.2%). In 2024, German GDP had contracted by 0.5%, after having grown by an average of 0.9% p.a. for the previous ten years from 2015 to 2024 inclusive (see the table entitled Gross domestic product at constant prices, year-on-year change). Positive impetus for the GDP growth in 2025 came from both private and government consumption expenditure (+1.4% and +1.5%, respectively). Gross capital formation in other assets also increased (+3.8%). By contrast, gross capital formation in machinery and equipment (–2.3%) and in new buildings (–0.9%) slowed GDP growth once again. This means that, overall, domestic use rose by 1.7% in 2025. On the other hand, net exports reduced GDP growth by 1.5 percentage points, partly due to the introduction of new US import tariffs on EU products, with exports declining (–0.3%) and imports rising (+3.6%). From a production perspective, gross value added in the economic sectors provided both positive and negative impetus for the rate of change in GDP in 2025, with the effects virtually cancelling each other out overall. The biggest decline in gross value added was seen among financial and insurance service providers (–3.9%), while the public services, education and health sector saw the biggest increase (+1.4%). Gross value added in the manufacturing industry, excluding construction, fell by 1.0%, while it rose by 1.2% in the retail, transport and hospitality sector. The number of persons in employment located in Germany was virtually unchanged (0.0%) year on year in 2025, at 46.0 million.

The average annual rise in headline inflation in the euro area moved closer to the ECB’s 2% target in 2025. This development was mainly due to the decline in service inflation, which nevertheless remained above average at the end of 2025. By contrast, inflation in the United States, as measured by the Personal Consumption Expenditures Price Index, remained virtually unchanged. Against the backdrop of increased US import tariffs, declining inflation for services was offset by rising inflation rates for consumer goods and commodities. At the end of 2025, the annual inflation rate in the euro area (rate of change in the Harmonised Index of Consumer Prices, December) was 2.0%; the annual inflation rate in the United States (rate of change in the Personal Consumption Expenditures Price Index, November) in the same period was 2.8%.

Due to the sustained downward trend in inflation, the ECB initially continued the monetary easing measures it had introduced in June 2024. In the first half of 2025, the ECB reduced its most important key rate, the deposit rate, by a total of 100 basis points (bp) to 2% in four steps. The ECB maintained this key interest rate level for the rest of the year, citing the stable inflation outlook and sustained growth in a difficult global environment. The ECB discontinued its asset purchase programmes, the pandemic emergency purchase programme (“PEPP”) and the regular asset purchase programme (“APP”) in 2022, and started decreasing portfolios again in 2023. Principal payments due under the APP and PEPP were no longer reinvested in 2025. This resulted in a reduction in total securities held for monetary policy purposes by approximately 13% compared to the end of 2024, to EUR 3,752 billion.

The US Federal Reserve began lowering the federal funds target rate range in September 2024 and reduced it by a total of 100 bp to 4.25%–4.5% by the end of 2024. After that, the considerable uncertainty regarding the impact of US economic policy prompted the Fed to pause its interest rate cuts. It was not until September 2025 that the US Federal Reserve resumed its monetary easing policy in response to weaker labour market data, with the target range for the Fed Funds Rate still standing at 3.5%–3.75% at the end of the year. It initially continued to shrink its balance sheet by trimming assets, a process it began in 2022. This process continued, albeit at a slower pace, through most of 2025, and concluded as of 1 December 2025.

The development in interest rates in the euro area and the USA was characterised in part by a reduction in key rates in 2025. As a result, money market rates continued the downward trend that had begun in the previous year. The three-month EURIBOR, for instance, averaged 2.18% in 2025, down from 3.57% in 2024, while in the US, the three-month SOFR reference rate (CME) stood at 4.15%, down from 5.06% in the previous year. In addition, risk premiums widened due to mounting uncertainty about future interest rates and growing government debt, which affected longer-term swap rates and government bond yields in particular. In annual average terms, this meant that some key market interest rates were higher than in the previous year despite monetary policy easing. For instance, the 5-year EUR swap rate for 2025 fell to an annual average of 2.34% from 2.58%, while the yield on 10-year German government bonds rose from 2.34% to 2.64%. The 5-year USD swap rate averaged 3.58% (2024: 3.85%), and the yield on 10-year US Treasuries was 4.29% (2024: 4.20%). Yield curves, measured by the difference between 10-year and 2-year swap rates, normalised in 2025 and returned to an upward slope. In 2025, the average EUR swap curve slope was 49 bp (2024: –26 bp), while the US swap curve slope was 20 bp (2024: –45 bp).

Both the protectionist reorientation of US trade policy and attempts to exert greater political influence over the US Federal Reserve hit market participants' confidence in the predictability of US economic policy. This had a particular impact on the currency markets. While the US dollar came under pressure, the euro made significant gains. Compared with the end of 2024, the euro appreciated by 13.4% against the dollar and by 6.8% against the currency basket comprising the region's 41 most important trading partners in 2025.

### Development of KfW Group

The group enjoyed another strong promotional year in 2025, with the promotional business volume from its core promotional business increasing significantly to EUR 96.9 billion compared with the previous year (EUR 79.6 billion). Taking into account the significant decline in transactions directly mandated by the Federal Government, the total volume of promotional business was down significantly on the previous year's level of EUR 112.8 billion at EUR 98.0 billion.

KfW Group's **earnings position** was highly satisfactory in 2025 despite the persistent challenging geopolitical and macroeconomic environment. Consolidated profit was EUR 1.0 billion, in line with expectations. The year-on-year decline (EUR 1.4 billion) is mainly attributable to negative IFRS effects from hedging amounting to just under EUR 0.4 billion; these are temporary fluctuations in earnings. Consolidated profit before IFRS effects from hedging of around EUR 1.4 billion was on a par with the prior-year level. The operating result remained strong at EUR 1.9 billion. Despite a decline, the valuation result remained positive at EUR 0.1 billion (2024: EUR 0.2 billion). The economic result fell slightly to EUR 2.0 billion (2024: EUR 2.1 billion) due to the lower valuation result. On this basis, KfW kept its promotional expense for 2025 stable at the 2024 level of EUR 0.5 billion. Tax expense was unchanged year on year at EUR 0.2 billion.

Consolidated **total assets** decreased by EUR 4.6 billion to EUR 540.7 billion in financial year 2025. This was primarily attributable to the decline in Net loans and advances by EUR 10.0 billion, in particular due to repayments under the coronavirus special programme 2020, as well as impairment losses, triggered by interest rates, on derivatives with positive fair values amounting to EUR 5.9 billion. Liquidity held, on the other hand, rose by EUR 11.8 billion. The volume of own issues under Certificated liabilities increased slightly to EUR 460.6 billion (31 Dec. 2024: EUR 455.5 billion). Equity rose by EUR 1.1 billion to EUR 40.6 billion, mainly due to the consolidated profit.

Business performance in 2025 was largely characterised by the following developments:

#### A. Demand for KfW products slightly higher than in previous year

The group recorded another very strong promotional year in its core business in 2025 with new commitments totalling EUR 96.9 billion (2024: EUR 79.6 billion). Of this amount, EUR 10.1 billion was attributable to ERP promotional business. At the same time, the normalisation of promotional business, due to the discontinuation of substantial commitments under special programmes directly mandated by the Federal Government, led to a significant decline in the total promotional volume from EUR 112.8 billion to EUR 98.0 billion. In the previous year, mandated transactions totalling EUR 33.2 billion, such as to secure energy supplies or for investments in energy infrastructure, had significantly boosted the volume of new domestic business. Non-recurring effects from mandated transactions were only of minor significance in 2025, amounting to EUR 1.1 billion.

This effect was also reflected in the promotional business volume for total new domestic promotional business, which saw a decline in new commitments from EUR 79.0 billion to EUR 62.0 billion. This largely affected the business sector Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*), with a drop from EUR 41.6 billion to EUR 12.2 billion. By contrast, the primary promotional business of domestic promotion involving loans and grants increased significantly by at least one third compared with the previous year, to EUR 61.0 billion (2024: EUR 45.8 billion). The business sector Mittelstandsbank & Privatkunden (*SME Bank & Private Clients*) showed particularly positive development, with the promotional business volume increasing significantly from EUR 35.8 billion to EUR 49.1 billion. This encouraging development affected Mittelstandsbank in particular, where, following the negative impact of state aid requirements in 2024, there was considerable pent-up demand in 2025. This related in particular to the KfW Renewable Energy programme, with commitments amounting to EUR 9.2 billion. Positive performance was also recorded in business with private clients, rising from EUR 22.4 billion to EUR 25.5 billion, particularly in the key promotional area energy efficiency and renewable energy. The original promotional business in the business sector Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*) rose from EUR 8.4 billion to EUR 11.2 billion. The subsidiary KfW Capital recorded new business volume totalling EUR 0.7 billion in 2025 (2024: EUR 1.6 billion). The year-on-year decline was mainly due to one-off commitments for two facilities made in 2024 on a fiduciary basis for the Federal Government as part of the Future Fund.

International business commitments improved in financial year 2025, despite the sustained difficult market environment, with a promotional business volume of EUR 36.5 billion (2024: EUR 34.2 billion). The business sector Export and project finance recorded new commitments of EUR 24.2 billion (2024: EUR 23.9 billion). In the business sector KfW Development Bank, commitments rose significantly from EUR 7.8 billion to EUR 10.0 billion, around two thirds of which related to loans refinanced by KfW on the capital market. Despite persistent globally challenging conditions, DEG recorded commitments totalling EUR 2.4 billion, almost matching the strong performance of the previous year (EUR 2.5 billion).

The development of new business volume in 2025 affected the most important non-financial performance indicators relevant to management, i.e., the SME and environmental shares of financing. At 43%, the group-level SME share of financing was above the target of the strategic objectives (>40%) and above the prior-year figure of 35%. At the same time, the environmental share of 51% in 2025 exceeded the target of the strategic objectives (>38%) and the prior-year level (44%). At 86%, the promotional quality target set out in the strategic objectives (75%–80%) was exceeded. At 6%, the digitalisation share remains below the target level (>10%).

KfW raised a volume of EUR 71.0 billion in the capital markets to fund its business activities in 2025 (2024: EUR 78.1 billion).

### Promotional business volume of KfW Group

	2025	2024
	EUR in billions	EUR in billions
<b>Domestic business</b>	<b>62.0</b>	<b>79.0</b>
Mittelstandsbank & Private Kunden ( <i>SME Bank &amp; Private Clients</i> )	49.1	35.8
Individualfinanzierung & Öffentliche Kunden ( <i>Customised Finance &amp; Public Clients</i> )	12.2	41.6
KfW Capital	0.7	1.6
<b>Financial markets</b>	<b>0.0</b>	<b>0.0</b>
<b>International business</b>	<b>36.5</b>	<b>34.2</b>
Export and project finance	24.2	23.9
KfW Development Bank	10.0	7.8
DEG	2.4	2.5
<b>Volume of new commitments<sup>1)</sup></b>	<b>98.0</b>	<b>112.8</b>

<sup>1)</sup> Adjusted for export and project financing refinanced through KfW programme loans

**B. Operating result on a par with strong previous year**

At EUR 1,903 million, the operating result before valuation and before promotional expense remained at the strong prior-year level (EUR 1,917 million) despite a one-off provision set up for personnel, exceeding the target (EUR 1,732 million) by 10%. This positive development was primarily due to net interest income (before promotional expense), which at EUR 2,957 million exceeded the target (EUR 2,791 million) by 6%, and once again represented the group's main source of income. Net interest income benefited from higher borrowings and a higher return on equity, as well as higher interest margins. At EUR 685 million, net commission income (before promotional expense) was similar to the prior-year level (EUR 675 million) and exceeded the target (EUR 664 million) by 3%. By contrast, administrative expense before promotional expense rose by EUR 81 million to EUR 1,739 million, exceeding the planned ceiling by EUR 16 million. This increase was due primarily to the introduction of new promotional programmes and one-off provisions for personnel. Overall, the cost-income ratio before promotional expense rose from 46.4% to 47.7%.

**C. Risk provisions reflect macroeconomic uncertainties**

In financial year 2025, risk provisions in the lending business resulted in net expense of EUR 155 million, whereas in the previous year, net income of EUR 39 million was generated. The result is also significantly better than the projected standard risk costs (EUR 457 million). Geopolitical and macroeconomic uncertainties primarily affected the provisions for latent risks for stage 1 and 2 loans, resulting in net additions totalling EUR 79 million (2024: net reversals of EUR 51 million). Net expenses for non-performing loans (stage 3) rose to EUR 119 million (2024: EUR 50 million). This was offset by income from recoveries of loans previously written off of EUR 42 million, which was similar to the previous year (EUR 43 million).

**D. Positive valuation result from equity investment portfolio**

The group generated income from the measurement of its equity investment portfolio amounting to EUR 102 million in 2025, compared with EUR 149 million in the previous year. Almost all business sectors contributed to this result with net income from securities. KfW Capital's equity investment portfolio made the strongest contribution to earnings of EUR 184 million, following income of EUR 31 million in the previous year. DEG's equity investments generated net income from securities of EUR 102 million, although this was more than offset by a negative foreign currency result of EUR 289 million. This brought DEG's total valuation result to EUR -187 million (2024: EUR +81 million). Positive contributions also came from business sectors KfW Development Bank (EUR 53 million, 2024: EUR 20 million), Individualfinanzierung & Öffentliche Kunden (*Customised Finance & Public Clients*) (EUR 29 million, 2024: EUR -2 million) and Head office (EUR 27 million, 2024: EUR -3 million). The business sector Export and project finance closed the year with a negative valuation result of EUR -5 million (2024: EUR +22 million).

**E. Promotional expense slightly below high prior-year level**

KfW's domestic promotional expense, which has a negative impact on its earnings position, almost matched the prior-year level at EUR 468 million (2024: EUR 504 million). The target ceiling of EUR 457 million was slightly surpassed. The drop in promotional expense is due to the fact that no new commitments to grant subsidies under the ERP promotional programmes were entered into in financial year 2025, with the aim of first utilising the provisions recognised for the commitments in previous years. In the previous year, provisioning resulted in an expense of EUR 70 million. By contrast, interest rate reductions showed positive development, rising by EUR 15 million to EUR 421 million due to a significant increase in the promotional business volume subject to reduced interest rates, combined with lower reduction margins.

The following key figures provide an overview of the development of key financial figures in financial year 2025:

### Key financial figures of KfW Group

	<b>2025</b>	<b>2024</b>
<b>Key figures of the income statement</b>	<b>EUR in millions</b>	<b>EUR in millions</b>
Operating result before valuation (before promotional expense)	1,903	1,917
Economic result	2,016	2,097
Promotional expense	468	504
Consolidated profit before IFRS effects	1,359	1,354
Consolidated profit	1,002	1,402
Cost-income ratio (before promotional expense)	47.7%	46.4%
	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
<b>Key figures of the statement of financial position</b>	<b>EUR in billions</b>	<b>EUR in billions</b>
Total assets	540.7	545.4
Volume of lending	580.5	593.5
Volume of business	706.4	713.3
Equity	40.6	39.6
Equity ratio	7.5%	7.3%

### Comparison with the previous year's forecast

	<b>2024 forecast for 2025</b>	<b>2025 actual</b>
<b>New business</b>		
Promotional business volume	EUR 84.4 billion	EUR 98.0 billion
<b>Funding</b>	EUR 65–70 billion	EUR 71.0 billion
<b>Result</b>		
Consolidated profit	EUR 1.0 billion	EUR 1.0 billion
Net interest income (before promotional expense)	EUR 2.8 billion	EUR 3.0 billion
Net commission income (before promotional expense)	EUR 0.7 billion	EUR 0.7 billion
Administrative expense (before promotional expense)	EUR 1.7 billion	EUR 1.7 billion
Risk provisions for lending business	EUR –0.5 billion	EUR –0.2 billion
Valuation result	EUR 0.2 billion	EUR 0.1 billion
Promotional expense	EUR 0.5 billion	EUR 0.5 billion

The main differences between the forecasts from the Financial Report 2024 and the actual business development in 2025 are presented in the Economic report.

### Development of the KfW Group earnings position

The internal earnings position was expanded in financial year 2025 to include an alternative financial indicator, the **economic result**. The economic result comprises the operating earnings components net interest and commission income and administrative expense (each before promotional expense), along with the valuation result before IFRS effects from hedging relationships. The valuation result, which primarily comprises risk provisions in the lending business, net gains/losses from hedge accounting and fair value valuation of equity investments, is adjusted for temporary IFRS effects from hedging relationships, which KfW does not consider economically representative. The previous year's figures have been adjusted accordingly.

The earnings position in financial year 2025 was characterised by a sustained strong operating result, a positive, albeit declining, valuation result and promotional expense that was just below the high level of the previous year. Consolidated profit amounted to EUR 1.0 billion, which was below the previous year's figure (EUR 1.4 billion) but in line with the target.

### Reconciliation of internal earnings position (before promotional expense) with external earnings position (after promotional expense) for financial year 2025

		Reconciliation		
	EUR in millions	EUR in millions	EUR in millions	
Net interest income (before promotional expense)	2,957	-425	2,532	Net interest income
Net commission income (before promotional expense)	685	-13	672	Net commission income
Administrative expense (before promotional expense)	1,739	11	1,751	Administrative expense
<b>Operating result before valuation (before promotional expense)</b>	<b>1,903</b>	<b>-450</b>	<b>1,453</b>	<b>Operating result before valuation</b>
Risk provisions for lending business	-155	-4	-158	Net gains/losses from risk provisions
Net gains/losses from hedge accounting before IFRS effects	0	-128	-128	Net gains/losses from hedge accounting
Other financial instruments at fair value through profit or loss before IFRS effects	258	-229	30	Net gains/losses from other financial instruments at fair value through profit or loss
Securities and investments	-4	4	0	Net gains/losses from disposal of financial assets at amortised cost
Net gains/losses from investments accounted for using the equity method	-6	0	-6	Net gains/losses from investments accounted for using the equity method
<b>Operating result after valuation (before promotional expense and IFRS effects)</b>	<b>1,998</b>	<b>-806</b>	<b>1,191</b>	<b>Operating result after valuation</b>
Net other operating income (before promotional expense)	18	-18	0	Net other operating income or loss
<b>Economic result</b>	<b>2,016</b>	<b>-824</b>	<b>1,192</b>	<b>Profit/loss from operating activities</b>
Promotional expense	468	-468	0	-
Taxes on income	189	0	189	Taxes on income
<b>Consolidated profit before IFRS effects</b>	<b>1,359</b>			-
IFRS effects from hedging	-356	356	0	-
<b>Consolidated profit</b>	<b>1,002</b>	<b>0</b>	<b>1,002</b>	<b>Consolidated profit</b>

## Reconciliation of internal earnings position (before promotional expense) with external earnings position (after promotional expense) for financial year 2024

		Reconciliation		
	EUR in millions	EUR in millions	EUR in millions	
Net interest income (before promotional expense)	2,900	-408	2,493	Net interest income
Net commission income (before promotional expense)	675	-12	664	Net commission income
Administrative expense (before promotional expense)	1,658	14	1,672	Administrative expense
<b>Operating result before valuation (before promotional expense)</b>	<b>1,917</b>	<b>-433</b>	<b>1,484</b>	<b>Operating result before valuation</b>
Risk provisions for lending business	39	-1	39	Net gains/losses from risk provisions
Net gains/losses from hedge accounting before IFRS effects	0	107	107	Net gains/losses from hedge accounting
Other financial instruments at fair value through profit or loss before IFRS effects	102	-58	44	Net gains/losses from other financial instruments at fair value through profit or loss
Securities and investments	0	1	0	Net gains/losses from disposal of financial assets at amortised cost
Net gains/losses from investments accounted for using the equity method	20	0	20	Net gains/losses from investments accounted for using the equity method
<b>Operating result after valuation (before promotional expense and IFRS effects)</b>	<b>2,078</b>	<b>-385</b>	<b>1,693</b>	<b>Operating result after valuation</b>
Net other operating income (before promotional expense)	18	-70	-52	Net other operating income or loss
<b>Economic result</b>	<b>2,097</b>	<b>-455</b>	<b>1,641</b>	<b>Profit/loss from operating activities</b>
Promotional expense	504	-504	0	-
Taxes on income	239	0	239	Taxes on income
<b>Consolidated profit before IFRS effects</b>	<b>1,354</b>			-
IFRS effects from hedging	48	-48	0	-
<b>Consolidated profit</b>	<b>1,402</b>	<b>0</b>	<b>1,402</b>	<b>Consolidated profit</b>

At EUR 1,903 million, the **Operating result before valuation (before promotional expense)** reached the strong prior-year level (EUR 1,917 million) and was also well above the target (EUR 1,732 million).

At EUR 2,957 million, **Net interest income (before promotional expense)** exceeded the prior-year level (EUR 2,900 million) by 2% and the target (EUR 2,791 million) by 6%. One key factor driving the year-on-year increase was the renewed increase in margin income from money and capital markets funding, which was considerably above both the previous year's figure and the target. KfW benefited from favourable funding conditions on the capital and money markets, which can be attributed to its excellent credit rating. Income from investment of own funds also increased significantly due to slightly higher interest rates and higher investment volumes compared to the previous year. Furthermore, there was a slight increase in interest margin income including commitment fees, which significantly exceeded expectations.

**Net commission income (before promotional expense)** amounted to EUR 685 million, which was slightly above the 2024 figure (EUR 675 million) and exceeded the target (EUR 664 million). The decisive factor here was commission income in the business sector Export and project finance, which rose by EUR 21 million to EUR 47 million, due in particular to loan fees, which were also below budget as a result. By contrast, there was a decline in income from cost-based remuneration that KfW received from the Federal Government for implementation of domestic promotional programmes and administration of Financial Cooperation. KfW generated income of EUR 346 million from the implementation of its domestic promotional programmes, compared to EUR 363 million in the previous year and a target of EUR 342 million. The year-on-year decrease in this income was primarily due to the decline in remuneration in the promotional priority area of energy efficiency and renewable energy, as well as education financing. KfW received income of EUR 258 million from the administration of Financial Cooperation within KfW Development Bank (2024: EUR 255 million). The remuneration from the Federal Government was offset in part by related administrative expenses.

**Administrative expense (before promotional expense)** increased by 5% from EUR 1,658 million to EUR 1,739 million in financial year 2025. This trend is partly due to a one-off provision related to personnel, which meant that administrative expense slightly exceeded the planning assumptions (EUR 1,724 million). Personnel expense increased by 13% overall to EUR 1,088 million, compared to EUR 961 million in the previous year. The drop in non-personnel expense (before promotional expense) from EUR 697 million to EUR 652 million was due primarily to a decrease in the use of external service providers.

The development of the operating earnings components resulted in an overall cost-income ratio (before promotional expense) of 47.7%, which was higher than in the previous year (46.4%). Adjusted for income and expenses from products for which cost-based remuneration has been agreed with the Federal Government, the cost-income ratio for 2025 amounted to 36.3% (2024: 33.7%).

Due to persistent uncertainty in the geopolitical and macroeconomic environment, the **result from risk provisions for lending business** was a total expense of EUR 155 million overall (2024: net income of EUR 39 million). This result was nevertheless significantly better than the projected standard risk costs (EUR –457 million).

The negative development in provisions for individual risks that cannot be allocated is essentially due to two opposing effects. The negative effects from updating the segment monitor and from the adjustment of the second, more conservative macroeconomic scenario, which takes into account the increased economic and trade policy uncertainty, were partly offset by positive effects from various methodological refinements in the risk models. Risk provisions for performing loans (stages 1 and 2) were increased overall. This resulted in net expense of EUR 79 million (2024: net income of EUR 51 million).

Net additions of EUR 119 million (2024: EUR 50 million) were recorded in risk provisions for non-performing loans (stage 3), including direct write-offs, in 2025. Net additions of EUR 82 million (2024: EUR 98 million) were largely recorded by the business sector *Mittelstandsbank & Private Kunden (SME Bank & Private Clients)*. Of this amount, EUR 79 million was attributable to education financing (2024: EUR 76 million). The business sector *Export and project finance* also recorded net additions of EUR 26 million (2024: net reversals of EUR 50 million).

Income from recoveries of loans previously written off totalled EUR 42 million and was therefore on a par with the previous year (EUR 43 million). This income related primarily to the *Mittelstandsbank & Private Kunden (SME Bank & Private Clients)* business sector.

Risk provisions for lending business increased slightly in financial year 2025 to EUR 2.0 billion (31 Dec. 2024: EUR 1.9 billion). This development reflected both a slightly higher provision for acute risks in stage 3 of EUR 1.4 billion and a slightly higher overall provision for individual risks that cannot be allocated, with provisions in stages 1 and 2 amounting to EUR 0.5 billion in total.

**Net gains/losses from other financial instruments at fair value before IFRS effects** amounted to EUR 258 million (2024: EUR 102 million). This result was affected by positive valuation effects from the equity investment portfolio and a positive foreign currency result.

The equity investment portfolios recognised at fair value through profit or loss generated total income of EUR 107 million in financial year 2025 (2024: EUR 129 million). KfW Capital made the biggest contribution to earnings at EUR 210 million, compared with EUR 33 million in the previous year. KfW Development Bank, the business sector *Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)* and Head office also performed positively, with EUR 47 million (2024: EUR 13 million), EUR 29 million (2024: expense of EUR 2 million) and EUR 13 million (2024: expense of EUR 3 million), respectively. By contrast, DEG reported a negative valuation result of EUR 187 million (2024: income of EUR 81 million), with the net gain from securities of EUR 102 million (2024: expense of EUR 53 million) being offset by a wide margin by negative exchange rate effects of EUR 289 million, particularly associated with the weaker US dollar. The business sector *Export and project finance* reported an expense of EUR 5 million from valuations of equity investments, as against income of EUR 8 million in the previous year.

KfW Group achieved a positive result of EUR 133 million from the valuation of foreign currency positions in financial year 2025, EUR 178 million of which related to the valuation of hedging instruments for DEG's investments held in foreign currencies.

The measurement of securities at fair value through profit or loss yielded an almost balanced result, as in the previous year, of EUR 0 million.

**Net losses** totalling EUR 9 million were recorded **from securities and investments** and **from investments accounted for using the equity method** (2024: gains of EUR 19 million). EUR 6 million of these losses are attributable to investments accounted for using the equity method. Performance at KfW Capital was particularly responsible for this, with a loss of EUR 26 million. Head office and KfW Development Bank reported gains (EUR 14 million and EUR 6 million, respectively). In addition, an expense of EUR 4 million arose from general valuation allowances recognised on securities not measured at fair value.

In the case of securities not carried at fair value, developments in the financial markets resulted in a net difference of EUR 54 million between the carrying amount and the fair value (2024: EUR –167 million). This development is partly attributable to increases in the value of covered bonds.

**Net other operating income** (before promotional expense) was EUR 18 million, similar to the previous year's figure.

Developments in the operating result and the result from valuations, including other operating income (EUR 113 million, 2024: EUR 179 million), led to an **economic result** of EUR 2,016 million (2024: EUR 2,097 million). The slight decline in the economic result is mainly attributable to the EUR 67 million decrease in the valuation result.

At EUR 468 million in 2025, KfW's domestic **promotional expense**, which has a negative impact on KfW Group's earnings position, was down slightly on the prior-year level (EUR 504 million) but nevertheless marginally exceeded projections (EUR 457 million). The ERP promotional business proportion of promotional expense amounted to EUR 298 million.

Interest rate reductions are the key component of KfW's promotional expense. KfW grants these reductions for certain domestic promotional loans during the first fixed-interest-rate period, which has a negative effect on its earnings position. In addition, KfW passes on its favourable funding conditions, which benefit from its triple-A rating. At EUR 421 million, the volume of interest rate reductions increased once again in financial year 2025 (2024: EUR 406 million) and was in line with the projected figure (EUR 420 million). Of this amount, EUR 280 million (2024: EUR 276 million) was attributable to ERP promotional business. The main reason behind the increase in interest rate reductions was the rise in demand for promotional loans at reduced rates, coupled with lower reduction margins. Interest rate reductions from new business focused on the priority areas start-ups and corporate investment, innovation, and energy efficiency and renewable energy. The increase in interest rate reductions contributed to the growth of promotional business volume in the core promotional business to EUR 96.9 billion (2024: EUR 79.6 billion).

Net other operating income in financial year 2025 included promotional expense of EUR 18 million from KfW's commitment to future digital education projects in the context of TUMO learning centres. No promotional expense was reported in 2025 for promotional grants provided in addition to the lending business (2024: EUR 70 million). This is because, unlike in previous years, KfW did not enter into any commitments to award grants under the ERP promotional programmes in the reporting year. The interest accrued on provisions recognised for commitments entered into in previous years resulted in promotional expense of EUR 5 million.

Moreover, promotional expenses reported in net commission income and administrative expense amounted to EUR 25 million (2024: EUR 26 million). Among other things, this spending was aimed at the sale of KfW's promotional products.

The group recognised a **tax expense** of EUR 189 million for financial year 2025 (2024: EUR 239 million). This consisted of current taxes on income of EUR 149 million (2024: EUR 167 million) and deferred tax expense of EUR 41 million (2024: EUR 72 million). The retroactive tax exemption of DEG as of 1 January 2024 reduced both current and deferred tax expenses. Current taxes in 2025 were attributable primarily to the results of KfW IPEX-Bank.

The development of the earnings position led to **consolidated profit before IFRS effects** of EUR 1,359 million, which is on par with the previous year (EUR 1,354 million) and significantly above the long-term earnings potential of EUR 1 billion. This development can be explained primarily by the strong operating result before valuation and the positive, albeit declining, valuation result from the loan and equity investment portfolio. The slightly lower promotional expense and reduced tax expense contributed to the increase in earnings.

Consolidated profit before **IFRS effects from hedging** excludes effects from derivative financial instruments that the group uses exclusively for hedging purposes. Under IFRS, the requirements for the recognition and valuation of derivatives and hedges give rise, despite the economically hedged positions, to temporary net gains or losses that are offset over the entire term of the transactions. Against this backdrop, IFRS effects from hedging relationships amounting to EUR -356 million (2024: EUR 48 million) were eliminated from the earnings figure relevant for management purposes. These effects include the results from hedge accounting and from the measurement of borrowings recognised at fair value, including hedging derivatives entered into for this purpose. The negative IFRS effects in 2025 resulted from the reversal of the positive valuation effects from previous years (amortisation/pull-to-par). In addition, negative valuation effects due to interest rate developments, that cannot be fully reflected in hedge accounting in the statement of financial position, are reflected in the IFRS effects.

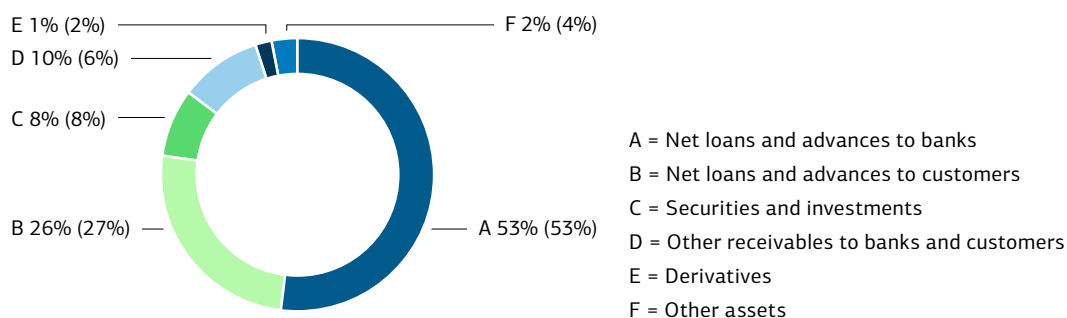
Overall, the group generated a **consolidated profit** of EUR 1,002 million, which is below the previous year (EUR 1,402 million) but in line with expectations (EUR 1,008 million).

### Development of net assets of KfW Group

Lending to banks and customers accounted for 80% of the group’s assets as of 31 December 2025, unchanged from the previous year.

### Assets of KfW Group

31 December 2025 (31 Dec. 2024)



Compared to the previous year, the **volume of lending** decreased by EUR 13.0 billion to EUR 580.5 billion (31 Dec. 2024: EUR 593.5 billion).

## Volume of lending of KfW Group

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Loans and advances	431,948	441,915
Risk provisions for lending business	-1,887	-1,818
<b>Net loans and advances</b>	<b>430,061</b>	<b>440,097</b>
Contingent liabilities from financial guarantees	3,276	3,462
Irrevocable loan commitments	136,298	138,628
Loans and advances held in trust	10,887	11,287
<b>Total</b>	<b>580,522</b>	<b>593,475</b>

Net loans and advances decreased by EUR 10.0 billion in 2025, mainly due to the decline of EUR 5.9 billion in the coronavirus special programme 2020, particularly in the KfW Entrepreneur Loan, KfW Entrepreneur Loan – SMEs and KfW Instant Loan 2020 programmes, and in the Energy-efficient Construction and Refurbishment loan programmes in the amount of EUR 5.4 billion. Overall, unscheduled repayments (EUR 12.2 billion; 31 Dec. 2024: EUR 11.1 billion) and scheduled repayments more than compensated for disbursements in new lending business. At EUR 430.1 billion, Net loans and advances accounted for 74% of lending volume.

Contingent liabilities from financial guarantees remained at the previous year's level, at EUR 3.3 billion. The decline in irrevocable loan commitments of EUR 2.3 billion to EUR 136.3 billion was mainly due to irrevocable commitments for liquidity support to energy suppliers in the amount of EUR –8.7 billion. On the other hand, there was an increase in irrevocable loan commitments as part of the Renewable Energy – Standard programme in the amount of EUR 6.1 billion. Within assets held in trust, the volume of Loans and advances held in trust, which primarily comprise loans to promote developing countries and emerging economies financed by budget funds provided by the Federal Republic of Germany, was down slightly to EUR 10.9 billion (31 Dec. 2024: EUR 11.3 billion).

Other loans and advances to banks and customers posted an increase of EUR 19.2 billion to EUR 52.1 billion. A total of EUR 13.7 billion of the increase resulted from reverse repo transactions, in which KfW acts in the capacity of lender, and from higher cash collateral provided from the derivatives business of EUR 4.2 billion.

At EUR 43.3 billion, the total amount of **securities and investments** was at the previous year's level.

## Securities and investments of KfW Group

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Bonds and other fixed-income securities	37,734	37,982
Shares and other non-fixed income securities	0	0
Equity investments	5,503	5,031
Shares in non-consolidated subsidiaries	96	92
<b>Total</b>	<b>43,332</b>	<b>43,106</b>

The **securities portfolio** decreased by EUR 0.2 billion to EUR 37.7 billion in financial year 2025 (31 Dec. 2024: EUR 38.0 billion). The portfolio of Equity investments, including both direct and fund investments, and Shares in non-consolidated subsidiaries increased by EUR 0.5 billion to EUR 5.6 billion in 2025. This was mainly due to portfolio growth at KfW Capital.

**Value adjustments from macro hedge accounting** rose by EUR 1.1 billion, largely due to interest rates, from EUR –9.4 billion to EUR –10.4 billion. Derivatives with positive fair values, which are primarily used to hedge refinancing transactions, fell from EUR 9.7 billion in the previous year to EUR 3.8 billion. This was primarily due to value adjustments of derivatives used in micro hedge accounting, which decreased from EUR 6.6 billion to EUR 1.3 billion.

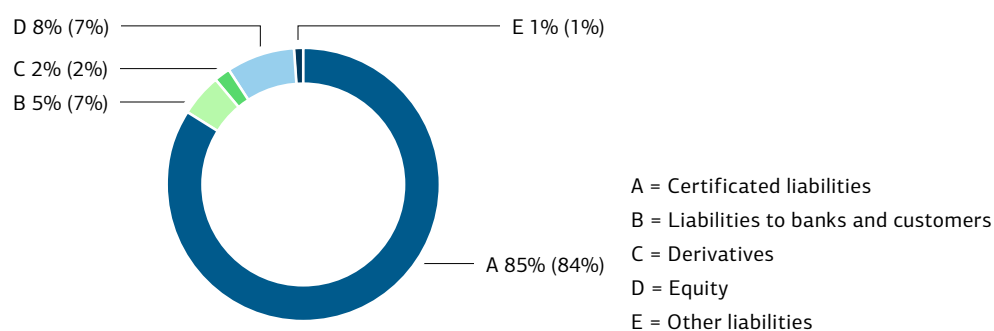
KfW reduced its balances with central banks by EUR 7.0 billion to EUR 19.5 billion and made greater use of other investments, such as reverse repos and term deposits. Furthermore, the increase in credit support annex collateral furnished and the reduction in capital market liquidity were only partially offset by higher money market refinancing via commercial paper. The liquidity held continues to ensure KfW’s ability to react to market events at short notice. There were only minor changes in the other asset line items in the statement of financial position.

### Development of the KfW Group financial position

KfW Group’s funding strategy is based on four main product categories: “benchmark programmes in euros and US dollars”, “Green Bonds – Made by KfW”, “other public bonds” and “private placements”. In 2025, KfW achieved a funding volume of EUR 71.0 billion on the international capital markets. This slightly exceeded the funding target of EUR 65–70 billion planned for 2025.

### Financial position of KfW Group

31 December 2025 (31 Dec. 2024)



**Borrowings** decreased by EUR 6.9 billion to EUR 486.1 billion.

### Borrowings of KfW Group

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Short-term funds	54,995	33,947
Bonds and notes	406,707	422,994
Other funding	24,351	36,042
<b>Total</b>	<b>486,054</b>	<b>492,983</b>

Funds raised in the form of certificated liabilities rose by EUR 5.1 billion to EUR 460.6 billion. The increase of EUR 21.4 billion was attributable to short-term issues of commercial paper, which amounted to EUR 53.9 billion (31 Dec. 2024: EUR 32.5 billion). Medium and long-term bonds and notes, which remain the group's principal source of funding, fell by EUR 16.3 billion. At year-end 2025, such funds amounted to EUR 406.7 billion (31 Dec. 2024: EUR 423.0 billion) and accounted for 84% of borrowings. Total short-term funds, including demand deposits and term deposits, amounted to EUR 55.0 billion, compared with EUR 33.9 billion in the previous year. The funding requirements for these programmes decreased due to loan repayments as part of the liquidity support to energy suppliers and the coronavirus special programme 2020. This largely resulted in a decline in Other funding by EUR 11.7 billion to EUR 24.4 billion (31 Dec. 2024: EUR 36.0 billion). This item mainly comprises promissory note loans by customers, which decreased by EUR 8.4 billion to EUR 16.3 billion, primarily due to funding via the Economic Stabilisation Fund ("WSF"). The cash collateral received, which primarily serves to reduce counterparty risk from the derivatives business, fell from EUR 4.5 billion in the previous year to EUR 1.2 billion.

The carrying amounts of **derivatives** with negative fair values, which were primarily used to hedge own issues, increased by EUR 1.3 billion, from EUR 9.3 billion as of 31 December 2024, largely due to changes in market parameters, and amounted to EUR 10.6 billion at year-end 2025.

There were only minor changes in the other liability line items of the statement of financial position.

At EUR 40.6 billion as of 31 December 2025, **equity** was EUR 1.1 billion above the level of EUR 39.6 billion as of 31 December 2024. The increase resulted in particular from consolidated profit (EUR 1.0 billion), which in turn increased retained earnings. Furthermore, the increase in the discount rate for pension obligations from 3.49% to 4.08% generated an increase of EUR 0.1 billion in revaluation reserves. The equity ratio increased year on year from 7.3% to 7.5% as of 31 December 2025, primarily due to the increase in equity.

### Equity of KfW Group

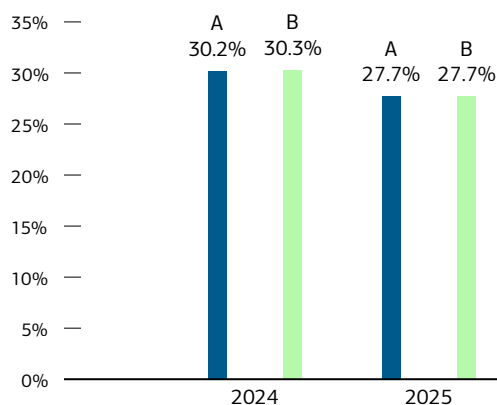
	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Paid-in subscribed capital	3,300	3,300
Capital reserve	8,447	8,447
Reserve from the ERP Special Fund	1,191	1,191
Retained earnings	27,555	26,552
Revaluation reserves	131	83
<b>Total</b>	<b>40,623</b>	<b>39,573</b>

# Risk report

## Overview of key indicators

Risks are reported at group level in accordance with KfW Group's internal risk management. The key risk indicators are presented below:

### Regulatory capital ratios

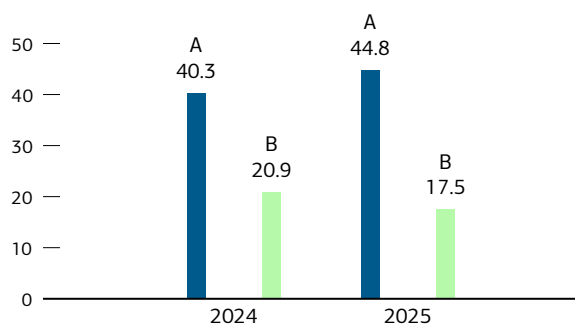


The marked decline in the total capital ratio by around 2.5 percentage points year on year is attributable to the significant increase of EUR 14.1 billion in the total risk exposure amount ("RWA"). This decrease resulted primarily from new business as well as the implementation of CRR III in Q1 2025 (in particular the change of measurement approach from A-IRB to F-IRB for banks and large corporates and adjusted risk weighting for equity investments).

A = Tier 1 capital ratio  
B = Total capital ratio

### Economic risk-bearing capacity

EUR in billions

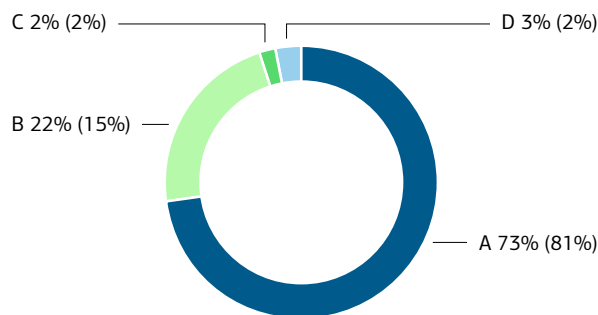


Economic risk-bearing capacity was maintained at a confidence level of 99.9% at all times during the reporting year. The increase in available financial resources ("AFR") was primarily due to the positive annual result and refinements in methodology. The total capital requirement decreased, largely as a result of the lower capital requirement for credit risks following those refinements in methodology.

A = Available financial resources  
B = Total economic capital requirement

### Credit risk

2025 (2024), Net exposure breakdown

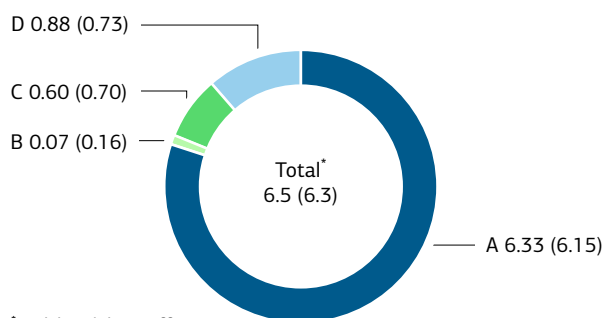


The revision of the risk model for collateralised on-lending business (see “Current developments”) resulted in a significant decline in net exposure of the on-lending banks with an investment grade rating, and thus also in total net exposure. This decline caused an increase in the relative share of the other rating classes in the credit rating distribution even though no substantive developments could be identified.

A = Investment grade  
 B = Non-Investment grade  
 C = Watch list  
 D = Default

### Market price risk

2025 (2024), ECAP (EUR in billions)

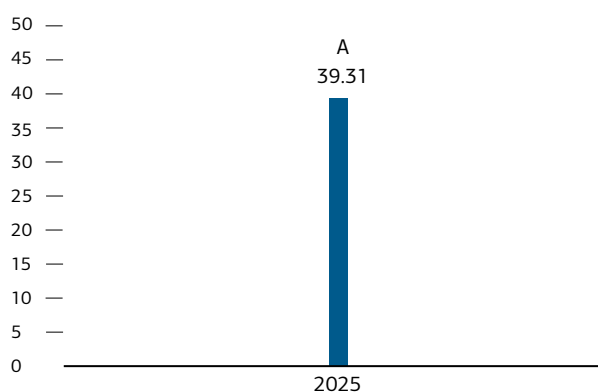


\* Incl. breakdown effects

The total capital requirement for market price risks increased year on year. This was primarily attributable to the higher economic capital requirement (“ECAP”) requirement for interest and credit spread risk. The increase in interest risk, in turn, was due largely to the expansion of strategic interest risk positions. As regards credit spread risk, the higher market volatility and the exclusion of credit spreads in the measurement of pension provisions resulted in increased risk.

A = Interest risk    B = Interest volatility risk  
 C = Currency risk    D = Credit spread risk

### Liquidity risk



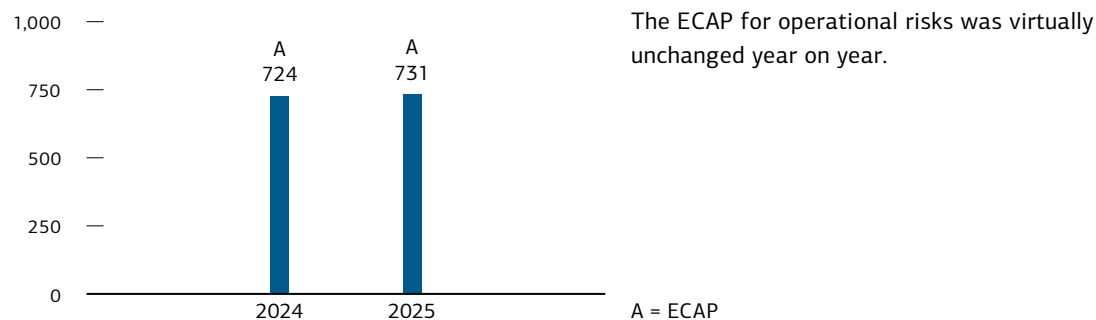
The liquidity risk indicator remained considerably below the internal limit throughout the year. Liquidity risk was measured based on a refined liquidity risk model as of year-end. The minimum excess coverage in the relevant stress scenario showed excess coverage of approximately EUR 39.31 billion as of 31 December 2025.

(Prior-year figures not provided due to refinement of liquidity risk model/ transition to excess coverage)

A = Liquidity risk indicator (worst case)

## Operational risk

ECAP (EUR in millions)



### Current developments

In financial year 2025, as in previous years, KfW Group refined the processes and instruments of its risk management and controlling, taking into account current banking supervisory requirements. The multi-stage refinement of the economic risk-bearing capacity calculation using the present value approach is now complete, following, in particular, the transition of discounting to risk-free curves as regards available financial resources and credit risk measurement. The adjusted provisions of CRR III were applied with respect to credit and equity investment risk. As with the calculation of available financial resources, there was also a transition to risk-free curves for present-value measurement of market price risk. The liquidity risk measurement method was also refined in 2025. This refinement involved both a revision of scenarios and the introduction of a new metric for liquidity risk indicators. While excess coverage and shortfalls had previously been reported as relative values, they will be stated in absolute EUR amounts going forward.

The Non-Financial Risk (NR) department was established as of 1 April 2025 with the aim of bundling and reinforcing the management of non-financial risks. Non-financial risks, in particular cybersecurity, data protection and operational and reputational risks, are gaining in importance in light of increasing digitalisation and new regulatory requirements such as the EU Digital Operational Resilience Act (“DORA”). The NR department combines relevant functions such as operational risk, ICT risk, third-party management, data protection, information security and business continuity management. This serves to further optimise risk management and sustainably improve resilience in the face of growing challenges.

Management of environmental, social and governance risks (“ESG risks”) was further developed in the line units of KfW Group following completion of the group’s tranSForm project at the end of 2024, to address the comprehensive new regulatory requirements on ESG risks. The integration of ESG risk drivers into existing risk management cycle instruments remains a focal point. A comprehensive ESG materiality assessment involved examining ESG risk drivers in credit and equity investment risk in three periods (short, medium and long term) for the first time. In addition, thresholds for defined ESG credit risk indicators (“ESG CRIs”) have been monitored since 2025. The counterparty-related ESG risk profile used to identify and measure ESG risk drivers in credit risk was expanded in 2025 to include assessment of location-based physical climate and environmental risks for corporates. A particular focus was placed on biodiversity, including biodiversity-related risks, as part of the bioSFer project initiated in 2025.

The risk model for the on-lending business was simplified in the reporting year. Going forward, a reduced fixed loss given default compared with the previous measurement will be applied to loans and advances secured by assignment of end borrower loans. This simplification is based on the resolution regime of the Bank Recovery and Resolution Directive (“BRRD”). Under the BRRD, secured liabilities of institutions under resolution are not included in the bail-in cascade. As a result, KfW is protected from loss.

Compliance with the Basel Committee on Banking Supervision’s standard number 239 (commonly referred to as BCBS 239), including the specifications of the Risk Data Aggregation and Risk Reporting (“RDARR”) Guide, has been improved under KfW’s RDARR project, which was initiated throughout the group in 2025. This in turn optimises KfW Group’s data quality and reporting.

## Basic principles and objectives of risk management

KfW Group has a statutory promotional mandate. Sustainable promotion is KfW Group's overarching purpose. The aim of risk management is for the group to take risks only to the extent that they appear manageable in the context of its current and anticipated earnings position and capital resources. KfW Group's risk/return management takes into account the business model of a promotional bank without the primary intention of generating a profit and without a trading book, with appropriate implementation of supervisory requirements constituting a fundamental prerequisite for the group's business activities.

The promotional bank business model determines the group's risk culture with its four regulatory-based elements: leadership culture, responsibilities, communication and incentives. Incentive structures for employees and their responsibilities are designed accordingly. Senior management specifies the desired code of conduct, with the desired dialogue established by means of communication with and through the relevant bodies.

## Organisation of risk management and monitoring

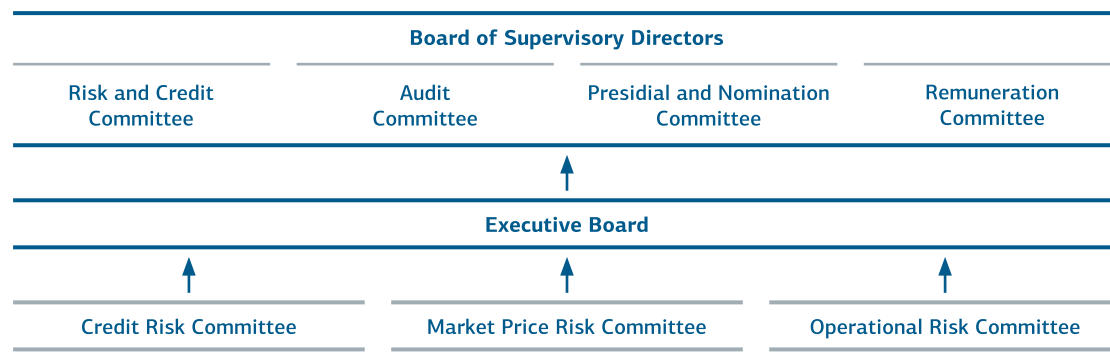
### Risk management bodies and responsibilities

KfW's Executive Board sets the group's risk guidelines as part of its overall responsibility. The Board of Supervisory Directors is informed at least quarterly of KfW Group's risk situation. The Risk and Credit Committee set up by the Board of Supervisory Directors is primarily responsible for advising the Board of Supervisory Directors about the group's current and future overall risk tolerance and strategy and supports it in monitoring the implementation of the latter. The Committee decides on loan approvals (including loans to members of management), operational level equity investments, funding and swap transactions, where committee authorisation is required by the KfW Bylaws. The Audit Committee monitors, above all, the accounting process and the effectiveness of the risk management system and internal control and offers recommendations to the Board of Supervisory Directors concerning its approval of KfW's annual and consolidated financial statements.

Additionally, the subsidiaries and organisational entities of KfW Group exercise their own control functions within the group-wide risk management system. Group-wide regulations, projects and working groups are in place to implement a consistent approach, such as in the rollout of rating instruments to subsidiaries or in the management and valuation of collateral. Responsibility for developing and structuring risk management and risk control activities is located outside the front-office departments and lies in particular with the Risk Controlling, Non-Financial Risk and Credit Risk Management areas.

Risk management within the group is carried out by various interconnected decision-making bodies. At the top of the system is the Executive Board, which takes key decisions on risk policy. There are three risk committees below Executive Board level (Credit Risk Committee, Market Price Risk Committee and Non-Financial Risk Committee) that prepare decisions for the Executive Board, take their own decisions within their remits, and also involve representatives from KfW subsidiaries in decision-making processes.<sup>1)</sup> Internal Auditing has a fundamental right to attend risk management committee meetings. Working groups such as the Credit and Equity Investment Risk Working Group, Country Rating Working Group, Corporate Sector Risk Working Group, Market Price Risk Working Group and Hedge Committee support the committees. Committee resolutions are adopted by simple majority, whereby the rules on voting eligibility take appropriate account of the requirements of the respective roles and the independence of the Risk Controlling and front and back office departments in particular. Escalation to Executive Board level is possible in all committees.

<sup>1)</sup> Because ESG risks factor into a variety of different risk types, there is no separate ESG risk committee. ESG risks are managed as needed through the committees responsible for specific risk types.



### Credit Risk Committee

The Credit Risk Committee is a decision-making and discussion body for lending decisions as well as for overarching loan portfolio and credit risk issues. The Credit Risk Committee is chaired by the Chief Risk Officer.

The weekly meetings of the Credit Risk Committee involve making lending decisions and preparing for decisions to be made by the plenary Executive Board in line with the credit approval policy, with KfW subsidiary exposures also being presented. Voting members of the committee are, in addition to KfW Group's Chief Risk Officer ("CRO"), the Head of Credit Risk Management, members of the Executive Board with front-office responsibilities and KfW IPEX-Bank's Chief Risk Officer. DEG's CRO is a member without voting rights. In addition, current developments in and management tools for the loan portfolio as well as fundamental issues concerning credit risk management are analysed on an ad hoc basis. This includes reports and submissions from the Country Rating Working Group and the Corporate Sector Risk Working Group. DEG's CRO, the managing director of KfW Capital responsible for risk issues and the Head of Risk Controlling are also entitled to vote on matters relating to the loan portfolio and general credit risk management issues.

Moreover, once a month, the Credit Risk Committee discusses overarching credit risk issues of risk controlling and makes decisions on significant adjustments in accordance with the competency matrix. These essentially include reports and draft resolutions on the risk situation and risk management – in particular on stress tests for credit and equity investment risks – as well as on credit risk methods and policies, and the submissions addressed in the Credit and Equity Investment Risk Working Group. Reports are also made on the development of regulatory requirements, their impact and the progress of implementation projects in KfW Group. Only the CRO and the Head of Risk Controlling are entitled to vote on these issues relating to the risk controlling function.

The Credit Risk Committee is supported by various working groups. The Country Rating Working Group serves as the central unit for assessing country risk. The Credit and Equity Investment Risk Working Group supports the committee in connection with methodological and procedural issues and decisions relating to credit and equity investment risk measurement instruments and rating systems, and collateral acceptance and valuation, in particular the (further) development of methods used, implementation of regulatory requirements, acknowledgement of validation results and adjustments to the relevant processes. The Corporate Sector Risk Working Group is a group-wide expert panel which analyses sector and product-related credit risks in the corporate segment. The decisions made, reports submitted, and other key topics addressed in the working groups are communicated to the Credit Risk Committee through the working group minutes.

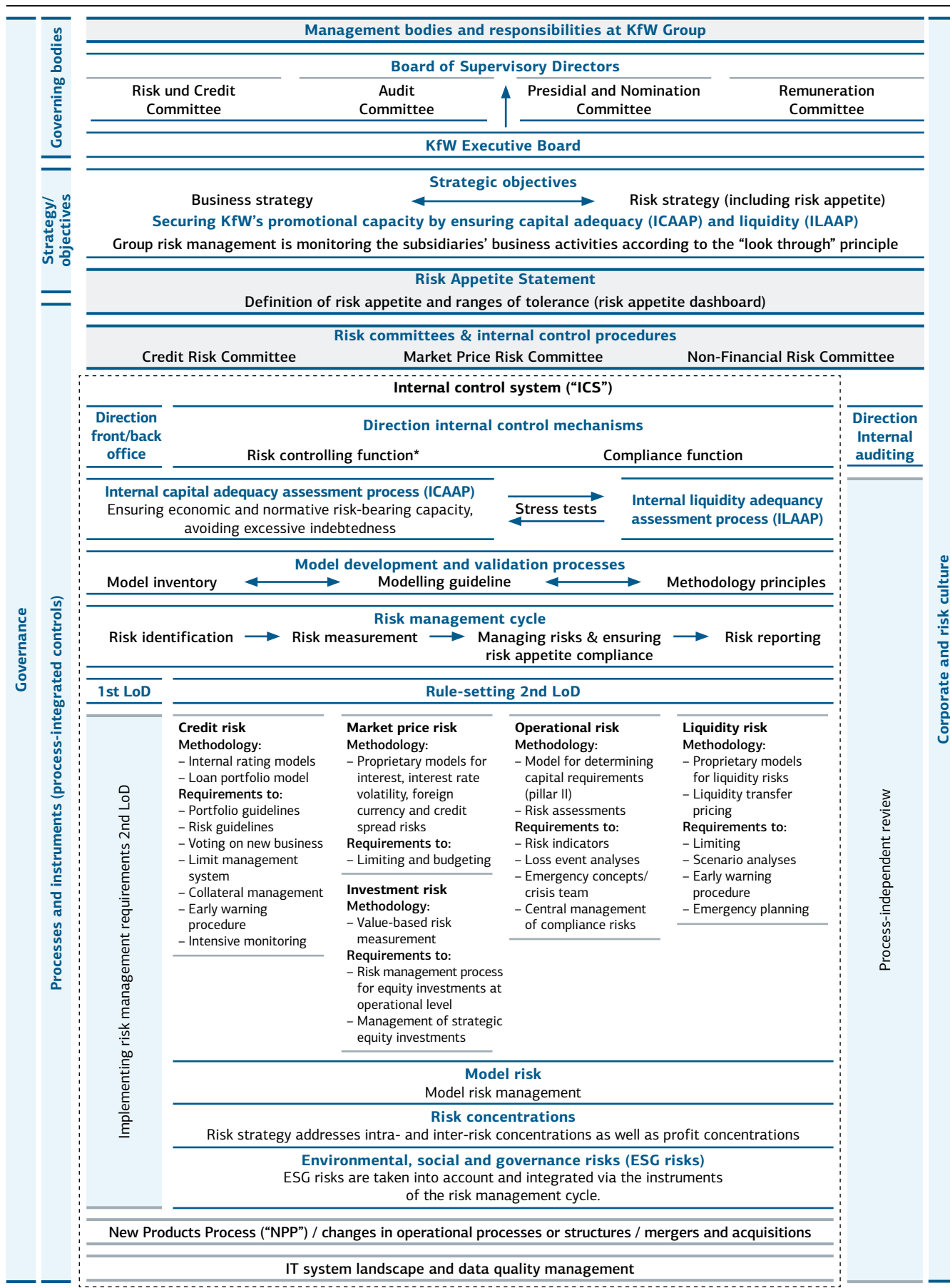
### **Market Price Risk Committee**

The Market Price Risk Committee meets monthly or on an ad hoc basis, as required, and is chaired by the Chief Risk Officer. In addition to the Chief Risk Officer, the members of the Executive Board responsible for capital markets business and finance are also represented. The members of the committee also include the heads of Risk Controlling, Financial Markets, Finance, Transaction Management and the CROs of KfW IPEX-Bank and DEG. The Market Price Risk Committee discusses KfW Group's market price and liquidity risk position and assesses the market price risk strategy on a monthly basis. The committee also decides on questions relating to the principles and methods applied for the management of market price and liquidity risks, on funding, transfer pricing and on valuation for commercial transactions. The Market Price Risk Committee is supported by the Hedge Committee and the Market Price Risk Working Group. The Hedge Committee deals primarily with the earnings effects of IFRS hedge accounting and the further development thereof. The Market Price Risk Working Group deals with methodology issues relating to market price and liquidity risks as well as measurement issues. These include matters relating to model development, validation and financial reporting measurement, in particular, taking note of validation reports and recommendations resulting from validation. A distinction is made between voting rights relating to different subject areas, with decisions on risk controlling issues made without the votes of the front and back offices.

### **Non-Financial Risk Committee**

The Non-Financial Risk Committee, which meets quarterly, supports the Executive Board in the cross-functional management and the necessary decisions and acknowledgements with respect to operational and reputational risk. The Chief Risk Officer chairs the meetings of the Non-Financial Risk Committee. In principle, all areas of the bank are represented in the committee – in selected cases based on a representation concept. Moreover, the managing director level of KfW IPEX-Bank, DEG and KfW Capital is represented on the committee. The committee discusses the risk status on the basis of findings obtained through different methods and instruments and evaluates any group-wide need for action, with the aim of adequate risk management. This includes addressing risks associated with the use of information and communication technologies ("ICT") risks pursuant to DORA. The results of the validation of the operational risk (OpRisk) model are acknowledged. The committee meeting documents, together with the minutes and the resolutions and recommendations contained therein, are submitted to the Executive Board. A distinction is made between voting rights relating to different subject areas, with decisions on risk controlling issues made without the votes of the front and back offices. The committee formed the Group Security Board ("GSB") to take up matters related to group security and business continuity management ("BCM").

## Risk management approach of KfW Group (overview)



\*The risk controlling function is performed by the Risk Controlling and the Non-Financial Risk Departments.

To ensure capital and liquidity adequacy in line with the defined risk appetite, Risk Controlling supports the Executive Board in developing and implementing the group's risk strategy together with the relevant subsidiaries, KfW IPEX-Bank, DEG and KfW Capital.

The risk strategy translates the group's long-term and strategic risk objectives into operational risk management requirements. This involves defining risk management objectives for core business activities and measures for achieving targets, as well as determining KfW Group's appetite for material risks.

In order to determine its material risks, KfW Group conducts a **risk inventory** at least once a year. The risk inventory identifies and defines types of risks relevant to the group and then subjects them to a materiality evaluation. The materiality of a risk type depends on the potential material danger for KfW Group's net assets, earnings and liquidity. The key outcome of the risk inventory is an overall risk profile, which provides an overview of KfW Group's material and immaterial risk types. The 2025 inventory determined that KfW Group continues to face the following material risks: credit, market price, operational, equity investment, model and liquidity risks. In addition, the risk inventory process involves looking at the impact of ESG risks on the overall risk profile.

The Executive Board is informed about KfW Group's risk situation on a monthly basis. In addition, there is weekly reporting on market price and liquidity risks to the responsible Executive Board members. A risk report is issued quarterly to KfW Group's supervisory bodies. The respective bodies are informed on an ad hoc basis as required.

The models used for group-wide risk measurement and management, as well as for financial reporting measurement, are regularly validated and refined where necessary. These primarily include the models for measuring and managing credit, equity investment, market price, liquidity and operational risks, as well as the models for financial reporting measurement.

The risk management approach is set out in the group's procedural rules. The procedural rules stipulate the framework for the application of uniform policies and procedures to identify, measure, control and monitor risk. The rules and regulations laid out in the procedural rules are binding for the entire group and are accessible to employees through their publication on the intranet. KfW group-wide regulations are supplemented by rules specific to each business sector. See the following sections for details on other elements of KfW Group's risk management approach.

### **Internal capital adequacy assessment process**

The objective of the internal capital adequacy assessment process ("ICAAP") is to maintain sufficient capital at all times to cover the risks assumed. Capital adequacy is assessed from both a normative and an economic perspective. The two perspectives are closely interwoven and ultimately flow into a holistic and consistent risk management system that ensures achievement of the common objective of continued business operations through the bidirectional flow of information. The overarching ICAAP architecture also includes the performance of stress tests to assess the group's risk-bearing capacity under adverse conditions. The aforementioned ICAAP components are presented in the following sections.

In particular, the normative perspective of ICAAP is intended to ensure continuous compliance with the regulatory capital requirements of Pillar I in accordance with the Capital Requirements Regulation ("CRR") and the German Banking Act (*Kreditwesengesetz – "KWG"*) both on an ongoing basis and in a longer-term view (normative capital planning). In addition to a base scenario, adverse scenarios (downturn and stress scenarios) are considered. In these adverse scenarios, deviations from the base scenario are determined and projected for the planning period. This procedure also takes into account the simultaneous materialisation of losses from the material risk types identified as part of the risk inventory, which may result in lower regulatory capital. This includes, in particular, risks that do not have to be explicitly backed with capital under Pillar I, such as interest risk. Furthermore, an increase in RWA is assumed along with adverse scenarios.

The multi-year capital planning process is based on the strategic objectives defined as part of group business sector planning and is updated quarterly and ad hoc, as necessary, in terms of assumptions and market parameters. The development of the large exposure limit and the leverage ratio are monitored as further structural capital requirements. This is intended to enable early identification of any capital bottlenecks.

The economic perspective of the ICAAP serves to safeguard the economic assets of the institution in order to protect creditors from economic loss, thereby implementing Pillar 2 of the CRR. This is performed by comparing AFR as of a key date with the risk assumed as of the same date (ECAP for all material risks to capital) and monitored by the control variables of the economic coverage ratio, i.e., the quotient of AFR and ECAP. Both AFR and risk figures are stated at present value and are static (determined at a specific point in time, i.e., they do not take into account new business or periodicity). The risk figures cover all material risks to capital in accordance with the risk inventory (overall risk profile), to the extent that these can be reasonably covered by capital. The amount of economic capital required, and thus the security level of the risk-bearing capacity, is largely determined by the solvency level (99.90%) selected for risk measurement. There is no regular forecast of economic risk-bearing capacity, although an indicative forecast of economic risk-bearing capacity may be produced if necessary, if future developments which may have a material impact on risk-bearing capacity are identified through a list of questions.

Similar to the normative perspective, the economic perspective of the ICAAP also includes regularly performed stress tests in the form of simulations of adverse economic conditions (downturn and stress scenario).

A traffic light system set up in the context of the key date or base scenario and the adverse scenarios with thresholds for the key indicators relating to normative and economic risk-bearing capacity indicates a need for action as part of operational and strategic management in the event of critical developments.

The ICAAP is subject to an annual review of its adequacy. The results of this review are taken into account in the assessment of risk-bearing capacity.

As of 31 December 2025, risk-bearing capacity is stated in terms of both the normative and the economic perspective:

### Normative risk-bearing capacity

#### Key regulatory figures

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Total risk exposure in accordance with Art. 92 CRR	140,269	126,183
– Credit and equity investment risk	129,225	118,402
– Market price risk	2,448	1,848
– Operational risk	8,597	5,933
Regulatory capital	38,888	38,189
– (Common equity) tier 1 capital	38,888	38,104
– Additional tier 1 capital	0	0
– Tier 2 capital	0	86
CET1 ratio	27.7%	30.2%
Tier 1 capital ratio	27.7%	30.2%
Total capital ratio	27.7%	30.3%

Within credit risk, capital requirements for counterparty default risks are calculated primarily using the internal ratings-based approach (“IRBA”). Following the transition to CRR III in Q1 2025, KfW calculates significant parts of its total risk exposure based on an advanced IRBA (F-IRBA).

The sharp decline of around 2.5 percentage points in the total capital ratio to 27.7% is attributable to the year-on-year increase in the total risk exposure amount. However, at 27.7%, the total capital ratio at year-end 2025 remained above the overall capital requirement (“OCR”).

### Minimum requirements for total capital ratios

	31 Dec. 2025	31 Dec. 2024
<b>Total SREP capital requirements (TSCR)</b>	<b>10.50%</b>	<b>11.50%</b>
Capital conservation buffer	2.50%	2.50%
Countercyclical capital buffer	0.65%	0.61%
Other systemic buffer	1.00%	1.00%
Systemic risk buffer	0.02%	0.02%
<b>Overall capital requirement (OCR)</b>	<b>14.67%</b>	<b>15.64%</b>

The reduction in the total SREP capital requirements (“TSCR”) by 1.0 percentage points is due to the supervisory decision update on the SREP surcharge.

#### Economic risk-bearing capacity

To assess its economic risk-bearing capacity, KfW Group compares its ECAP for potential losses from material quantifiable risks to capital with its available financial resources calculated at present value. The basis of **AFR** is KfW Group’s equity adjusted for present value differences, the risk provisions for non-value-adjusted business, future cash flows from margins and costs for administration and expected portfolio business defaults, as well as some capital deduction items for a prudent economic valuation. The determination of the present value required for this purpose is generally based on risk-free yield curves for both sides of the statement of financial position; expected liquidity costs not yet covered by funding operations are taken into account by means of an additional deductible item. KfW Group bases its calculation of the ECAP on a one-year time frame.

**Credit risk** is the risk of a negative impact on net assets, earnings position or liquidity if business partners or borrowers fail to meet their payment obligations to KfW Group at all, in due time or in full (default) or if their credit ratings deteriorate (migration), causing the expected defaults to increase. Counterparty risk including credit valuation adjustment risk (“CVA”) risk in relation to derivative exposures is included under Credit risk. CVA risk is reported as part of the combined “counterparty risk (including CVA risk)” sub-risk type. The ECAP for credit risk is quantified by the Risk Controlling department, largely with the help of statistical models. A value-based measurement of credit risks is carried out using a loan portfolio model and credit value-at-risk (“VaR”) as a risk measure. The ECAP for CVA risk is based on the CVA charge of Pillar I, which is adjusted for economically relevant aspects (including consideration of other risk-relevant items and the use of internal ratings).

Like credit risk, **equity investment** risk is also subject to value-based measurement using a loan portfolio model and credit value-at-risk as a risk measure.

The ECAP for **market price risk** is calculated on the basis of the VaR concept. Pillar II’s economic analysis takes account of interest risk of the banking book (consisting of the jointly analysed sub-risk types: interest risk, as well as tenor and cross-currency basis spread risks), foreign currency risk, credit spread risk for securities and interest rate volatility risk. The possible loss of present value or price is determined for each type of market price risk using VaR based on historical simulation. Ultimately, the ECAP is determined by total VaR, which takes into account breakdown effects<sup>2)</sup> between the various subtypes of market price risk.

<sup>2)</sup> The breakdown effect essentially contains the diversification between the ECAP requirements of the risk subtypes and the total ECAP requirement.

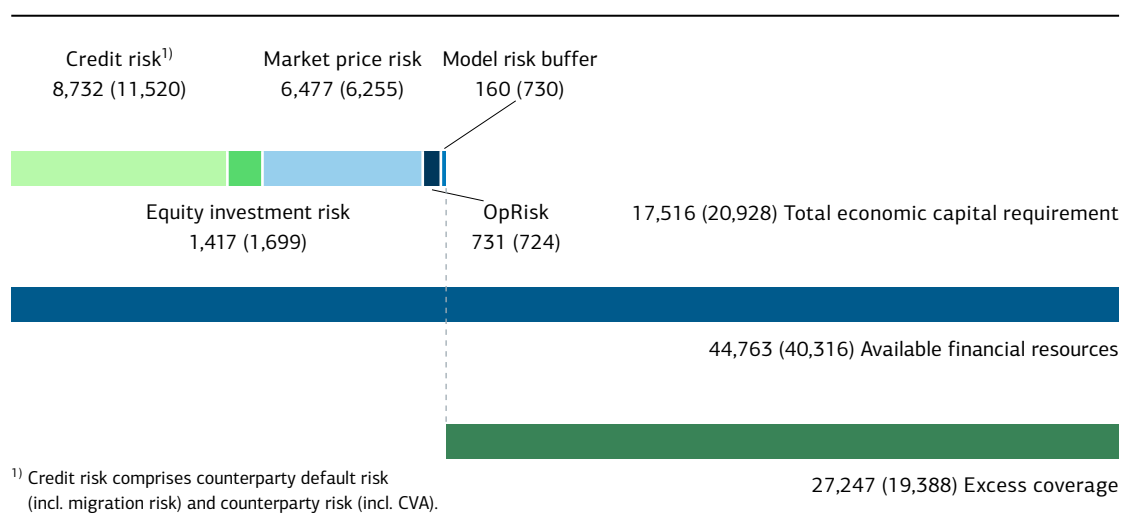
The ECAP for **operational risk** is calculated using an internal statistical model, which was derived from regulatory requirements for advanced measurement approaches. It takes a risk-sensitive approach to internal and external event data and risk scenarios. The capital requirement is calculated at group level, taking into account diversification effects, and then allocated to the business sectors and risk subtypes. Moreover, the measurement of the quality of operational risk management within the group can generate premiums that are then applied to the capital requirement.

In addition, a **model risk buffer** is applied to cover model weaknesses and foreseeable methodological changes in economic risk-bearing capacity, reviewed and adjusted quarterly and as necessary.

Using this method, the economic risk-bearing capacity as of 31 December 2025 satisfied a confidence level of 99.90%. The excess coverage of the available financial resources beyond the total capital requirement as of 31 December 2025 (EUR 27,247 million) increased compared to the previous year's figure (EUR 19,388 million). This is due in part to the reduction in ECAP, which is primarily attributable to a lower credit risk as a result of refinements in methodology. The increase in available financial resources due to the profit for the year and refinements in methodology is an additional factor.

### Economic risk-bearing capacity as of 31 December 2025

EUR in millions



In brackets: figures as of 31 December 2024

Each risk identification model represents a simplification of a complex reality and builds on the assumption that risk parameters observed in the past can be considered representative of the future. Not all possible inputs and their complex interactions can be identified and modelled for the risk development of a portfolio. This factor is addressed by including safety margins in the design of the model, and a supplementary model risk buffer in the calculation of economic risk-bearing capacity. This is one reason why KfW Group carries out stress tests with both credit risk models and market price risk models. The group continuously develops its risk models and processes in line with current banking regulations.

#### Stress and scenario calculations

To ensure the early indicator function and proactive focus of the ICAAP, the group monitors different adverse economic scenarios and their effects on economic and normative risk-bearing capacity on a quarterly basis. The results of these scenarios demonstrate the group's resilience and ability to act should one of them occur.

The baseline scenario for normative risk-bearing capacity includes projected business performance, expected consolidated comprehensive income, and other effects influencing risk-bearing capacity, such as foreseeable changes in the capital structure and methodological developments in risk measurement. It also takes into account the impact of expected economic developments on the earnings position and risk situation.

The downturn and stress scenarios for normative and economic risk-bearing capacity simulate adverse effects on earnings or AFR and changes in capital requirements of varying severity extending beyond the developments already expected as of the key date or in the baseline scenario. While the downturn scenario assumes a slight deterioration in economic conditions, the stress scenario simulates a prolonged, severe global recession. In both scenarios, KfW assumes an increase in credit and equity investment risks and losses. In these scenarios, the EUR and USD interest rates as well as the EUR-USD exchange rate are forecast to develop adversely in line with the economic situation. At the same time, it is assumed that increasing market uncertainties will lead to greater volatility in interest rates, currencies and credit spreads, which in terms of economic risk-bearing capacity may result in a rise in the ECAP for the corresponding types of risk. Losses from operational risk further reduce available capital.

The scenarios are based on standardised global economic forecasts updated on a quarterly basis. In 2025, the effects of intensified trade disputes and geopolitical tension and of weak economic growth in Germany were taken into account in KfW's regular stress calculations as key factors for the group's economic environment. The scenarios result in particular in deteriorations in credit quality for KfW's debtors and thus to increasing risk provisions and high capital requirements for the affected portfolio segments.

In addition to the regularly performed adverse scenarios, selected scenario stress tests were carried out in 2025 in light of the current geopolitical, climate policy and macroeconomic situation. The Executive Board selected the effects of a crisis of confidence in the banking sector, trade barriers due to protectionism and geopolitical fragmentation, and a debt crisis in developing countries and emerging economies, for the quarterly scenario stress tests on structural risks to KfW Group. The ad hoc scenario stress tests in 2025 focused on a possible sovereign debt crisis in western Europe and a geopolitical crisis in the Baltic region.

The stress testing methods for ESG risks were also further expanded in 2025. This expansion involved calculating a scenario on potential financial losses due to wildfire events to measure physical and transition climate risks in the portfolio, and preparing a scenario on the impact of rising carbon and energy prices (to be performed in the first quarter of 2026). In addition, a quarterly credit risk stress test is performed for the simultaneous assessment of physical and transition climate and environmental risks in the portfolio.

Besides the regularly simulated adverse scenarios and the different scenario stress tests, further stress tests, in particular risk type-specific stress tests and various sensitivity analyses, are also regularly carried out, taking concentration risks into account, to analyse the resilience of KfW's economic and normative risk-bearing capacity. In addition, the concentration and inverse stress tests are intended to determine the limits of KfW's risk-bearing capacity.

The results of the various stress and scenario calculations were presented to decision makers at KfW in a separate digital stress test report.

The group met the economic risk-bearing capacity requirements, including the confidence level of 99.90% in the scenarios analysed, as of all quarterly calculation dates in 2025. The regulatory capital ratios and the leverage ratio exceeded the threshold values defined for risk appetite at all times.

KfW's stress testing programme is subject to an annual adequacy assessment, the aim being to further enhance the stress tests and scenario calculations as a component of overall bank management in order to meet internal and regulatory requirements.

## Types of risk

### Credit risk

KfW Group is subject to credit risk in the context of its promotional mandate. Credit risk includes, in particular, counterparty default risk (including migration risk), as well as counterparty risk, including CVA risk.

The majority of final borrower default risks are borne by the on-lending institutions in the domestic promotional lending business. Due to the business model, this results in a large proportion of bank risks in the portfolio. Other main risks result from promotional activities in the area of start-up finance for small and medium-sized enterprises (SMEs). Particularly in these segments of domestic promotion, KfW Group bears the risk stemming from final borrowers. In addition, KfW Group faces risks in the business sectors Export and project finance as well as Promotion of developing countries and emerging economies.

Debtor level	Sovereigns	Banks	Enterprises	Other
Rating procedures (Probability of default)	– Country rating	– Bank rating	– Corporate rating – SME rating	– Special financing – Structured products – Retail – Start-up rating
	<b>Exposure at default</b>			
Business level	<b>Loss given default</b>			
Portfolio level	<b>Loan portfolio model</b>			

Validation and further development processes

Counterparty default risk<sup>3)</sup> is measured by estimating the probability of default (“PD”), the exposure at default (“EAD”) and the loss given default (“LGD”). The product of these three variables is the loss that can be expected, statistically, on average over many years.

KfW Group uses internal rating procedures to determine the probability of default for banks, countries, corporates, SMEs and start-ups. These procedures are based on scorecards<sup>4)</sup> and generally follow a uniform model architecture consisting of a machine rating, a checklist, a group logic and a manual override. Simulation and cash flow-based rating procedures are used for significant parts of special financing and structured products, some of which were licensed from an external provider. For structured products, tranche ratings are determined on the basis of the default pattern of the asset pool and the waterfall structure of the transactions. The existing small-ticket retail positions (e.g., in the area of education financing) are valued using an automated procedure set up specifically for this purpose. The rating procedures aim to predict the probability of default on a one-year basis. As a rule, the middle and back-office departments are responsible for preparing ratings for risk-bearing business. Ratings for these exposures are updated regularly, at least once per year. There are exceptions for loans below a threshold of EUR 10 million from the KfW special programmes in the context of the pandemic and the Russian war on Ukraine.

<sup>3)</sup> Also includes counterparty risk

<sup>4)</sup> A scorecard is a mathematical and statistical model and/or an expert knowledge-based model. The individual risk factors considered relevant for credit rating are converted into a score depending on their prevalence or value and weighted for aggregation.

Mapping the probability of default on a uniform master scale for the entire KfW Group facilitates a comparison of ratings from different rating procedures and business sectors. The master scale generally consists of 20 distinct classes which are divided into four groups: investment grade, non-investment grade, watch list and default. The range of default probabilities and the average default probability are defined for each class of the master scale. There are operating procedures specifying the responsibilities, competencies and control mechanisms associated with each rating procedure. External ratings are mapped to KfW Group's master scale to ensure the comparability of internal ratings with ratings of external rating agencies. The rating procedures are validated and further developed at regular intervals.

EAD and valuation of collateral influence the severity of loss. Collateral has a risk-mitigating effect in calculating LGD. In valuing acceptable collateral, the expected net revenue from collateral realisation in the case of loss is determined. Assignments made serve to reduce risk in the valuation of financing partners in the on-lending business. This takes into account the BRRD resolution mechanism, in accordance with which the secured liabilities of institutions under resolution are not to be included in the bail-in cascade. For tangible collateral, further haircuts are applied for expected changes in value, as well as devaluation resulting from depreciation. Depending on the availability of data, the various valuation procedures for individual types of collateral are based on internal and external historical data and on expert estimates. In the case of personal collateral, the collateralised portion is treated as a direct transaction with the collateral provider, i.e., the probability of default and the extent of the collateral provider's uncollateralised loss are applied. A risk principle for loan collateral regulates uniform management, valuation and recognition of collateral across KfW Group. In addition to net revenue from collateral realisation, the recovery rate for uncollateralised exposure amounts is also an important component in determining LGD. The collateral valuation procedure and the procedure for estimating the EAD and LGD are also subject to validation and further developed as needed, with new regulatory requirements also addressed.

Counterparty risks (including CVA risk)<sup>5)</sup> arise for KfW in connection with derivative transactions when hedging interest and currency risks. Derivative transactions involve the risk of changes in value (counterparty risks including CVA risk), which can be caused by a change in the credit quality of the counterparty (credit risk including default risk), a change in the absolute price of the derivative (market price risk) or a combination of the two.

KfW Group has limit management systems, risk guidelines and various portfolio guidelines to limit risks from new business. This suite of risk management instruments forms the basis for the second vote on lending transactions, serves as an orientation guide for loan approvals and has the function of ensuring the appropriate quality and risk structure of KfW Group's portfolio while taking into account the special nature of KfW Group's promotional business. At KfW, Group Risk Management casts the second vote at single exposure level. KfW IPEX-Bank, KfW Capital and DEG each issue their own second vote independent of the front office. The relevant lending decision-making processes are structured with a view to risk. Lending transactions require a second vote depending on the type, scope of the risk content and complexity of the transaction. The qualification levels for approval of new business depend on rating, collateralisation or net exposure and total commitments to the group of connected customers. Approval of the responsible supervisory body is also required for individual transactions from pre-defined thresholds.

The portfolio guidelines distinguish between different types of counterparties and product variants and define the conditions under which business transactions may be conducted. In addition, risk guidelines for countries, sectors and products are defined in order to react to existing or potential negative developments with specific requirements for lending. The limit management systems ultimately track both credit rating-dependent individual counterparty risk (counterparty limits) and risk concentrations (concentration limits). Counterparty limits serve to fine-tune the counterparty-specific management of credit default risk. Concentration limits serve to restrict risk concentrations in the loan portfolio and thus to prevent major individual losses. Due to KfW's business model, there is a significant concentration in credit risks, as well as in the financial sector.

<sup>5)</sup> See section on "Economic risk-bearing capacity" for measurement of the ECAP for credit risks.

Existing higher-risk exposures are divided into a watch list and a list for non-performing loans. The watch list serves to identify potential problem loans early. This watch-list process involves regularly reviewing and documenting the economic situation, the particular borrower's market environment and the collateral provided, and formulating and deciding proposals for remedial action as needed – particularly proposals for risk-limiting measures. Operational responsibility for non-performing loans, and also to a large extent for watch-list exposures<sup>6)</sup>, lies with restructuring units, to ensure involvement of specialists, intensive support and professional management of problematic loans. The objective of this system is to achieve recovery of a loan through restructuring, reorganisation and workout arrangements. If the business partner is deemed incapable of or unsuitable for restructuring, the priority becomes optimum realisation of the asset and the related collateral. The Restructuring division is responsible for non-performing loans in the KfW portfolio and for providing intensive support to banks and higher volume loans with a risk amount greater than EUR 1 million. The Operations department is responsible for supporting retail business. Rules with differing details apply for the special programmes for coronavirus aid, which are fully backed by a federal guarantee. KfW IPEX-Bank's non-performing loans and exposures under intensive support, including KfW and DEG's trust activities, are managed directly by each subsidiary. Internal interface regulations are in place in the relevant business sectors to ensure control of responsibilities and allocation. Restructuring also cooperates with the front-office departments and the central Legal Affairs department.

In the event of a crisis in the banking sector, KfW must be able to act without delay both in-house and externally. A crisis plan for banks is in place for this purpose. It primarily provides for the establishment of a dedicated working group under the direction of the Credit Risk Management department and immediate loss analysis so that the necessary next steps can be implemented quickly.

### Information on default risk and default risk concentrations (gross carrying amounts) as of 31 December 2025 – amortised cost

		Loans and advances to banks			Loans and advances to customers		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	266,391	0	0	48,856	46	0
	M5–M8 rating	55,060	0	0	44,324	100	0
Non-investment grade	M9–M15 rating	11,158	17	0	36,735	1,405	0
Watch list	M16–M18 rating	1,018	1,029	0	1,587	3,106	0
Default	M19–M20 rating	0	0	1,067	0	0	3,964
<b>Total</b>		<b>333,627</b>	<b>1,047</b>	<b>1,067</b>	<b>131,502</b>	<b>4,657</b>	<b>3,964</b>

		Securities and investments			Off-balance sheet transactions		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	30,811	0	0	89,299	0	0
	M5–M8 rating	6,508	0	0	29,350	26	0
Non-investment grade	M9–M15 rating	405	0	0	18,670	520	0
Watch list	M16–M18 rating	0	22	0	531	1,158	0
Default	M19–M20 rating	0	0	0	0	0	382
<b>Total</b>		<b>37,724</b>	<b>22</b>	<b>0</b>	<b>137,850</b>	<b>1,704</b>	<b>382</b>

<sup>6)</sup> The assumption of responsibility for watch-list cases at KfW IPEX-Bank is decided on a case-by-case basis by Risk Management in consultation with the unit responsible for restructuring.

**Information on default risk and default risk concentrations (gross carrying amounts)  
as of 31 December 2024 – amortised cost**

		Loans and advances to banks			Loans and advances to customers		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	245,839	0	0	48,896	80	0
	M5–M8 rating	55,777	0	0	45,627	0	0
Non-investment grade	M9–M15 rating	13,968	11	0	40,194	1,009	0
Watch list	M16–M18 rating	2,524	1,212	0	3,349	2,626	0
Default	M19–M20 rating	0	0	1,196	0	0	4,193
<b>Total</b>		<b>318,108</b>	<b>1,223</b>	<b>1,196</b>	<b>138,066</b>	<b>3,714</b>	<b>4,193</b>

		Securities and investments			Off-balance sheet transactions		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	31,195	83	0	83,260	59	0
	M5–M8 rating	6,341	0	0	36,776	0	0
Non-investment grade	M9–M15 rating	347	0	0	19,777	260	0
Watch list	M16–M18 rating	24	0	0	663	1,003	0
Default	M19–M20 rating	0	0	0	0	0	283
<b>Total</b>		<b>37,907</b>	<b>83</b>	<b>0</b>	<b>140,475</b>	<b>1,322</b>	<b>283</b>

### Credit risks and related credit protection of financial instruments measured at amortised cost as of 31 December 2025

	Maximum risk of default <sup>1)</sup>	Maximum risk of default stage 3	Risk mitigation from collateral stage 3	
			tangible	personal
			EUR in millions	EUR in millions
Loans and advances to banks	335,625	1,013	0	949
Loans and advances to customers	138,351	2,629	45	1,809
Securities and investments	37,734	0	0	0
Off-balance sheet transactions	139,858	346	0	25
<b>Total</b>	<b>651,568</b>	<b>3,988</b>	<b>45</b>	<b>2,783</b>

<sup>1)</sup> Net carrying amount, excluding collateral and other credit enhancements

### Credit risks and related credit protection of financial instruments measured at amortised cost as of 31 December 2024

	Maximum risk of default <sup>1)</sup>	Maximum risk of default stage 3	Risk mitigation from collateral stage 3	
			tangible	personal
			EUR in millions	EUR in millions
Loans and advances to banks	320,406	1,144	9	1,106
Loans and advances to customers	144,278	2,917	54	2,297
Securities and investments	37,982	0	0	0
Off-balance sheet transactions	142,006	235	0	26
<b>Total</b>	<b>644,672</b>	<b>4,297</b>	<b>62</b>	<b>3,428</b>

<sup>1)</sup> Net carrying amount, excluding collateral and other credit enhancements

A large part of the personal collateral of the financial instruments classified as stage 3 comprises federal guarantees and credit insurance. Tangible collateral for financial instruments classified as stage 3 primarily consists of aircraft mortgages.

As a rule, the collateral for financial instruments measured at fair value relates almost entirely to the collateral for financial derivatives.

There were no significant changes to the quality/collateralisation policy and no financial instruments for which no impairments were recognised at all due to tangible collateral.

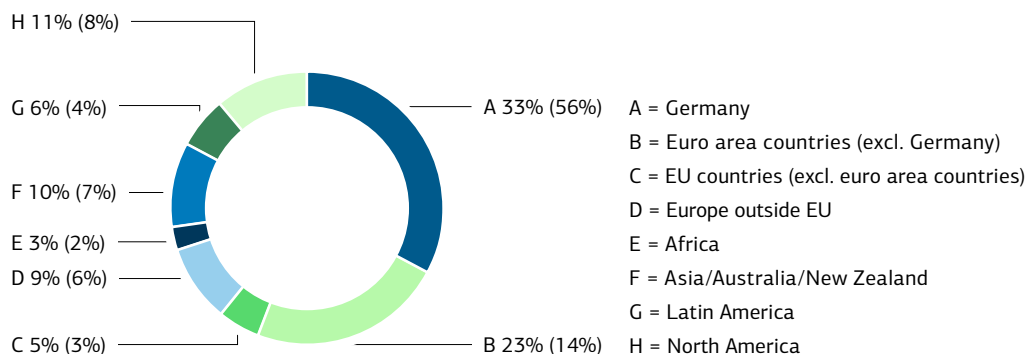
KfW Group did not take possession of any assets held as collateral nor had any assets held as collateral been taken possession of in 2025.

### Portfolio structure

The interaction of the risks associated with the individual exposures in KfW Group’s loan portfolio<sup>7)</sup> is assessed based on an internal portfolio model. Concentrations of individual borrowers or groups of borrowers give rise to a risk of major losses that could jeopardise KfW Group’s existence. On the basis of the economic capital concept, the Risk Controlling department measures risk concentrations by individual borrower, sector and country. Risk concentrations are primarily reflected in the ECAP. The results of these measurements form the main basis for managing the loan portfolio.

### ECAP by region

31 December 2025 (31 Dec. 2024)

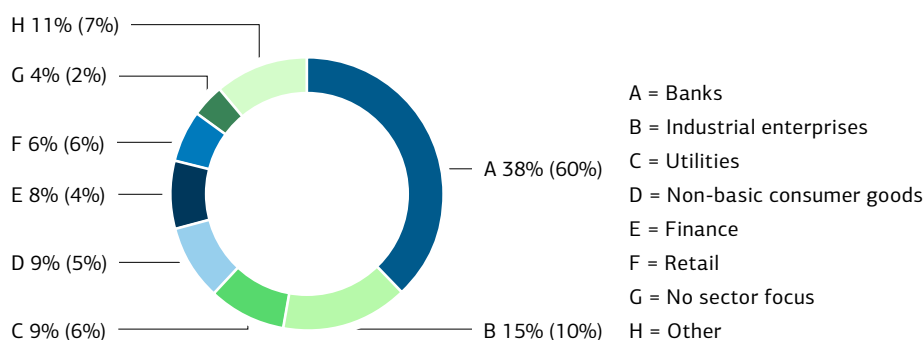


### Regions

As of 31 December 2025, 56% of KfW Group’s loan portfolio in terms of ECAP was attributable to the euro area, including Germany (31 Dec. 2024: 70%). The revision of the risk model for collateralised on-lending business described in the “Current developments” section resulted in a significant decline in the ECAP in Germany and thus in the overall portfolio. This in turn caused the relative share of other regions in the portfolio to rise. This effect was exacerbated in the euro area (excluding Germany) by the expansion of the liquidity portfolio.

### ECAP by sector

31 December 2025 (31 Dec. 2024)



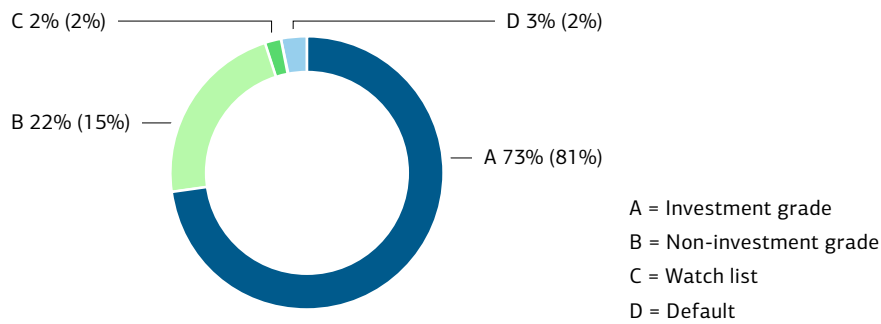
### Sectors

The significant share of the total capital requirement for credit risk attributable to banks is due to KfW Group’s promotional mandate. By far the greatest portion of KfW Group’s domestic promotional business consists of loans on-lent through commercial banks. This concentration was significantly reduced through the aforementioned revision of the risk model. As a result, the banks’ share of ECAP declined to 38% overall (31 Dec. 2024: 60%).

Note: Prior year figures for utilities (5% to 6%) and non-essential consumer goods (6% to 5%) have been corrected.

<sup>7)</sup> The loan portfolio includes loans as well as securities and investments in performing business. The non-performing portfolio is only included in the presentation of credit quality.

**Credit quality by net exposure**  
31 December 2025 (31 Dec. 2024)



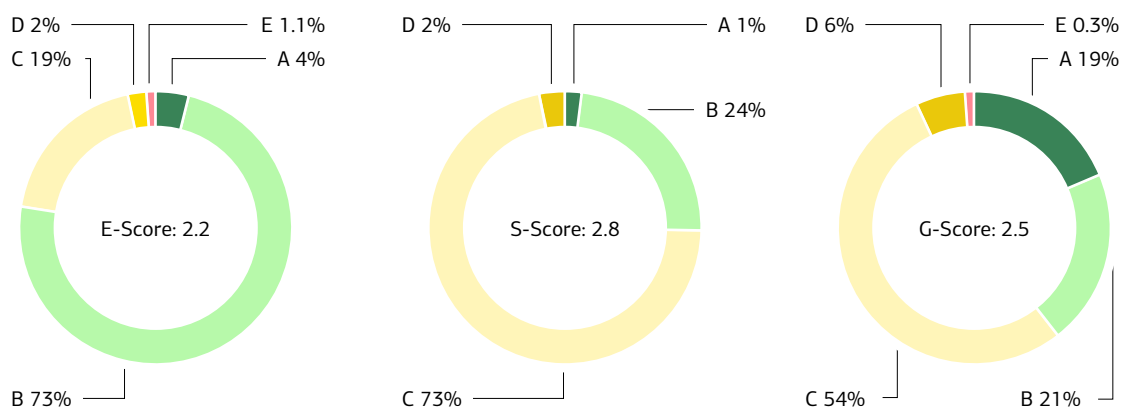
**Credit quality**

As credit quality is a major factor influencing ECAP, analysing credit quality structure involves examining the distribution of net exposure<sup>8)</sup> by credit quality category. The aforementioned revision of the risk model resulted in a significant reduction in investment grade net exposure, and thus in total net exposure. This caused an increase in the share of the other rating classes in the credit rating distribution even though no substantive developments could be identified.

**Overview of ESG credit risks**

The ESG risk assessment of the group’s loan portfolio is very stable year on year and shows that the majority of the KfW portfolio has low or moderate E, S and G risks. Financial institutions with a low risk rating for environmental and governance account for a large proportion of the volume assessed. In the social risk ratings, the financial institutions achieved a moderate risk rating overall based on assessments corresponding to data security and protection of customer privacy.

**Average E, S and G scores with scale values**  
Share of assessed net exposure as of 31 December 2025

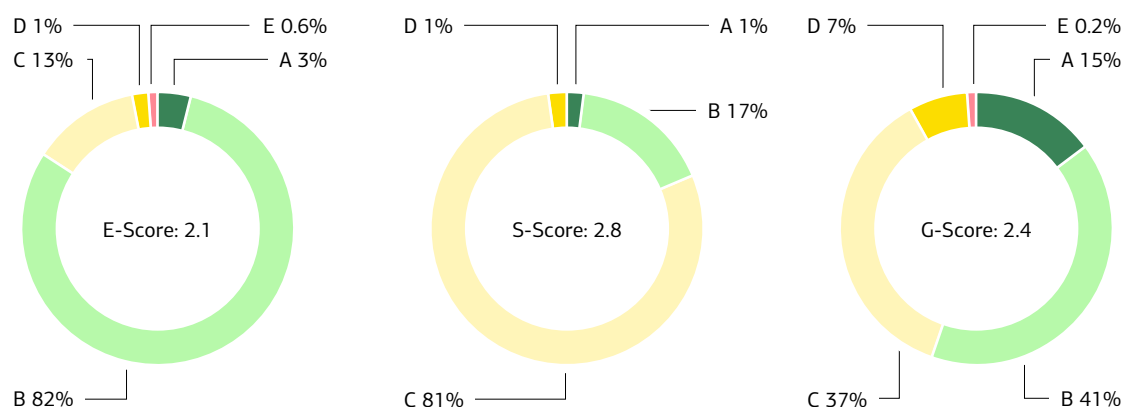


**ESG risk rating / scale values**

A = Very low    B = Low    C = Moderate    D = Elevated    E = High    F = Very high

<sup>8)</sup> Net exposure is the economic loss that could potentially occur in the event of an economic or political default event.

### Average E, S and G scores with scale values Share of assessed net exposure as of 31 December 2024



#### ESG risk rating / scale values

A = Very low    B = Low    C = Moderate    D = Elevated    E = High    F = Very high

Net exposure weighted score distribution based on the KfW Group portfolio use of the ESG risk profile resulted in a very high coverage rate overall with few justified exceptions (primarily private households).

#### Securities-based securitisations in KfW Group's portfolio

Securitisations had a par value of around EUR 7.3 billion as of 31 December 2025. Accounting for the mark-to-market valuation of the securities reported at fair value and impairments, the portfolio had a book value (including pro rata interest) of around EUR 7.3 billion. The following tables present the composition of the securitisation portfolio by asset class, rating grade and geographical distribution.

#### Geographical breakdown of the underlying asset pool (based on par value)

	31 Dec. 2025	31 Dec. 2024
	%	%
Germany	56.5	55.9
Western/Central Europe	33.0	42.5
Southern Europe	7.8	0.3
Northern Europe	2.7	1.3

#### Exposure based on par values

	ABCP	Auto-ABS <sup>1)</sup>	RMBS	Other securitisations	Total as of 31 Dec. 2025	Total as of 31 Dec. 2024
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	3,595	2,991	391	342	7,319	6,790
Non-investment grade	0	0	0	0	0	0
Watch list	0	0	0	0	0	0
Default	0	0	0	7	7	7
	<b>3,595</b>	<b>2,991</b>	<b>391</b>	<b>349</b>	<b>7,326</b>	<b>6,797</b>

<sup>1)</sup> Auto ABS are based on receivables from automotive financing agreements.

The portfolio volume increased compared to the volume of 31 December 2024 (by a nominal value around EUR 0.5 billion). This increase related solely to the investment grade portfolio. In terms of the geographical breakdown of the underlying asset pool, the entire portfolio remains fully attributable to Europe, with Germany accounting for the lion's share.

### **Equity investment risk**

In managing group equity investment risks, the group differentiates between risks from equity investments at operational level and strategic equity investments:

#### ***Equity investments (operational level)***

Undertaking equity investments at an operational level is part of the group's promotional mandate. Accordingly, equity investments are made in connection with domestic and European investment financing and in the business sectors KfW Development Bank, DEG and Export and project finance, and KfW Capital. KfW's group-wide basic rules for equity investments at an operational level are set out in general guidelines. Specific rules tailored to certain segments of equity investments are also set out in portfolio guidelines or working instructions. Risks are measured at individual loan commitment level for operational equity investments using rating procedures specified for this purpose, which are allocated to the respective rating objects in accordance with the procedural rules. Equity investment portfolio risks are monitored monthly in the group risk report.

#### ***Strategic equity investments***

Strategic equity investments support KfW's mandate of providing an efficient and sustainable promotional offering. In addition to reinforcing and expanding core competencies, the focus of this investment type is on complementing KfW's business sector (Article 2 (3) of the KfW Law [related transactions]). Strategic equity investments normally have a long-term holding period. KfW also makes strategic equity investments in accordance with Article 2 (4) of the KfW Law (mandated transactions). The Federal Government mandates such equity investments to KfW on a case by case basis because the Federal Republic of Germany has a state interest in them.

Dedicated organisational units are responsible for strategic equity investments based on an equity investment manual that describes legal bases, strategies, principles, procedures and responsibilities of equity investment management. Acquisitions and disposals of, and changes to, strategic equity investments are subject to defined processes as well as authorisation by the Executive Board and, in the cases covered under the KfW Bylaws, authorisation by the Board of Supervisory Directors. Moreover, KfW's acquisition of a strategic equity investment in excess of 25%, creating or increasing such an equity investment or fully disposing of it requires authorisation by the Federal Ministry of Finance in accordance with Section 65 (3) of the Federal Budget Code (*Bundshaushaltsordnung*). The strategic equity investments and their individual risks are monitored. Reports on the strategic equity investments are prepared on a quarterly basis and, if necessary, on an ad hoc basis and are addressed to the Executive Board by the General Secretariat. The equity investment strategies to be tailored individually and in line with the business strategy address, among other things, the grounds for each investment in accordance with promotional policy; the commercial impact; the holding period and exit strategies. Equity investment strategies are updated on an annual basis. Moreover, the group is normally represented in the supervisory bodies of its strategic equity investments. Mandated transactions, that is, those executed in the interest of, on the instruction of and at the risk of the Federal Government may deviate from these provisions. Information is provided on the group's strategic equity investments at least once a quarter in the risk report.

As of 31 December 2025, the group's equity investment portfolio consisted of fund investments of KfW Capital with an ECAP of EUR 282 million (31 Dec. 2024: EUR 344 million), equity investments of DEG including promotional business with an ECAP of EUR 652 million (31 Dec. 2024: EUR 802 million), and other promotional business (ECAP: EUR 483 million; 31 Dec. 2024: EUR 553 million).

The EUR 283 million decrease in the capital requirement compared to the previous year is due primarily to an adjusted valuation method.

### Market price risk

KfW Group primarily measures and manages market price risk on a present-value basis. The drivers of market price risk are interest risk (consisting of the jointly analysed risk subtypes interest risk, tenor and cross-currency basis spread risk), interest rate volatility risk, foreign currency risk and sector-specific spreads for positions with credit spread risk.

Market price risk within the group required a total of EUR 6.48 billion in economic capital as of 31 December 2025. This is EUR 0.22 billion more than the previous year. The expansion of the strategic interest rate risk position along with volatile markets (particularly in credit spread risk) have increased market price risk overall. Credit spread risk also rose due to an adjusted valuation method (exclusion of credit spreads in the measurement of pension provisions). The change in reference curve from the 6M EURIBOR to the ESTR swap curve caused a year-on-year increase in tenor basis spread risk in interest risk.

### Economic capital requirement for market price risk

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Interest risk	6,328	6,147
Interest risk	6,495	6,078
Tenor basis spread risk	961	403
Cross-currency basis spread risk	397	520
Breakdown effect	-1,525	-855
Interest rate volatility risk	65	162
Foreign currency risk	596	703
Credit spread risk	876	731
Breakdown effect	-1,387	-1,488
<b>Market price risk</b>	<b>6,477</b>	<b>6,255</b>

### Value-at-risk approach

The ECAP for the market price risk is calculated based on the VaR model of the historical simulation. The risk is calculated taking account of diversification effects between the risk subtypes. The possible loss of present value is determined based on the historical simulation. The model consists of two components – a reactive short-term and a conservative long-term component. The reactive component is based on a historical simulation over a one-year market data history (250 scenarios) and thus in particular reflects current market events. The conservative component is based on a historical simulation over a five-year period selected from a long-term history, which includes stress periods and thus incorporates a long-term perspective.

The ECAP for market price risk and risk subtypes is calculated from the maximum of the two components, based on a holding period of one year and a confidence level of 99.9%.

VaR indicators are determined for each of the following subtypes of market price risk: interest risk (further broken down into the risk of changes in the interest rate, tenor and cross-currency basis spread risks), foreign currency risk, interest rate volatility risk and credit spread risk. The total VaR is also calculated, taking account of breakdown effects between the aforementioned risk subtypes. The total VaR, interest risk, interest rate volatility risk, credit spread risk and foreign currency risk are limited.

### Interest risk

Yield curve grid points serve as the basis for historical simulation to quantify interest risks. These implicitly include interest risk as well as tenor and cross-currency basis spread risks. By contrast, interest rate volatility and credit spread risks are not included in interest risk, but are modelled separately and reported using their own key VaR indicators. The capital requirement for interest risk increased by EUR 181 million to EUR 6,328 million as of 31 December 2025.

**Interest rate volatility risk**

Implied volatilities are used as risk factors to determine the interest rate volatility risk. These are applied in modelling interest rate options (e.g., floors in the variable-rate lending business). The ECAP for these risks is calculated in the same way as for other sub-types of risk, using historical simulation; see above, "Value-at-risk approach". The ECAP requirement for interest rate volatility risk is not permitted to exceed the present value of the corresponding interest rate options held by KfW. The capital requirement for interest rate volatility risk was EUR 65 million as of 31 December 2025.

**Foreign currency risk**

The ECAP for foreign currency positions is also calculated using historical simulation. The capital requirement for foreign currency risk stood at EUR 596 million as of 31 December 2025.

**Credit spread risk**

This risk is mainly determined by the securities portfolio. The ECAP requirement for this risk type is calculated in the same way as for other risk types, using historical simulation. The ECAP requirement for credit spread risk as of 31 December 2025 was EUR 876 million. Credit spread risk rose by EUR 145 million year on year due to the exclusion of credit spreads in the present value measurement of pension provisions.

**Stress testing**

In addition to the calculation of the ECAP requirement based on the VaR model of historical simulation, the effects of extreme market situations on the present value and VaR target variables are determined by means of stress tests.

**Market price risks IRRBB and CSRBB with regard to earnings**

In addition to present-value measurement of market price risk, interest rate-induced risks are measured with regard to the bank's periodic earnings. The earnings-oriented interest risk (IRRBB) comprises market interest rate-induced fluctuations in net interest income, referred to as delta net interest income ("delta NII"). The delta NII is influenced by the strategic interest rate risk position and effects in the variable banking book (interest book). Measurement and monitoring is based on a dynamic simulation model with the change between the planned base case and the scenarios specified by the European Banking Authority calculated as the delta NII. The interest risk also manifests itself in market interest rate-induced fluctuations in the measurement of pension provisions, referred to as delta other comprehensive income ("delta OCI"), which is recognised directly in equity. As of 31 December 2025, the worst-case scenario was EUR -243 million in delta NII and EUR -617 million in delta OCI.

The earnings-oriented credit spread risk (CSRBB) monitors existing or future risk to earnings arising from unfavourable credit spread movements in two components: the funding cost risk from changes in KfW's own credit spread as delta NII, and the credit spread risk from the remeasurement of pension provisions as delta OCI, which is not recognised in the income statement. As of 31 December 2025, the worst-case scenario was EUR -420 million in delta NII and EUR -271 million in delta OCI.

**Liquidity risk**

Liquidity risk in the narrower sense (synonymous with insolvency risk) is the risk of a lack of liquidity on the part of an institution or market. The liquidity gap creates the risk that payment obligations cannot be met, cannot be met on time or cannot be met in full.

The primary objective of liquidity management is to ensure that KfW Group is capable of meeting its payment obligations at all times. KfW is available as a contractual partner for all commercial transactions of its subsidiaries, particularly for their funding. For this reason, the liquidity requirements of the subsidiaries are included both in KfW Group's funding plans and in the liquidity maintenance strategy.

Liquidity risk is measured on the basis of economic scenario analyses. Moreover, maximum liquidity gap limits (outflows on a monthly and yearly basis) and the difference between the average residual maturity of inflows and outflows (maturity gap) are monitored. On the basis of the KfW Law, KfW's liquidity risks are limited by the utilisation threshold in accordance with Article 4 of the KfW Law. The utilisation threshold compares current and non-current liabilities and must not exceed 10%. Internal indicators relating to the liquidity situation are based on excess EUR coverage in stress scenarios of differing severity. No capital is currently allocated as part of calculating risk-bearing capacity.

### Internal liquidity adequacy assessment process

The internal liquidity adequacy assessment process (“ILAAP”) principle describes the management and monitoring of KfW Group’s liquidity risk position. The procedure established by the institution serves to identify, measure, manage and monitor liquidity. The aim of the ILAAP is to ensure liquidity and avoid liquidity bottlenecks. It also assesses internal governance and institution-wide controls.

Insolvency risks are mainly limited through economic liquidity risk ratios and limits for liquidity gaps. The aim of the liquidity risk strategy is to preserve the ability to meet payment obligations at all times and when due, even in stress scenarios.

The approach to measuring liquidity risk has been refined. On this basis, there was a transition in 2025 from a ratio as liquidity risk indicator to minimum excess coverage measured in euros. The indicator is determined using stress scenario narratives that show market-wide and/or institution-specific crises using stressed risk factors. Minimum excess coverage is based on the worst-case scenario for liquidity, “Combined stress”, and is defined as the lowest net liquidity in an observation period of three months. Internal liquidity risk measurement is based on the scenario calculations described. This approach first analyses the expected inflow and total outflow of payments for the next 12 months based on business already concluded. This baseline cash flow is then supplemented by planned and estimated payments (e.g., borrowings from the capital market, expected liquidity-related loan defaults or planned new business). The result provides an overview of the liquidity required by KfW Group over the next twelve months. The liquidity required is calculated for different scenarios. In this respect, market-wide and institution-specific risk factors are stressed, and an evaluation is made of the impact on KfW Group’s liquidity. Parallel to the above approach, KfW Group also determines the available liquidity potential, which largely comprises KfW’s account with the Bundesbank, repurchase agreement assets and the liquidity portfolio. The funding matrix based on the cumulative liquidity requirement and the available liquidity potential is measured as an EUR value for every scenario. The resulting excess coverage or shortfall indicates directly whether there are enough funds available to cover funding requirements, and must not be below zero.

The indicators are calculated and reported to the Market Price Risk Committee on a monthly basis<sup>9)</sup>. The following table presents the risk indicators for the scenarios as of 31 December 2025:

### KfW liquidity risk indicators

	<b>31 Dec. 2025</b>
	<b>Minimum excess coverage (EUR in billions)</b>
Market-wide stress	65.61
Institution-specific stress	47.98
Combined stress	39.31

(Prior-year figures not provided due to refinement of liquidity risk model/ transition to excess coverage)

KfW continued to support the energy sector through the extension of loans on behalf of the Federal Government in 2025. This funding requirement was addressed through a refinancing facility via the Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*) and liquidity coverage potential provided by the German Finance Agency in the form of ECB-eligible German government securities.

<sup>9)</sup> The minimum excess coverage with a short-term observation horizon of one month is also reported on a weekly basis to the CRO and other selected recipients.

### **Current funding environment**

In a capital market environment once again characterised by many political uncertainties, KfW generated a total issue volume (net proceeds) of EUR 71.0 billion on the international capital markets in financial year 2025 (2024: EUR 78.1 billion). There were 164 individual transactions (2024: 145). KfW issued bonds in ten different currencies, with around 82% of long-term borrowing taking place in the two main funding currencies – euros (around 58%; 2024: 62%) and US dollars (around 24%; 2024: 25%).

KfW issues commercial paper (CP) with maturities of up to one year on the money market through two CP programmes. The outstanding volume of the Multi-Currency Commercial Paper programme designed for global investors amounted to EUR 41.1 billion as of the 31 December 2025 reporting date (31 Dec. 2024: EUR 23.1 billion). At 127 days, the average term of the issues under the Multi-Currency Commercial Paper programme was longer in 2025 than in the previous year (113 days). The outstanding volume of the US Commercial Paper (USCP) programme was USD 15.6 billion as of the 31 December 2025 reporting date (31 Dec. 2024: USD 9.3 billion). At 78 days, the average term of the issues under the USCP programme was also longer in 2025 than in the previous year (53 days).

### **Model risk**

KfW employs models as an essential component for risk measurement and capital management, for calculating the effects of stress tests, and more generally for model-based business management overall. Using models means there are model risks, which can affect other types of risk such as credit or market price risk. Model risk was therefore once again identified as a material overarching risk in the 2025 risk inventory, since direct and considerable impacts on net assets, earnings position or liquidity can arise from weaknesses or errors at both model and model interaction level. Identifying and managing model risks is aimed at ensuring adequate control of model risks and timely and risk-oriented elimination or compensation of (systematic) model weaknesses that have been identified, particularly through independent validation, and at promoting an appropriate risk culture for dealing with models. Model risk is compensated by capital buffers in the economic risk-bearing capacity and individual adjustments at the model level, such as valuation reserves and manual adjustments, or by taking margin of conservatism premiums into account in model parameterisation. The annual model risk report gives the KfW Executive Board an overview of the entire model landscape with further details of the models in focus, as well as a general assessment of model risks at KfW. The ongoing management of model risks is carried out both through active performance of the individual model roles and through discussions and decisions in the risk committee meetings that regularly take place.

### **Operational risk**

In accordance with Article 4 (1) no. 52 of the CRR, the group defines operational risk as the negative impact on net assets (including capital adequacy), earnings position or liquidity that can result from inadequate or failed internal processes, people and systems or from external events. Operational risks are monitored by a central Risk Controlling unit. The methodology behind the models and procedures used for measurement and monitoring is adjusted on a regular basis. This definition also includes legal risks, but excludes project risks and reputational risks. In addition, the operational risk subtypes are monitored by specialised second line of defence units.

According to the 2025 risk inventory, the “compliance risk” and “information security risk” subtypes are classed as material.

The aim of management and control of operational risk is the proactive identification and averting of potential losses for the group, i.e., to make emergencies and crises manageable and to secure the group’s structural ability to remain operational even in the event of loss of key resources.

Management of risks is decentralised and performed within the business sectors and subsidiaries by the respective directors or members of management, who are supported by the respective sector coordinators for OpRisk and BCM. Risks are monitored and communicated group-wide by the Non-Financial Risk department; individual institution level management is performed in the respective units of each subsidiary. These staff develop the relevant methods and instruments for identifying and assessing risks and monitor their group-wide uniform application. The model for calculating the economic risk resulting from operational risks is also validated by the Risk Controlling department.

Events and near misses in the group are recorded in an OpRisk event database and updated when changes or developments occur. There is regular target group-appropriate reporting on the recorded loss events and any measures initiated as a result. The Executive Board, the Board of Supervisory Directors and the Non-Financial Risk Committee are briefed monthly or quarterly as part of internal risk reporting. Ad hoc reports are also made if a loss exceeds a certain level.

In addition, potential operational risks are identified based on risk scenarios that are collected from across the group. Operational risks are evaluated on the basis of expert assessments in combination with internal and external loss events as well as internal data (e.g., transactions), which are backed by a distribution assumption for loss frequency and loss amount. The results of the annual risk assessment and the calculated risk scenarios are reported to the Non-Financial Risk Committee and the Executive Board. As part of the risk assessment, the business areas check the implementation of additional risk-mitigating measures (e.g., checks as part of the internal control system – “ICS”).

Where adequate monitoring of operational risks using metrics is possible, risk indicators are used. Compliance with centrally prescribed risk-mitigating requirements (e.g., training course participation, deadlines, escalation procedures) is monitored by the overarching Controlling function using business area-specific OpRisk information dashboards to ensure escalation across all levels up to the Executive Board in the event of non-compliance.

The 2025 risk assessment was carried out from April to December 2025.

ICT risk is of particular importance due to the central role played by information and communication technologies (“ICT”) in digital operational resilience. The largest ICT risks arise from adjustments to ICT systems (e.g., programming errors and resulting disruptions to payment transactions) and unauthorised access to systems (e.g., cyberattacks). Safeguarding digital operation resilience, i.e., the ability to ensure KfW’s operational reliability even in the event of disruptions, requires overarching management and control of the ICT risk affecting various risk (sub)types. Specific ICT requirements of ICT-relevant functions are defined to this end, which address the provisions of DORA.

#### **Information security risk**

Information security risk (“IS risk”) refers to the uncertainty involved in achieving the respective protection targets (confidentiality, integrity and availability) of information assets and the resulting potential adverse effect on the group’s net assets (including capital adequacy), earnings position or liquidity. An IS risk occurs precisely when a threat (e.g., a cyberattack) is accompanied by a vulnerability (e.g., planned protection measures that have not been implemented). Target security requirements for information assets are being derived from regulatory and statutory requirements, the requirements of the ISO 27001/2 standards, security audits and IS incidents, and defined as topic-specific security requirements. These requirements form the basis for a target/actual comparison. Target requirements to achieve the desired security level, and thus also the mandatory security requirements, may differ for each protection target (confidentiality, integrity and availability). Differences in the target/actual comparison are assessed in a risk analysis and dealt with accordingly.

#### **Compliance risk**

Compliance risk is defined as the risk of legal or regulatory sanctions or negative effects on net assets (including capital adequacy), earnings position or liquidity arising from non-compliance with external or internal requirements, voluntary commitments or legal regulations, which contribute to the following aspects of operational compliance:

- fraud and corruption risk; risk of criminal activities,
- securities compliance and conflict of interest risk in provision of investment services,
- money laundering/terrorist financing risk,
- risk of breaching embargoes or sanctions,

or which fall under the overall process of compliance with minimum requirements for risk management (*Mindestanforderungen an das Risikomanagement* – “MaRisk”) as published by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “BaFin”), in accordance with MaRisk

AT 4.4.2. The processes for identifying, assessing, controlling and monitoring compliance risk, including the aspects listed above, are part of the Compliance Management Framework (“CMF”). This includes minimum requirements both for implementing regulatory requirements and for ensuring appropriate group-wide risk management. Under the CMF, the Compliance department acts as a second line of defence to ensure that risks of material rule violations are identified promptly and mitigated.

### **Reputational risk**

Reputational risk is the risk that public perception of the group from the point of view of the relevant internal and external stakeholders will deteriorate for the long term with a negative impact on KfW Group. This negative impact could lead to a decrease in KfW Group’s net assets, earnings or liquidity (e.g. a decline in new business) or may be of a non-monetary nature (e.g. difficulty in recruiting new staff). Reputational risk may arise as a consequence of other types of risk, or independently.

Reputational risk is categorised as a non-material risk type in the risk inventory. Due to KfW’s special role and business model, this risk type is nevertheless of particular importance, which is why its treatment is essentially unchanged throughout the risk management cycle.

Reputational risks are managed based on qualitative criteria. This reflects both stakeholders’ expectations and the bank’s self-image of adhering to all relevant ethical, governance, environmental and compliance standards. In recent years, an internal method was developed to incorporate reputational risk into the decision-making process for financing and investments based on uniform standards; this method is gradually being rolled out in the KfW Group entities.

Moreover, as part of risk identification, the central reputational risk control function coordinates qualitative reputational risk assessment and creates a risk profile outlining the group’s greatest reputational risks relating to the bank’s most important stakeholders. In addition, reputational risk events that have occurred are reported on an ongoing basis.

### **Additional internal control procedures**

#### **Process-integrated internal control system (ICS)**

The aim of KfW Group’s ICS is to use suitable principles, measures and procedures to ensure the effectiveness and profitability of business activities, compliance with the legal requirements applicable to KfW Group, the accuracy and reliability of external and internal accounting, and the protection of assets. There are group-wide ICS rules as well as binding group-wide minimum requirements of the ICS. KfW Group’s ICS is based on the relevant legal (bank regulatory) requirements<sup>10)</sup>, in particular those set forth in the KWG and MaRisk, and the standard market ICS framework, such as the COSO model<sup>11)</sup>. The KfW Executive Board holds overall responsibility for the group’s ICS. The respective company management of the subsidiaries KfW IPEX-Bank, KfW Capital and DEG holds overall ICS responsibility. Design and implementation at the different corporate levels are the responsibility of the relevant managers according to the organisational structure. Procedural rules form the basis of the ICS. These constitute the framework for a proper business organisation within KfW Group, in the form of a binding policy. Workflow organisational measures and controls are intended to ensure that monitoring is integrated into processes. Monitoring measures integrated into processes serve to avoid, reduce, detect and correct processing errors or financial loss. The effects of any planned changes to operational processes and structures on the procedure and intensity of monitoring are analysed in advance. To ensure the adequacy and effectiveness of the ICS, KfW regularly scrutinises and continually refines its standards and conventions. A report is rendered annually to KfW Group’s supervisory bodies. The adequacy and effectiveness of the ICS within KfW Group is also assessed by Internal Auditing on the basis of risk-based audits carried out independently of group procedures.

<sup>10)</sup> See Section 25a (1) no. 1 KWG, MaRisk AT 4.3, and Sections 289 (5), 315 (2) no. 5, 324, and 264d HGB

<sup>11)</sup> COSO = Committee of Sponsoring Organizations of the Treadway Commission

## Compliance

The Executive Board bears overall responsibility for compliance within the Group. The Executive Board delegates the associated tasks to the Compliance department. The officers appointed by the Executive Board for the relevant areas of responsibility are located in the Compliance department. They include, in particular, the (group) money laundering officer, the fraud officer (central unit in accordance with Section 25h KWG) and the company data protection officer. The Compliance organisation is structured in accordance with a Three Lines of Defence model; as the second line of defence, it is aligned with the requirements for a MaRisk compliance function. In this context, group compliance has in particular included measures to prevent insider trading (securities compliance), general conflicts of interest (conflict of interest risk), money laundering and terrorist financing and criminal activities, to comply with sanctions and embargo regulations, and to monitor legal requirements and the associated implementation measures (overall MaRisk compliance process in accordance with MaRisk AT 4.4.2.). There are therefore binding rules and procedures that influence the day-to-day implementation of values and the corporate culture, which are updated regularly and on an ad hoc basis to reflect current law as well as market requirements. These include group-wide policies, that, in particular, serve to prevent criminal acts and set out how to deal with gifts and invitations. The aim is to manage and assess compliance risks as part of non-financial risks, among other things, by means of key indicators in line with the central requirements for operational risk management. Since the entry into force of the material requirements of the Supply Chain Act (*Lieferkettensorgfaltspflichtengesetz*) on 1 January 2023, the compliance organisation has also acted as a central point for recording, monitoring and controlling compliance with the related requirements. Within the scope of its duties as second line of defence, Compliance is responsible for and authorised to ensure implementation of statutory or regulatory requirements and Executive Board decisions, to analyse individual cases/irregularities, to coordinate necessary measures and, where applicable, to initiate ad hoc measures to limit damage. In relation to all other areas of the group, the Compliance department performs its tasks autonomously and independently and is not subject to any instructions, in particular with regard to analysis (including evaluation of results), monitoring activities, defining and implementing rules and measures, and reporting. In order to perform its duties, Compliance has a complete and unrestricted right to information, inspection and access to all premises, documents, records, audio recordings and systems. Where necessary, internal auditing and monitoring processes of the compliance organisation have been adapted to the changed risk situation (for example, regarding the Russian war on Ukraine and the Gaza war resulting from the Hamas attack). Group-wide task forces were established for this purpose where necessary. Compliance monitors legal and regulatory requirements on an ongoing basis and, as necessary, adapts them to the changed risk situation in coordination with the affected functions of the first line of defence. Legal matters are analysed in collaboration with the Legal Department where necessary.

## Internal Auditing

Internal Auditing is an instrument of the Executive Board. As an entity that works independently of KfW Group procedures, it audits and assesses all of KfW Group's processes and activities to identify the risks involved and reports directly to the Executive Board. With a view to risk management processes, Internal Auditing performed an audit in the reporting year of the decentralised risk management processes and central aspects of risk management and risk control which were relevant group-wide. The focus areas of the audit across all risk types were the application, operation and further development of the models used in risk management, and management of the bank's market price and liquidity risks. A substantive test was also performed in the area of model risk management. Audits of key second line functions were also part of the 2025 audit plan. The risk management projects that Internal Auditing assessed as material were supported by Internal Auditing, maintaining the latter's impartiality and avoiding any conflicts of interest. Moreover, Internal Auditing continued to monitor the ongoing development of risk measurement procedures in 2025 by attending meetings of decision-making bodies (as a guest). Internal Auditing also functions as KfW Group's internal auditing department. It is involved in subsidiaries' audit planning. In addition to the audit results obtained independently in group-wide audits, it also incorporates the audit results of third parties (group auditors, BaFin and the internal auditing departments of the other group companies) in its group-wide internal audit reporting, in the tracking of measures and as a source of information when preparing its own audits.

# Forecast and opportunity report

## General economic environment and development trends

KfW expects global real gross domestic product (“GDP”) to grow by 3.1% year on year in 2026, after increasing according to International Monetary Fund (“IMF”) estimates by 3.3% in 2025. A lower growth rate than the prior year is expected for the group of industrialised countries as well as for the group of developing countries and emerging economies (see table “Gross domestic product at constant prices”). The IMF’s forecasts show that global consumer price inflation is expected to fall from an annual average of 4.1% in 2025 to an annual average of 3.8% in 2026. This means that the inflation rate for industrialised countries in 2026 is expected to be 5.1 percentage points below and that of the developing countries and emerging markets 4.9 percentage points below the highest rate of the past ten years, which was reached in 2022. KfW agrees with the IMF’s assessment that the economic outlook will be determined by the trade policy measures introduced in 2025, reduced official development assistance and migration restrictions, and that economies, institutions and markets will adjust to rising protectionism and increased fragmentation of the global economy.

## Gross domestic product at constant prices

Year-on-year change	2025 estimate in %	2026 forecast in %	average for 2015–2024 in %
Global economy*	3.3	3.1	3.1
Industrialised countries*	1.7	1.6	1.9
Developing countries and emerging economies*	4.4	4.0	4.0

\* Aggregation of annual GDP growth rates at each country’s constant price based on the shares of each country’s GDP valued at purchasing power parity in the corresponding aggregate. Grouped into industrialised countries and developing countries/emerging economies based on IMF classification. The average is calculated as the geometric mean of annual growth rates.

Development of the global economy going forward is subject to particular uncertainty. The IMF believes that negative risks predominate. For one thing, US tariff increases and the backlash from some trading partners may have a worse impact on international trade than expected. For another, escalating trade conflicts and an increased use of protectionist measures could disrupt international value chains and impede technological progress. Industrialised nations are encountering fiscal vulnerabilities, primarily due to rising costs of financing sovereign debt, meaning that a further increase in term premiums could result in greater refinancing risks. In the case of developing countries, reduced funds from Official Development Assistance increases the need for refinancing covered by private creditors. If risk premiums increase, greater debt stress in developing countries and emerging markets could result. A reassessment by the financial markets of assets and, in particular, technology shares due to a worsening economic outlook, disappointed artificial intelligence earnings expectations or spill-over effects from the revaluation of government bonds, may lead to disorderly asset repricing. The resulting negative effects on assets would also impact private consumption. Additional downside risks come from geopolitical tensions that may escalate and have an adverse effect on international trade and value chains, and exacerbate geoeconomic fragmentation. Geopolitical risks are posed primarily by the conflicts in the Middle East and the war in Ukraine, geopolitical competition in the Indo-Pacific region, the current US National Security Strategy (particularly concerning Latin America) and geopolitical interests in the Arctic. If commodity prices are more volatile than forecast or rise, due to climate-related and geopolitical shocks as well as regional conflicts, this could boost inflation, particularly in commodity-importing countries. If environmental disasters result in crop failures, elevated food insecurity would affect low-income countries in particular. Should rising food prices result in higher inflation expectations, this may cause central banks

to tighten monetary policy and damage consumer confidence. Monetary policy reactions would be required if restrictive migration policies resulted in labour market shortages, wage increases and, as a consequence, inflationary pressure. If the principles of good governance are disregarded, there is an increased risk of bad economic policy decisions.

There is also a possibility that the global economy will grow faster than forecast. This would be the case if international trade agreements substantially reduced existing trade barriers. Global economic development would also be more positive than expected if structural reforms to bolster productivity growth were implemented more rapidly and comprehensively than previously planned. Moreover, advances associated with artificial intelligence may provide unexpectedly strong impetus for productivity development.

For the **euro area**, KfW expects price-adjusted GDP to grow by 1.3% year on year in 2026. The expected growth rate would therefore be only 0.2 percentage points lower than in the previous year, albeit slightly below the average for the 2015–2024 period (see the table “Gross domestic product at constant prices, year-on-year change”). According to the European Commission’s Autumn Forecast, GDP growth will be boosted in 2026 by increased private and public domestic demand, underpinned by fiscal impetus from increased infrastructure and defence spending. In addition to the German fiscal package, the funds from the EU’s “NGEU” recovery programme will make a particular contribution to growth. The easing uncertainty among businesses thanks to the trade agreement between the USA and the European Union, along with the economic upturn, may result in a slight uptick in investment activity. The improved financing conditions due to monetary easing are also stimulating investment. Increasing consumer demand from private households will be a key driver of economic growth. Further real growth in household income, even if weaker year on year, due to the ongoing drop in inflation, and the stable employment situation are expected to generate higher consumer spending. Weak foreign demand due to the US tariffs and the appreciation of the euro versus the US dollar are expected to have an adverse effect on the price competitiveness of export goods, and thus exert further pressure on exports.

KfW estimates that, among the four largest eurozone countries, Germany will record growth close to the euro area average, while France and Italy can be expected to record below-average growth and Spain above-average growth compared to the euro area as a whole.

The effects on the euro area of the increased global tariffs imposed by the US may be much worse than assumed. There are also elevated risks of disruptions in supply chains in the manufacturing sector, which is heavily reliant on the import of critical raw materials from China.

KfW expects price-adjusted GDP in Germany to increase by 1.5% year on year in 2026. This would mean tangible growth for the first time since 2022, and an expected increase of 1.8% compared to 2019, the year before the outbreak of the coronavirus pandemic (see the table “Gross domestic product at constant prices, year-on-year change”). The main driver of this development would be fiscal stimulus, which KfW expects to contribute 0.8 percentage points to the aforementioned GDP growth. The impetus would be the result of significantly higher spending on defence and infrastructure targeted by the current Federal Government, which has been in office since the spring of 2025. Furthermore, there will be more working days in 2026 than in the previous year, which will make possible an additional GDP increase of 0.3 percentage points. In light of the global economic forecasts set out above, and assuming a continued increase in the purchasing power of private households and the aforementioned fiscal stimulus, KfW expects on the demand side that all GDP components, with the exception of net exports, will make positive contributions to growth. Aside from government final consumption expenditure and government investment, whose substantial expansion will be a result of fiscal impetus, the strongest growth driver is likely to be private consumption. In terms of output, KfW expects both the service sector and manufacturing to contribute to greater price-adjusted gross value added in 2026. The average annual number of persons in employment located in Germany is expected to rise again in 2026, although the skilled labour shortage is expected to increase due to demographics.

**Gross domestic product at constant prices, year-on-year change**

	2025	2026 forecast	2015–2024 average	2026 forecast
	in %	in %	in %	2019 index = 100
Euro area	1.5	1.3	1.5	108.0
Germany	0.2	1.5	0.9	101.8
USA	1.8	1.9	2.4	117.0

In addition to geopolitical and geoeconomic risks, domestic and global economic uncertainty could have a heavier adverse impact on GDP growth in Germany than expected. Further downside risks to Germany's price-adjusted GDP as expected by KfW are posed by additional import tariffs imposed by the USA on goods from the EU, an escalation of trade disputes between the USA and China, more shortages and sudden price increases on the energy and raw materials markets, an economic slump in China, an unexpectedly sharp downturn on the German labour market, an abrupt end to the current AI boom, and environmental and natural disasters.

There would be a chance of higher than expected growth in price-adjusted GDP in 2026 in scenarios including an unexpectedly rapid decrease in economic policy uncertainty, including the waiver of US import tariffs on goods from the EU, a substantial reform of social security systems or taxes, or a reduction of bureaucracy in Germany, an end to Russia's war on Ukraine and the resulting additional export opportunities, a decline in the savings rate of German private households due, for instance, to a general improvement in sentiment, and in the event of a surprising boost in productivity due to artificial intelligence.

The ECB began reducing key interest rates in June 2024, and gradually reduced the deposit facility rate to 2.0%. Inflation in the euro area has been close to the ECB's medium-term target of 2% since mid-2025, based on the Harmonised Index of Consumer Prices. KfW concurs with the ECB's forecast that inflation will continue to develop in line with the medium-term inflation target in 2026. It therefore assumes that the ECB has ended its rate-cutting cycle and will leave key interest rates at their current level in 2026.

The ECB is continuing to shrink its balance sheet. Consequently the redemption amounts of maturing securities from the Asset Purchase Programme and the Pandemic Emergency Purchase Programme initiated during the COVID-19 pandemic are not being reinvested. This will likely result in a balance sheet reduction of around EUR 500 billion, or approximately 8% of total assets, for 2026. The yield curve (the spread between ten and two-year EUR swap rates) stabilised at around 60 basis points at the end of the rate-cutting cycle. KfW expects the curve to remain in moderately positive territory in 2026.

The US Federal Reserve also began to lower key interest rates in September 2024, and continued following a break from January to September 2025 due to the weakening labour market. KfW expects continued monetary easing in 2026, and a cut in the federal funds rate to a range of 3.00% to 3.25%. In KfW's opinion, the US Federal Reserve is likely to continue to make decisions based on data in an uncertain economic policy environment.

The USD yield curve is likely to continue to steepen somewhat in 2026 in light of expected key rate cuts, and be slightly steeper than its euro counterpart (spread between ten and two-year USD swap rates).

## New business projections of KfW Group

### Overview

KfW's strategic objectives are presented to the Board of Supervisory Directors along with its planning on an annual basis. The annual planning operationalises and substantiates the objectives into a consistent whole in terms of strategy, promotion, finance, risk and funding. The Board of Supervisory Directors discusses the business strategy in accordance with regulatory requirements and acknowledges it; it further approves the annual planning in accordance with the KfW Bylaws. The internal management system supports the realisation and monitoring of objectives, with regular reports provided to the Board of Supervisory Directors.

KfW Group projects new business volume of EUR 97.5 billion for 2026. This reflects the stabilisation of new commitment growth, as well as the role KfW plays in supporting the German economy and society in times of persistent uncertainty.

KfW is careful to avoid potential adverse effects and risks to society and the environment in its promotional activities, and where possible attempts to reduce or offset such effects via suitable measures (inside-out perspective). Furthermore, KfW considers environmental changes, such as to the climate and biodiversity, social transformation and governance standards with an impact on the credit rating of KfW clients, as well as the effects of various climate scenarios on KfW's business model and risk profile (outside-in perspective). These considerations are not expected to have any impact on the new commitment volume projected for 2026.

### Domestic business

After new business development came under pressure in 2024 due to the EU interest rate benchmark and recovered in 2025, a substantial increase in new business volume is expected for the business sector **Mittelstandsbank & Private Kunden (SME Bank & Private Clients)** in 2026, driven by new developments in the promotional area of housing. The challenging macroeconomic environment and budget funds continue to affect new business expectations. In addition, for example, to risk-bearing capacity and passing on of favourable refinancing costs, promotional expense is yet another instrument to underpin the primary objective of promotion. The use of further promotional expense in projections creates additional incentives in the promotion of digitalisation and innovation, and in corporate environmental financing. Overall, new business volume of EUR 49.3 billion is expected for 2026. The projections allow EUR 9.6 billion for ERP programmes, which are planned to be expanded further in the digitalisation and innovation segment in particular. Around EUR 0.3 billion in ERP promotional expense is budgeted to support the positive sales impact of the ERP programmes, amounting to 59% of the total promotional expense budget.

The business sector bundles the retail business capable of being digitalised and automated and carries a large share of the domestic promotional volume. The business sector positions itself as a reliable partner to the Federal Government and is divided into two segments by customer group. The SME Bank segment supports the German economy with a wide range of promotional programmes for commercial customers with various promotional priorities. The Private Clients segment supports education and energy efficiency in the construction and refurbishment of residential buildings, and also promotes the acquisition and construction of owner-occupied housing as well as accessible conversion/construction of homes. The necessary transformation towards renewable energy, the high level of investment required to achieve climate neutrality, the persistent uncertainty regarding the energy supply due to the ongoing war and the worsening consequences of climate change have a direct impact on relevant markets and customer groups in the business sector, while also constituting an opportunity. New promotional objectives and approaches to expand renewable energy are emerging, which, among other things, serve the transformation of companies in order to achieve environmental and climate targets as well as further expanding renewable energy. In addition, the issue of climate resilience is increasingly coming to the fore as climate change intensifies.

The business sector **Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)** bundles innovative and tailored promotional solutions for companies and banks, and promotion of municipal and social infrastructure. Based on its expertise, the business sector is responsible for implementing large-volume Federal Government-mandated transactions in the energy context and focuses its core business on the targeted promotion of environmental protection and climate action, innovation and the acceleration of digitalisation, contributing directly to the strategic focal issue "promotional mandate, impact and impetus". The business sector's promotional activities use own funds, federal budget funds and ERP programmes.

This sector is split into three business segments. With regard to customised financing for companies, the moderate economic recovery and extended product portfolio may generate an increase in loan demand. However, even with a moderate economic recovery in Germany, potentially lower risk tolerance on the part of partner banks cannot be ruled out. This could result in greater demand for KfW's risk participation. In this context, particularly the risk-bearing promotional products in the megatrends "climate change and environment", "digitalisation and innovation" and "venture debt financing" are achieving greater relevance for young, growth-oriented companies.

The demand for investment in municipal and social infrastructure remains strong given the central role municipalities play in meeting the challenges presented by climate change and digital transformation. However, the strained budget situation of many municipalities in conjunction with limited planning capacities continues to limit their investment and borrowing opportunities. On the other hand, the heating transformation is expected to generate the chance of high demand for promotion and financing for geothermal energy/district heating and expansion of the electricity distribution grid.

Individual financing with financing partners in Germany and Europe, as well as funding of promotional institutions of the federal states, will continue to be characterised by a sound funding situation at partner banks, which tends to limit business potential. Export loan refinancing demand for small and medium-sized projects is robust at present, yet potential for the German export industry has waned in the face of growing geoeconomic fragmentation, tougher tariff policy and increasing competition from China. The innovative synthetic risk transfer instrument will likely present new opportunities to promote transformative investments.

Following subdued volume due to the development of the EU interest rate benchmark through the end of 2024, the business sector plans to return to its previous longer-term target level in 2026. The projected new business volume of just under EUR 10 billion includes a significant proportion of newly developed promotional programmes with Federal Government participation, such as the new hedging instrument for the transforming industries.

**KfW Capital** invests in venture capital ("VC") and venture debt funds, and, via special purpose vehicles, in start-ups and innovative, high-growth technology companies to improve the sustainable provision of venture and growth capital, thereby also strengthening Germany as an innovation hub for the long term. Strengthening the German VC market is also necessary to tackle the persistent deficit in the amount of VC investment in future technologies compared to other countries. KfW Capital itself provides more venture capital directly to the market through its own fund and direct investments. Particularly in the years when private investors were hesitant to raise funds, KfW Capital successfully positioned itself as a reliable partner and financier of VC funds and thus indirectly of technology companies in Germany.

ERP Venture Capital Fund Investments and ERP/Future Fund – Growth Facility will remain the two main own-risk programmes of KfW Capital in 2026 as well. KfW Capital has also developed a co-investment approach (Scale-up Direct), in order to invest directly in portfolio companies of fund managers with whom KfW Capital already has a business relationship. In addition, this programme gives KfW Capital the opportunity to invest directly in attractive companies with high growth potential.

In 2026, the strategic focal issue "mobilising private equity" will involve fundraising for the VC umbrella fund Growth Capital II, for which KfW Capital will raise private equity funding as an investment broker following successful fundraising for its predecessor, the German Growth Fund. KfW Capital will also continue to act as financial portfolio manager for individual components of the Future Fund and as an investment advisor in connection with the German Growth Fund in 2026. Since 2025, KfW Capital has invested in VC funds that aim to generate an environmental or social return in addition to a financial return via the Impact Facility component of the Future Fund. This gives KfW Capital the opportunity to give a decisive boost to key future areas. KfW Capital promotes the creation of new VC funds and diversity in the German VC ecosystem through investments made via the Emerging Manager Facility.

In total, new business volume of around EUR 1.1 billion is expected for 2026, of which around EUR 0.5 billion is at KfW Capital's own risk.

## Financial markets

KfW Group bundles all funding activities along with its liquidity and operational market price risk management in the business sector **Financial markets**. Other tasks include carrying out holding arrangements on behalf of the Federal Government and mandated transactions in accordance with Article 2 (4) of the KfW Law as well as advising other group units on capital market matters and carrying out capital market transactions on behalf of other group units.

In order to reinforce KfW's sustainability profile and its positioning as a sustainable issuer, KfW consistently develops its green bond issuance strategy. The green bond programme was expanded in 2024 by linking additional loan programmes and international business. Another review of the Green Bond Framework is planned for 2026 with the aim of securing the issuance of large-volume green bonds for the long term and thus further expanding the investor base, promoting a long-term stable and well-diversified capital market position, and further promoting the issue of sustainability on the capital market.

## International business

Economic and geopolitical risks, the uncertainty associated with the Russia-Ukraine war, the Middle East conflict and global economic fragmentation trends are relevant for the business sector **Export and project finance**. There are opportunities in Europe and in the regions relevant for Export and project finance (including North and South America, the Middle East and Asia) in sectors with growth potential (e.g., digital infrastructure, e-mobility, local public transport, energy efficiency, and investments in sustainable transformation). Economic and sustainability programmes and programmes to bolster supply security may also stimulate demand for financing, particularly for infrastructure investments and transformation projects aiming for a climate-neutral economy. Although the future development of the business sector Export and project finance continues to entail many uncertainties, from today's perspective there are sufficient opportunities and potential for achieving the target commitment volume.

A new commitment volume totalling EUR 25.2 billion is expected for 2026. Of this amount, roughly EUR 23.0 billion is expected to be attributable to the primary business Export and project finance, and roughly EUR 2.2 billion to the commercial interest reference rate business, which cannot be controlled by the business sector.

The business sector **KfW Development Bank** expects a moderately reduced commitment volume in the next few years, primarily due to federal budget consolidation. The business sector will continue to support the Federal Government and the EU in achieving their development policy targets and in international cooperation, and in so doing, help to safeguard German and European interests.

The Federal Government and the EU support partner countries in fighting poverty, hunger and inequality, and mitigating crises, and also assume responsibility in the area of international environmental protection, climate action and biodiversity conservation. There will also be increased focus on (geo)strategic goals: tackling the reasons that make people flee their countries of origin, cooperation in the energy sector, economic cooperation and securing access to raw materials. Increased involvement of German and European companies is also expected to be ensured.

The federal budget funds provided for development cooperation will be reduced again in 2026. Medium-term financial planning is subject to considerable uncertainty. At the same time, budget funds remain essential for the Federal Government to achieve the ambitious targets it has set itself. KfW Development Bank has developed approaches for new instruments to support the government. These make even better use of KfW funds and, in particular, can help to mobilise additional private investment. In order to fulfil its promotional objectives, the Federal Government must also provide an adequate guarantee framework for Financial Cooperation.

KfW Development Bank faces greater political expectations as well as opportunities to raise its profile in the area of climate financing. Germany has committed to the new climate financing target by 2035. There is potential for KfW Development Bank to become even more involved in international energy/climate/infrastructure financing – primarily with market funds and subject to sufficient cover options. There is also business potential from the creation of new carbon markets, which are the most resilient in the net zero emissions scenario. KfW Development Bank is able to identify suitable projects or sectors in partner countries, prepare them for certification, and promote investment with appropriate financing instruments.

KfW Development Bank currently expects a new business volume of approximately EUR 9.3 billion for 2026.

**DEG** is assigned to the business sector of the same name. The economic situation in developing countries and emerging economies will remain challenging in 2026 and will also present many opportunities for DEG's business model. In light of the pressure on the development budgets of public donor countries, development cooperation is currently undergoing a structural change – from focusing solely on poverty alleviation to promoting transformational development. DEG's private sector mandate is becoming much more significant in this context.

DEG's objective remains to be a reliable partner and support its customers in making investments with a development impact, such as by creating jobs and incomes and contributing to development of the common good. It provides long-term financing for this purpose – in the form of loans, mezzanine capital and equity investments. This applies to local businesses as well as German and European companies that invest in developing countries and emerging economies. DEG also offers its customers advice on sustainability, climate issues, development impacts and corporate governance. It aims to support businesses in their transformation and increase their contributions to local development. In so doing, DEG also helps to mobilise private capital – a key requirement for achieving the Sustainable Development Goals and the Paris climate targets.

The high demand seen in recent years underscores the relevance of DEG's offering. On this basis, DEG plans to pursue a scaling agenda from 2026 with a focus on expanding its lending business. A new business volume of EUR 2.6 billion is projected for financial year 2026. This growth is intended to be resource-efficient, through means including larger financing commitments for customers with suitable risk-return-impact profiles and the use of hedging instruments. The planned scaling project is to be implemented in all three business areas: Financial Institutions, Infrastructure & Energy, and Industries & Services, Private Equity and Venture Capital. Collaborative transformation work with companies is the focal point in all areas. In parallel, DEG will be continuing its own transformation – in particular by systematically digitalising its business processes. This will lay a key foundation for efficient growth and scalable business development. To secure sustainable and scaled growth beyond 2026, DEG aims to double its new business volume and mobilisation efforts by 2030. To achieve this, it is currently developing a comprehensive concept that also includes a multi-stage capital increase as a requirement for this growth path.

### **Funding projections**

KfW issues bonds to **fund** its promotional activities worldwide. It issues these in a large number of currencies and with differing maturities, thereby addressing a variety of target groups. Based on the guarantee of the Federal Republic in accordance with Article 1a of the KfW Law, rating agencies have assigned KfW a triple A rating, signifying top credit quality. KfW has achieved an appropriate and professional position in the capital markets with its diversified long term-oriented funding strategy. The funding volume via the capital markets was approximately EUR 71 billion in 2025. A funding need of EUR 75–80 billion is projected for 2026, of which up to EUR 15 billion is expected to be issued as green bonds.

## Earnings projections

In the group **earnings projections** for 2026, KfW expects Consolidated profit of approximately EUR 1,114 million. This puts projected earnings above the strategic target level of EUR 1 billion.

Net interest income (before promotional expense) of EUR 2.9 billion is expected for 2026. Higher income from lending business interest margins than was projected the previous year reflects the positive business performance in the business segment Export and project finance. Rising income is expected from strategic equity investments as a result of higher investment interest rates. Opportunities and risks for Consolidated profit may arise, primarily with respect to the structural contribution, from market conditions deviating from projections in conjunction with KfW's positioning.

KfW projects Net commission income totalling EUR 0.7 billion. This includes remuneration for the implementation of promotional programmes in Germany on behalf of the Federal Government as well as remuneration based on KfW Development Bank's General Agreement.

Administrative expense is likely to be approximately EUR 1.8 billion in 2026. This includes the launch of business policy projects such as processing and refining promotion, regulation projects, modernisation of banking systems and driving digitalisation and innovation.

Overall, the operating result before valuation is expected to be higher than was projected in the previous year.

At EUR 0.5 billion, KfW expects the standard risk costs for 2026 to be at the level of the risk provisions projected for 2025.

For 2026, KfW expects a valuation result before IFRS effects of EUR 0.4 billion from operational level equity investments (included in Net gains/losses from other financial instruments at fair value and the Net gains/losses from investments accounted for using the equity method) and Net other operating income.

In this regard, risk provisions in the lending business and the valuation result depend on further macroeconomic developments. This may lead to significant positive or negative deviations in the projected result, especially in earnings projections for international and equity investment business.

KfW expects promotional expense of EUR 0.5 billion in 2026.

## Overall conclusion

In light of the economic environment and expected demand, KfW projects new business volume of EUR 97.5 billion and consolidated profit of around EUR 1.1 billion for 2026.

The further development of the economic and geopolitical situation, the uncertainty due to the war in Ukraine, the conflict in the Middle East and global economic fragmentation trends could have an impact on German and global economic performance, which in turn may affect the achievement of KfW's objectives set for financial year 2026. KfW will continue to closely monitor the development of the crises and uncertainty and the consequences thereof for KfW's business.

# Notes to the KfW annual financial statements prepared in accordance with the German Commercial Code

## Overall activities of KfW

Annual financial statements	2025	2024
	EUR in millions	EUR in millions
Volume of business	699,133	705,121
Total assets	574,112	577,115
Bonds and notes issued	474,353	470,038
Own funds	33,776	32,849
Net interest income (before promotional expense)	2,163	2,093
Net commission income (before promotional expense)	519	525
Administrative expense (before promotional expense)	1,434	1,362
Promotional expense	465	503
Profit for the year	928	871

### Development of KfW

KfW's earnings position showed positive development in financial year 2025, reaching EUR 928 million and exceeding the prior-year level (EUR 871 million). Developments in the reporting year were shaped in particular by positive effects from the interest rate environment.

KfW's total assets declined by EUR 3 billion to EUR 574.1 billion. At the same time, the volume of business declined from EUR 705.1 billion to EUR 699.1 billion as a result of a decrease in the volume of receivables.

KfW's promotional business volume decreased compared with the previous year to EUR 76.8 billion (31 Dec. 2024: EUR 92.6 billion). The EUR 21.2 billion difference from the KfW Group promotional business volume (EUR 98.0 billion) relates to the international business and results from DEG and Export and project finance of KfW IPEX-Bank GmbH.

### Development of earnings position

KfW's operating result before valuation and before promotional expense was EUR 1,437 million, which was marginally higher (EUR 40 million) than the previous year's figure of EUR 1,398 million.

## Reconciliation of internal earnings position (before promotional expense) with external earnings position (after promotional expense) for financial year 2025

Earnings position	EUR in millions	Reconciliation EUR in millions	EUR in millions	German Commercial Code income statement form
Net interest income (before promotional expense)	2,163	-422	1,742	Total of interest income and current income less interest expense
Net commission income (before promotional expense)	519	-13	506	Commission income less Commission expense
Administrative expense (before promotional expense)	1,434	11	1,445	Total general administrative expense and depreciation, amortisation and impairments on property, plant and equipment and intangible assets
Other operating income and expenses (before promotional expense)	189	-18	170	Other operating income less Other operating expense
<b>Operating result (before risk provisions/valuation/promotional expense)</b>	<b>1,437</b>	<b>-465</b>	<b>972</b>	<b>Subtotal of Interest income, Current income, Commission income, Net other operating income less Interest expense, Commission expense, General administrative expense, Depreciation, amortisation and impairments on property, plant and equipment and intangible assets, Other operating expense</b>
Valuation result	19	0	19	Income from reversals of write-downs of equity investments, shares in affiliated companies and securities held as fixed assets
Risk provisions for lending business	-67	0	-67	Impairment of receivables and certain securities and additions to provisions for loan losses
Net result from transfer agreements	3	0	3	Income from profit pooling, profit and loss transfer and partial profit transfer agreements
<b>Profit/loss from operating activities (before promotional expense)</b>	<b>1,392</b>	<b>-465</b>	<b>927</b>	<b>Profit/loss from operating activities</b>
Promotional expense	465	-465	0	-
Taxes on income	-1	0	-1	Taxes on income
Other taxes	0	0	0	Other taxes
<b>Profit for the year</b>	<b>928</b>	<b>0</b>	<b>928</b>	<b>Profit for the year</b>

## Reconciliation of internal earnings position (before promotional expense) with external earnings position (after promotional expense) for financial year 2024

Earnings position	EUR in millions	Reconciliation EUR in millions	EUR in millions	German Commercial Code income statement form
Net interest income (before promotional expense)	2,093	-406	1,688	Total of interest income and current income less interest expense
Net commission income (before promotional expense)	525	-12	514	Commission income less Commission expense
Administrative expense (before promotional expense)	1,362	14	1,376	Total general administrative expense and depreciation, amortisation and impairments on property, plant and equipment and intangible assets
Other operating income and expenses (before promotional expense)	141	-71	69	Other operating income less Other operating expense
<b>Operating result (before risk provisions/valuation/promotional expense)</b>	<b>1,398</b>	<b>-503</b>	<b>895</b>	<b>Subtotal of Interest income, Current income, Commission income, Net other operating income less Interest expense, Commission expense, General administrative expense, Depreciation, amortisation and impairments on property, plant and equipment and intangible assets, Other operating expense</b>
Valuation result	1	0	1	Income from reversals of write-downs of equity investments, shares in affiliated companies and securities held as fixed assets
Risk provisions for lending business	-32	0	-32	Income from the reversal of impairment losses on receivables and certain securities and the reversal of provisions for loan losses
Net result from transfer agreements	9	0	9	Income from profit pooling, profit and loss transfer and partial profit transfer agreements
<b>Profit/loss from operating activities (before promotional expense)</b>	<b>1,376</b>	<b>-503</b>	<b>873</b>	<b>Profit/loss from operating activities</b>
Promotional expense	503	-503	0	-
Taxes on income	0	0	0	Taxes on income
Other taxes	1	0	1	Other taxes
<b>Profit for the year</b>	<b>871</b>	<b>0</b>	<b>871</b>	<b>Profit for the year</b>

At EUR 2,163 million, **Net interest income (before promotional expense)** was up slightly on the previous year (EUR 2,093 million), by EUR 70 million. One key factor driving the year-on-year increase was the renewed increase in margin income from money and capital markets funding. KfW benefited from favourable funding conditions on the money and capital markets, which can be attributed to its excellent credit rating.

**Net commission income (before promotional expense)** of EUR 519 million was EUR 6 million below the previous year's level of EUR 525 million. This was due to a drop in commission income in the federal programmes. The Energy-efficient Construction and Refurbishment programmes and the successors Federal Funding for Efficient Buildings and programmes offering promotion in line with the Buildings Energy Act (*Gebäudeenergiegesetz*) declined from EUR 197 million to EUR 186 million. Commission income from business in the business sector KfW Development Bank for the Federal Republic of Germany rose to EUR 258 million (2024: EUR 255 million). The remuneration from the Federal Government was offset in part by related administrative expenses.

**Administrative expense (before promotional expense)** increased by EUR 72 million to EUR 1,434 million in 2025 (2024: EUR 1,362 million). This development is attributable, among other things, to a one-off provision related to personnel. By contrast, non-personnel expense (before promotional expense) fell from EUR 575 million to EUR 522 million, due mainly to lower costs for the use of external service providers.

The result from **Other operating income and expense (before promotional expense)** amounted to EUR 189 million and was largely due to the fee of EUR 107 million (2024: EUR 103 million) paid under the agency agreement with KfW IPEX-Bank GmbH, and income from valuation effects generated by discounting pension provisions amounting to EUR 53 million (2024: EUR 27 million).

The positive **valuation result** of EUR 19 million (2024: EUR 1 million income) is the result of income of EUR 22 million (2024: EUR 2 million) from the valuation and sale of equity investments, netted against an expense of EUR 2 million (2024: EUR 1 million) from securities.

**Risk provisions for lending business** generated net expense of EUR 67 million (2024: EUR 32 million net expense). The net additions to specific and general valuation allowances were only partly offset by income from the successful recovery of loans previously written off. The net additions to specific valuation allowances related largely to the business sectors Mittelstandsbank & Privatkunden (*SME Bank & Private Clients*) and Export and project finance. There was a slight increase in specific valuation allowances and specific provisions for the lending business from EUR 916 million to EUR 920 million. This also included specific valuation allowances for interest receivables at risk of default amounting to EUR 445 million (31 Dec. 2024: EUR 417 million). There was a reduction in general valuation allowances and general provisions for the lending business from EUR 305 million to EUR 298 million. Non-performing loans in the amount of EUR 65 million in connection with specific valuation allowances were written off in financial year 2025 (2024: EUR 64 million).

At EUR 465 million, KfW's domestic **promotional expense**, which has a negative impact on its earnings position, was below the prior-year level in 2025 (2024: EUR 503 million). The key component was the effect, in an aggregate amount of EUR 421 million (2024: EUR 406 million), of interest rate reductions granted during the first fixed interest rate period as well as the passing on of KfW's favourable funding conditions. Moreover, promotional expenses reported in net commission income and administrative expense amounted to EUR 25 million (2024: EUR 26 million). Among other things, this spending was aimed at the sale of KfW's promotional products. In 2025, KfW awarded promotional grants under the TUMO Funding Agreement amounting to EUR 18 million, which are reported under Other operating expense.

The **net result from transfer agreements** includes KfW Capital GmbH's profit transfer in the amount of EUR 3 million.

Financial year 2025 closed with a **profit for the period** of EUR 928 million (2024: EUR 871 million), which was fully allocated to retained earnings in accordance with Article 10 (3) KfW Law.

## Development of net assets

In financial year 2025, KfW recorded both a decrease in total assets of EUR 3 billion and a decrease in the volume of business of EUR 6 billion.

## Volume of receivables

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Loans and advances to banks	386,528	381,096
Loans and advances to customers	105,961	113,601
Loans held in trust	10,490	10,821
Contingent liabilities from financial guarantees	535	799
Irrevocable loan commitments	124,486	127,207
<b>Total</b>	<b>628,000</b>	<b>633,524</b>

The volume of receivables (loans and advances to banks and customers, including irrevocable loan commitments, loans held in trust and guarantees) decreased from EUR 633.5 billion to EUR 628.0 billion. The increase in loans and advances to banks is mainly attributable to the rise in repurchase agreements from EUR 9,630 million to EUR 23,282 million. By contrast, loans and advances to banks due on demand fell by EUR 7.7 billion from EUR 27.6 billion to EUR 19.9 billion due to lower overnight deposits. This decline is mainly attributable to a reduction in deposits with the ECB, due to the shift of ECB liquidity to the collateralised money market in 2025. The change in loans and advances to customers compared with the previous year is due primarily to the decline in loans granted as part of the special financing of economic stimulus packages from EUR 4,909 million to EUR 1,124 million and the reduction in the “KfW Instant Loan 2020” programme from EUR 5,058 million to EUR 3,818 million.

The volume of loans held in trust decreased slightly from EUR 10.8 billion to EUR 10.5 billion in the reporting year. These loans consist primarily of loans to promote developing countries financed by budget funds provided by the Federal Republic of Germany. At the same time, assets held in trust decreased slightly by EUR 0.3 billion to EUR 21.7 billion (31 Dec. 2024: EUR 22.0 billion).

Contingent liabilities from financial guarantees fell from a total of EUR 0.8 billion to EUR 0.5 billion; the main driver was the drop in guarantees for ship and shipyard financing. At the same time, irrevocable loan commitments declined from EUR 127.2 billion to EUR 124.5 billion as a result of a decline in new commitments for liquidity support to energy suppliers.

Total bonds and other fixed-income securities fell by EUR 0.6 billion to EUR 42.2 billion in the reporting year (31 Dec. 2024: EUR 42.8 billion). Holdings of repurchased own issues amounted to EUR 3.7 billion (31 Dec. 2024: EUR 4.0 billion). This was equivalent to 0.9% of bonds issued.

At a total amount of EUR 38.5 billion, holdings of securities of other issuers, which made up 91.3% of the total holdings of all bonds and other fixed-income securities, fell slightly (EUR 0.3 billion) short of the previous year’s level of EUR 38.8 billion. Of the securities from other issuers, 80.0% are eligible as collateral for funding operations with the European Central Bank (“ECB”).

In addition to the Treasury securities portfolios, KfW holds asset backed securities (“ABS”) with a carrying value of EUR 7.3 billion, (31 Dec. 2024: EUR 6.8 billion), related to its securitisation and SME finance activities. Potential risks are addressed by appropriate risk provisioning.

The value of shares in affiliated companies amounted to EUR 4.8 billion (31 Dec. 2024: EUR 4.4 billion).

## Development of financial position

KfW raised EUR 71.0 billion in the capital markets to fund its business activities in 2025 (2024: EUR 78.1 billion). A total of 164 transactions were executed (2024: 145) and bonds were issued in ten currencies. Eighteen Green Bond transactions (including top-ups) with a volume of EUR 14.0 billion and in eight currencies contributed approximately 20% to total funding.

**Borrowings** decreased by EUR 5.1 billion from EUR 506.4 billion to EUR 501.3 billion.

### Borrowings

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Federal Republic of Germany</b>		
– ERP Special Fund	307	342
– Federal budget	4,191	4,270
– Economic Stabilisation Fund (WSF)	13,005	21,446
	<b>17,503</b>	<b>26,058</b>
Other lenders	5,026	5,072
<b>Liabilities to customers</b>	<b>22,529</b>	<b>31,130</b>
<b>Liabilities to banks</b>	<b>4,436</b>	<b>5,248</b>
Long-term debt securities	416,503	434,121
Commercial papers	53,916	32,488
Accrued interest and interest payable	3,934	3,428
<b>Bonds and notes issued</b>	<b>474,353</b>	<b>470,038</b>
<b>Total</b>	<b>501,318</b>	<b>506,416</b>

Bonds issued increased by EUR 4.3 billion year on year and totalled EUR 474.4 billion as of 31 December 2025. New issuances and maturities as well as fluctuations in foreign exchange rates, particularly of the US dollar, had an impact on portfolio development.

Bonds issued accounted for 94.6% of borrowed funds, which was higher than the previous year's level (92.8%). Proportionally, bonds therefore remain KfW's largest source of funding. The share of total funding volume in 2025 represented by bonds denominated in euros was 58% (2024: 62%). The share of bonds denominated in US dollars amounted to 24% (2024: 25%). The share of bonds denominated in pounds sterling rose slightly to 10% (2024: 9%).

As of 31 December 2025, KfW's funds raised via the Economic Stabilisation Fund ("WSF") by means of promissory note loans decreased by EUR 8.4 billion, to EUR 13.0 billion. WSF funding of EUR 11.0 billion was used to fund the special coronavirus programme and EUR 2.0 billion to finance programmes to ensure the liquidity of energy sector companies and the necessary infrastructure.

The share of funds from banks and customers decreased slightly year on year. The rate excluding federal budget funds was 1.9% (2024: 2.0%), while including federal budget funds it was 5.4% (2024: 7.2%).

Cash collateral received in relation to other liabilities decreased from EUR 7.8 billion in 2024 to EUR 4.2 billion in the reporting year.

KfW's **own funds** amounted to EUR 33.8 billion as of 31 December 2025, up 2.8% compared to the previous year. This increase was exclusively due to the net profit of EUR 928 million allocated to retained earnings.

### Own funds

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Subscribed capital	3,750	3,750
Uncalled contributions outstanding	-450	-450
Capital reserve	8,447	8,447
Reserve from the ERP Special Fund	1,191	1,191
Retained earnings		
a) Statutory reserve under Article 10 (2) KfW Law	1,875	1,875
b) Special reserve under Article 10 (3) KfW Law	18,916	17,988
c) Statutory reserve under Section 17 (4) D-Mark Balance Sheet Act <sup>1)</sup>	48	48
<b>Total</b>	<b>33,776</b>	<b>32,849</b>

<sup>1)</sup> To be adjusted by the special loss account presented on the assets side in accordance with Section 17 (4) of the D-Mark Balance Sheet Act (EUR 26 million)

# Declaration of compliance

The Executive Board and Board of Supervisory Directors of KfW have resolved to recognise the principles of the German Federal Public Corporate Governance Code (*Public Corporate Governance Kodex des Bundes – “PCGK”*) for KfW. The Corporate Governance Report of KfW contains the declaration of compliance with the recommendations of the PCGK.

## Non-financial statements of KfW Group

Information on the “Combined non-financial statements of KfW as the parent company and of KfW Group” can be found in a separate chapter of the financial report. It is accessible online in the section of the financial report entitled “Combined non-financial report” at:

[https://www.kfw.de/PDF/Download-Center/Finanzpublikationen/PDF-Dokumente-Berichte-etc/3\\_Finanzberichte/KfW-Finanzbericht-2025-2.pdf](https://www.kfw.de/PDF/Download-Center/Finanzpublikationen/PDF-Dokumente-Berichte-etc/3_Finanzberichte/KfW-Finanzbericht-2025-2.pdf).

The following chapters of the “Combined management report” and of the “Consolidated financial statements” supplement the “Combined non-financial report” of KfW as the parent company and of KfW Group in accordance with Sections 315b and 289b HGB and Section 315c in conjunction with Sections 289c to 289e HGB, as follows:

- The “Basic information on KfW Group” chapter also includes information on the disclosure requirements ESRS 2 SBM-1 40a (i.), 42 in conjunction with AR 14, 15, ESRS 2 SBM-1 40b, g, ESRS 2 SBM-3 48b, d, f, ESRS 2 GOV-2 26a, ESRS 2 IRO-1 53c (iii.), E1 IRO-1 21 in conjunction with AR 13, E1-4 32, E2-3 22, E4-4 31 in conjunction with ESRS 2 MDR-T 80j.
- The “Economic report” also includes information on the disclosure requirements ESRS 2 SBM-1 42b, ESRS 2 SBM-1 40a (i.-ii.) in conjunction with AR 13 of the ESRS.
- The “Risk report” chapter includes information on the disclosure requirements ESRS 2 GOV-2 26b, ESRS 2 GOV-5 36d, e, ESRS 2 IRO-1 53c (iii.), E1-3 28 in conjunction with ESRS 2 MDR-A 68a-b, E4-1 13b, d, G1-1 10a, e of the ESRS.
- The “Forecast and opportunity report” chapter includes information on the disclosure requirements ESRS 2 SBM-1 40a (i.-ii.) in conjunction with AR 13, SBM-1 42b, SBM-1 40f, SBM-3 48d and E1 IRO-1 21 in conjunction with AR 13 of the ESRS.
- The “Consolidated financial statements” chapter also contains information on the disclosure requirements ESRS 2 BP-1 5a, 5b (i.), ESRS 2 SBM-3 48a in conjunction with AR 17, E1-6 55 in conjunction with AR 55 and S1-6 50f of the ESRS.

KfW Group and KfW IPEX-Bank use the option in accordance with Article 7 (9) of Commission Delegated Regulation (EU) 2021/2178 in the version of Delegated Regulation 2026/73 to suspend reporting pursuant to Article 8 of the EU Taxonomy Regulation (Regulation [EU] 2020/852 as amended) for financial years 2025 and 2026, and state in this context that none of their activities are associated with environmentally sustainable economic activities within the meaning of Article 3 and Article 9 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).



# **Consolidated financial statements**

<b>Consolidated statement of comprehensive income</b>	<b>219</b>
<b>Consolidated statement of financial position</b>	<b>220</b>
<b>Consolidated statement of changes in equity</b>	<b>221</b>
<b>Consolidated statement of cash flows</b>	<b>222</b>
<b>Consolidated notes</b>	<b>224</b>
<b>Accounting policies</b>	<b>225</b>
(1) Basis of presentation of KfW Group	225
(2) Accounting standards that are new, amended or to be adopted for the first time	225
(3) Changes to material accounting policies	227
(4) Judgements and accounting estimates	227
(5) Group of consolidated companies	229
(6) Basis of consolidation	229
(7) Financial instruments	230
(8) Derivatives and hedging relationships	239
(9) Offsetting of financial instruments	241
(10) Foreign currency translation	242
(11) Revenue from contracts with customers	242
(12) Promotional lending business at KfW	243
(13) Non-current assets held for sale	243
(14) Repurchase agreements	243
(15) Property, plant and equipment	244
(16) Leases	244
(17) Intangible assets	244
(18) Risk provisions	245
(19) Income tax assets and liabilities	246
(20) Equity	247
(21) Trust activities	247
<b>Notes to the consolidated statement of comprehensive income</b>	<b>248</b>
(22) Net interest income	248
(23) Net gains/losses from risk provisions	250
(24) Net commission income	250
(25) Net gains/losses from hedge accounting	252
(26) Net gains/losses from other financial instruments at fair value through profit or loss	254
(27) Net gains/losses from disposal of financial assets at amortised cost	255
(28) Net gains/losses from investments accounted for using the equity method	255
(29) Administrative expense	255
(30) Net other operating income or loss	256
(31) Taxes on income	256
<b>Segment reporting</b>	<b>258</b>
(32) Segment reporting by business sector	258
(33) Segment reporting by region	262

<b>Notes to the consolidated statement of financial position</b>	<b>263</b>
(34) Cash reserves	263
(35) Financial assets at amortised cost	263
(36) Gross carrying amounts	265
(37) Risk provisions	267
(38) Financial assets at fair value	269
(39) Value adjustments from macro fair value hedge accounting	269
(40) Derivatives designated for hedge accounting	269
(41) Investments accounted for using the equity method	270
(42) Non-current assets held for sale	270
(43) Property, plant and equipment	271
(44) Intangible assets	272
(45) Income tax assets	273
(46) Other assets	274
(47) Financial liabilities at amortised cost	274
(48) Financial liabilities at fair value	275
(49) Value adjustments from macro fair value hedge accounting	276
(50) Derivatives designated for hedge accounting	276
(51) Risk provisions	276
(52) Income tax liabilities	279
(53) Other liabilities	280
(54) Equity	281
(55) Expected time to maturity for assets and liabilities	282
<b>Notes to financial instruments</b>	<b>283</b>
(56) Gains and losses from financial instruments by measurement category	283
(57) Disclosures on fair value	285
(58) Disclosures on micro fair value hedge accounting	295
(59) Disclosures on macro fair value hedge accounting	299
(60) Additional disclosures on derivatives	302
(61) Additional disclosures on financial liabilities at fair value	303
(62) Contractual payment obligations arising from financial instruments	304
(63) Disclosures on repurchase agreements	305
(64) Disclosure on offsetting financial instruments	306
<b>Other notes</b>	<b>308</b>
(65) Off-balance sheet transactions	308
(66) Trust activities and administered loans	308
(67) Leasing transactions as lessee	309
(68) Average number of employees during the financial year	309
(69) Remuneration report	310
(70) Related party disclosures	316
(71) Auditor's fees	319
(72) Disclosures on unconsolidated structured entities	320
(73) Disclosures on shareholdings	322
(74) Events after the balance sheet date	325
<b>Attestations</b>	<b>327</b>
<b>Responsibility statement</b>	<b>328</b>
<b>Independent auditor's report</b>	<b>329</b>

# Consolidated statement of comprehensive income

## Consolidated income statement

	Notes	2025 EUR in millions	2024 EUR in millions
Interest income from the effective interest method		14,479	20,132
Other interest income		1,017	1,049
<b>Interest income, total</b>	(22)	<b>15,495</b>	<b>21,181</b>
Interest expense	(22)	12,963	18,689
<b>Net interest income<sup>1)</sup></b>		<b>2,532</b>	<b>2,493</b>
Net gains/losses from risk provisions	(7), (23)	-158	39
<b>Net interest income after risk provisions</b>		<b>2,374</b>	<b>2,531</b>
Commission income	(11), (24)	711	693
Commission expense	(24)	39	30
<b>Net commission income</b>		<b>672</b>	<b>664</b>
Net gains/losses from hedge accounting	(8), (25), (58), (59)	-128	107
Net gains/losses from other financial instruments at fair value through profit or loss	(26)	30	44
Net gains/losses from disposal of financial assets at amortised cost	(27)	0	0
Net gains/losses from investments accounted for using the equity method	(6), (28)	-6	20
Administrative expense	(29)	1,751	1,672
Net other operating income or loss	(30)	0	-52
<b>Profit/loss from operating activities</b>		<b>1,192</b>	<b>1,641</b>
Taxes on income	(19), (31)	189	239
<b>Consolidated profit</b>		<b>1,002</b>	<b>1,402</b>

<sup>1)</sup> Refer to Note 22 for a gross presentation of Interest income and Interest expense related to reporting of negative interest income and positive interest expense.

## Consolidated statement of comprehensive income

	2025 EUR in millions	2024 EUR in millions
<b>Consolidated profit</b>	<b>1,002</b>	<b>1,402</b>
<b>Other comprehensive income</b>	<b>48</b>	<b>98</b>
Change in own credit risk of liabilities designated at fair value through profit or loss	-81	105
Defined benefit pension obligations (before taxes)	135	-6
Deferred taxes on defined benefit pension obligations	-6	-1
<b>Consolidated comprehensive income</b>	<b>1,050</b>	<b>1,500</b>

Other comprehensive income comprises amounts recognised directly in equity under Revaluation reserves. These amounts include income and expense from the change in own credit risk of liabilities designated at fair value through profit or loss, changes in actuarial gains and losses for defined benefit pension obligations, and changes in deferred taxes reported depending on the underlying transaction.

# Consolidated statement of financial position

## Assets

	Notes	31 Dec. 2025 EUR in millions	31 Dec. 2024 EUR in millions
Cash reserves	(34)	19,535	26,522
Financial assets at amortised cost	(7), (12), (35), (36), (37), (58), (59)	511,710	502,666
Financial assets at fair value	(7), (38), (60)	15,581	15,716
Value adjustments from macro fair value hedge accounting	(8), (39), (60)	-10,444	-9,375
Derivatives designated for hedge accounting	(8), (40), (58), (59), (60)	2,031	7,445
Investments accounted for using the equity method	(41), (6)	448	500
Non-current assets held for sale	(13), (42)	12	37
Property, plant and equipment	(15), (43)	925	922
Intangible assets	(17), (44)	50	69
Income tax assets	(19), (45)	83	109
Other assets	(11), (46)	793	754
<b>Total</b>		<b>540,722</b>	<b>545,366</b>

## Liabilities and equity

	Notes	31 Dec. 2025 EUR in millions	31 Dec. 2024 EUR in millions
Financial liabilities at amortised cost	(7), (47), (58), (59)	479,133	485,502
Financial liabilities at fair value	(7), (48), (60), (61)	9,305	9,774
Value adjustments from macro fair value hedge accounting	(8), (49), (60)	-16	-16
Derivatives designated for hedge accounting	(8), (50), (58), (59), (60)	8,185	6,982
Provisions	(7), (18), (51)	3,027	2,948
Income tax liabilities	(19), (52)	102	230
Other liabilities	(11), (53)	362	374
Equity	(20), (54)	40,623	39,573
Paid-in subscribed capital		3,300	3,300
Capital reserve		8,447	8,447
Reserve from the ERP Special Fund		1,191	1,191
Retained earnings		27,555	26,552
Revaluation reserves	(7), (20), (54)	131	83
<b>Total</b>		<b>540,722</b>	<b>545,366</b>

# Consolidated statement of changes in equity

## Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Reserve from the ERP Special Fund	Retained earnings	Fund for general banking risks	Revaluation reserves	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan. 2024</b>	<b>3,300</b>	<b>8,447</b>	<b>1,191</b>	<b>25,150</b>	<b>0</b>	<b>-15</b>	<b>38,073</b>
Consolidated comprehensive income	0	0	0	1,402	0	98	1,500
<i>Consolidated profit</i>	0	0	0	1,402	0	0	1,402
<i>Other comprehensive income</i>	0	0	0	0	0	98	98
Reclassifications within Equity	0	0	0	0	0	0	0
<b>As of 31 Dec. 2024</b>	<b>3,300</b>	<b>8,447</b>	<b>1,191</b>	<b>26,552</b>	<b>0</b>	<b>83</b>	<b>39,573</b>
Consolidated comprehensive income	0	0	0	1,002	0	48	1,050
<i>Consolidated profit</i>	0	0	0	1,002	0	0	1,002
<i>Other comprehensive income</i>	0	0	0	0	0	48	48
Reclassifications within Equity	0	0	0	0	0	0	0
<b>As of 31 Dec. 2025</b>	<b>3,300</b>	<b>8,447</b>	<b>1,191</b>	<b>27,555</b>	<b>0</b>	<b>131</b>	<b>40,623</b>

The difference to the consolidated comprehensive income is allocated to Other retained earnings or – if recognised directly in equity – to Revaluation reserves.

The note “Equity” provides details on the consolidated statement of changes in equity.

# Consolidated statement of cash flows

	2025	2024
	EUR in millions	EUR in millions
<b>Consolidated profit</b>	<b>1,002</b>	<b>1,402</b>
<b>Non-cash items included in consolidated profit and reconciliation to cash flow from operating activities:</b>		
Depreciation, amortisation, impairment and reversal of impairment losses (assets) and changes in risk provisions for lending business	301	143
Changes in provisions for pensions and similar commitments and Other provisions	329	264
Other non-cash expenses and income	41	72
Profit/loss from the disposal of assets	0	0
Other adjustments	-2,383	-2,325
<b>Subtotal</b>	<b>-711</b>	<b>-444</b>
<b>Changes in assets and liabilities from operating activities after adjustment for non-cash items:</b>		
Financial assets at amortised cost	-9,249	444
Financial assets at fair value	-356	1,061
Other assets relating to operating activities	6,986	-7,251
Financial liabilities at amortised cost	-6,369	-14,198
Financial liabilities at fair value	-641	-66
Other liabilities relating to operating activities	988	-2,836
Interest and dividends received	15,495	21,181
Interest paid	-12,963	-18,689
Income tax paid	-149	-167
<b>Cash flow from operating activities</b>	<b>-6,969</b>	<b>-20,965</b>
<b>Property, plant and equipment/Intangible assets:</b>		
Cash proceeds from disposals	10	17
Cash payments for acquisitions	-82	-90
<b>Securities and investments (equity investments):</b>		
Cash proceeds from disposals/Cash payments for acquisitions	55	129
<b>Cash flow from investing activities</b>	<b>-18</b>	<b>56</b>
Cash proceeds from/Cash payments for capital increases/decreases	0	0
Changes from other financing activities	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents as of the end of the previous period</b>	<b>26,522</b>	<b>47,431</b>
Cash flow from operating activities	-6,969	-20,965
Cash flow from investing activities	-18	56
Cash flow from financing activities	0	0
<b>Cash and cash equivalents as of the end of the period</b>	<b>19,535</b>	<b>26,522</b>

The balance of Cash and cash equivalents reported in the statement of cash flows in accordance with IAS 7 is identical to the statement of financial position item Cash reserves and thus comprises cash on hand and balances with central banks.

The statement of cash flows shows the changes in Cash and cash equivalents in the financial year classified as the Cash flows from operating activities, investing activities and financing activities. The Other adjustments item consisted primarily of the adjustment for net interest income in the amount of EUR –2,532 million (2024: EUR –2,493 million). The cash payments for the repayment portion of lease liabilities included in Cash flow from operating activities amounted to EUR 9 million in financial year 2025 (2024: EUR 13 million). The cash payments for the interest portion of lease liabilities are reported under Interest paid.

For more information on the group's liquidity risk management, see the section on liquidity risk in the combined management report.



# Consolidated notes

# Accounting policies

## (1) Basis of presentation of KfW Group

KfW, the parent company of KfW Group, is the promotional bank of the Federal Republic of Germany and was founded in 1948 as a public-law institution based in Frankfurt am Main (Palmengartenstraße 5–9, 60325 Frankfurt am Main, Germany). KfW promotes the sustainable improvement of economic, environmental and social conditions around the world, but with an emphasis on the German economy.

The Executive Board of KfW is responsible for preparing the consolidated financial statements and the combined management report. The Executive Board will approve the publication of the consolidated financial statements on 5 March 2026.

As of the reporting date, KfW Group comprises KfW and six fully consolidated subsidiaries. One joint venture and two associated companies are accounted for using the equity method.

Pursuant to Section 315e (1) of the German Commercial Code (*Handelsgesetzbuch* – “HGB”), the consolidated financial statements as of 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”), and with the interpretations set out by the IFRS Interpretations Committee (“IFRS IC”), as mandatory consolidated accounts in accordance with Article 4 of Regulation (EC) No. 1606/2002 (“IAS Regulation”) of the European Parliament and of the Council of 19 July 2002, as well as further regulations on the adoption of certain international accounting standards. The standards and interpretations that apply are those that have been published and endorsed by the European Union as of the reporting date.

The supplementary provisions of HGB that also apply to IFRS consolidated financial statements have been taken into account. The combined management report prepared in accordance with Section 315 HGB includes the risk report with risk-oriented information on financial instruments as set out in IFRS 7, as well as information on capital and capital management as set out in IAS 1.134.

The consolidated financial statements are prepared in accordance with accounting policies that are consistent across KfW Group and on a going-concern basis. The companies included in the consolidated financial statements prepared their annual financial statements as of 31 December 2025, except for associated companies accounted for using the equity method, whose financial statements as of 30 September 2025 were used. Material events for the latter companies as of the reporting date were also taken into account.

The accounting policies in the consolidated financial statements were applied consistently with the exception of the items described in Note 3.

The reporting currency is the euro. Unless otherwise specified, all amounts are stated in millions of euros (EUR in millions).

## (2) Accounting standards that are new, amended or to be adopted for the first time

### A. Impact of new or amended IFRS/IFRIC interpretations adopted for the first time in the 2025 financial year

The amendments to IAS 21, published in August 2023, require an entity to apply a consistent approach when assessing whether a currency is exchangeable into another currency. KfW classifies a currency as exchangeable if, at the time of valuation, it is actually exchangeable via enforceable markets or mechanisms without undue delay. Additional information must be disclosed in cases of non-exchangeability. No such circumstances arose to any material extent.

The accounting standards that are new, amended or to be adopted for the first time have no significant impact on the net assets, financial and earnings position of KfW Group.

## B. New or amended IFRS/IFRIC interpretations to be adopted in the future that were endorsed by the EU into European law before the reporting date

Standard concerned	Mandatory application for financial years from	Description
IFRS 9 / IFRS 7	1 Jan. 2026	The amendments to IFRS 7 and IFRS 9 published in May 2024 relate, among other things, to the requirements in IFRS 9 on the derecognition of financial liabilities using electronic payment systems and on the classification of financial assets, particularly taking into account conditional interest payments (linking interest to ESG factors). In addition, disclosure requirements have been added for financial instruments with conditional cash flows (e.g., those tied to ESG factors) and for investments in equity instruments recognised at fair value directly in equity. In mid-December 2024, the IASB published amendments to IFRS 9 and IFRS 7 on nature-dependent electricity contracts. Accordingly, the own-use exception in accordance with IFRS 9.2.4 et seq. is to be applied to long-term physical power purchase agreements if the company has been a net purchaser of renewable electricity under the contract to date and is expected to be a net purchaser for the entire remaining term of the contract. Furthermore, adjustments to the requirements for hedge accounting in IFRS 9 are planned that will make it possible to use contracts for electricity from renewable energy sources as a hedging instrument under certain conditions. The hedge accounting requirements in accordance with IAS 39 remain unaffected. Moreover, additional disclosure requirements are to be effected in order to better understand the effects of nature-dependent electricity on the financial performance and future cash flows of an entity.
AIP – Volume 11	1 Jan. 2026	At the end of July 2024, the IASB published the “Annual Improvements to IFRS Accounting Standards – Volume 11” with clarifications and corrections: IFRS 1: Hedge accounting by a first-time adopter. In IFRS 1 paragraphs B5 and B6, cross-references to IFRS 9 6.4.1 have been added, and the term “conditions” has been replaced by “qualifying criteria”. IFRS 7: Gain or loss on derecognition. Disclosure of deferred difference between fair value and transaction price, credit risk disclosures. In particular, changes have been made to referencing and wording to eliminate ambiguities and inconsistencies. IFRS 9: Lessee derecognition of lease liabilities; transaction price. IFRS 9 2.1 (b)(ii) is supplemented by a cross-reference to the IFRS 9 rules on accounting for profit or loss on disposal. The reference to the definition of transaction price in accordance with IFRS 15 in IFRS 9 5.1.3 and in Appendix A has been removed, as the term “transaction price” is used in certain sections of IFRS 9 in a context that does not necessarily correspond to the definition of this term in IFRS 15. IFRS 10: Determination of a ‘de facto agent’. The amendment resolves a confusion between IFRS 10 paragraphs B73 and B74 by aligning the language in the two paragraphs. IAS 7: Cost method. In IAS 7 paragraph 37 the term “cost method” has been replaced by “at cost”.

KfW does not intend to use the permitted early-application options of the standard amendments. The changes in IFRS 9 concerning financial instruments with conditional cash flows that are not directly linked to fundamental credit risks and costs have no material impact on the financial statements. The process for assessing the cash flow criterion for these financial instruments will take account of the changed requirements from 2026. The disclosure requirements under IFRS 7 relate to ESG-linked financing. Environmental factors are the focus of the conditional events. These result in a margin adjustment based on the reduction in carbon emissions. Measures designed to implement the new disclosure requirements are largely complete. The standard amendments to IFRS 9/IFRS 7 concerning nature-dependent electricity contracts and the clarifications from the Annual Improvements to IFRS Accounting Standards – Volume 11 did not have any impact on the group’s net assets, financial and earnings position.

### C. New or amended IFRS/IFRIC interpretations to be applied in the future that were published by the EU before the reporting date but have not yet been endorsed into European law

Standard concerned	Effective for financial years from	Description
IFRS 18	1 Jan. 2027	The new standard IFRS 18 'Presentation and Disclosure in Financial Statements' will replace the previous IAS 1 'Presentation of Financial Statements' and is aimed at more transparent presentation and comparability of the performance of entities with a focus on a restructured income statement. Income and expenses are divided into five categories (operating, investing, financing, income taxes, and discontinued operations) with the income statement broken down by predefined subtotals. IFRS 18 also contains provisions to improve the summary and breakdown of items, as well as disclosure requirements for management-defined performance measures that are not specified in IFRS accounting standards.
IFRS 19	1 Jan. 2027	The new standard IFRS 19 'Subsidiaries without Public Accountability: Disclosures' permits certain subsidiaries to apply IFRS accounting standards with reduced disclosures. An entity may elect to apply IFRS 19 if it is a subsidiary (within the meaning of IFRS 10), does not have public accountability (is not a financial institution and not capital markets-oriented) and has an ultimate or intermediate parent that produces publicly available consolidated financial statements that comply with IFRS accounting standards.
IAS 21	1 Jan. 2027	The IASB issued standard amendments to IAS 21 'Translation to a Hyperinflationary Presentation Currency' in November 2025. This requires that amounts for translation from a non-hyperinflationary currency into a hyperinflationary one be translated at the exchange rate on the most recent reporting date, including the comparative figures. If the presentation currency is no longer hyperinflationary, the previous method is prospectively to be used without adjusting the comparative figures. The use of methods and changes to hyperinflationary status are to be disclosed. There is an exception regarding currency translation for companies that apply IAS 29.

KfW does not intend to use the permitted early-application options of the standard amendments. These amendments are expected to have only minor effects, if any, on KfW's net assets, financial and earnings position. The introduction of IFRS 18 results in changes in the presentation and disclosure in the consolidated financial statements, relating in particular to future classification in the income statement, and will result in additional notes to the financial statements, primarily in connection with the requirements to disclose management-defined performance measures not specified by the IFRS Accounting Standards.

#### (3) Changes to material accounting policies

There were no changes to material accounting policies in the reporting period.

#### (4) Judgements and accounting estimates

The consolidated financial statements include amounts based on management's judgement and/or estimates and assumptions which are determined to the best of management's ability and in accordance with the applicable accounting standard. Actual results realised in a future period may differ from these estimates. Material judgements, estimates and assumptions are required, in particular, for calculating risk provisions (including risk provisions in the lending business), recognising and measuring provisions (primarily for pension liabilities and legal risks), measuring the fair value of financial instruments based on valuation models (including determining the existence of an active market), determining remaining terms of leases, assessing and measuring impairment of assets, and assessing the utilisation of deferred tax assets. The estimates and the assumptions underlying these estimates are reviewed on an ongoing basis and are based, among other things, on historical experience or expected future events that appear likely given the particular circumstances. Where judgements as well as estimates and their underlying assumptions were required, the assumptions made are explained in the relevant notes.

KfW Group does not expect any deviations from its assumptions and does not foresee any uncertainties in its estimates that could result in a material adjustment to the related assets and liabilities during the next

financial year. Given the strong dependency on the development of the economy and financial markets, however, such deviations and uncertainties cannot be fully ruled out. These risks are nevertheless low because valuation models – especially those involving the use of inputs not based on observable market data – are employed to measure only small parts of receivables, securities, investments and borrowings measured at fair value, on the one hand, and only a small portion of financial derivatives used to economically hedge risk, on the other hand.

Risk provisions for performing loans (Stages 1 and 2) are calculated using risk parameters geared to regulatory and internal credit risk models for the parameterisation of probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) and adjusted to meet IFRS 9 requirements.

The current geopolitical situation remains characterised by considerable uncertainty. Including a second adverse scenario in the calculation of risk provisions assumes an increased risk of sharply rising raw material and energy prices, extensive supply chain disruptions and an economic slump that could be triggered by escalating trade conflicts and geopolitical tension. The adverse scenario has been included as a post-model adjustment with a weighting of 45% (compared with 30% as of 31 Dec. 2024) since the first quarter of 2025, to reflect the greater forecast uncertainty. The heavier weighting resulted in an increase of EUR 46 million in risk provisions in 2025.

In addition to geoeconomic risks, climate-related risks, as a category of ESG risks, may also affect credit risk and thus risk provisions through various risk drivers.

Relevant ESG risk drivers are identified consistently throughout KfW Group using the ESG materiality assessment, and are taken in account in risk management via the ESG risk profile. They are also considered in the rating processes within non-retail business. In this process, the climate, environmental and social risks highlighted in the ESG risk profile indicate any necessary adjustment to the credit rating where they are not already adequately reflected. This procedure also applies for eligible personal collateral. In this way, relevant climate-related risks within ESG risks are taken into account in determining risk provisions in both the probability of default and loss given default.

In addition to individual consideration of each climate-related risk directly in the rating process, they are also included – if relevant – in the use of macroeconomic and other influencing factors in the point-in-time adjustment of probabilities of default; of particular note is the effect on transition climate risks on energy-intensive sectors. Climate-related risks may additionally appear as risk drivers in the second adverse scenario if significant impacts are expected in the short term.

Given that risk drivers in credit risk are subject to a complete analysis for the purpose of determining risk provisions, both the impacts of macroeconomic factors in the base scenario and the adverse scenario are predominantly characterised by geopolitical risks and impending trade conflicts in the current environment, and to a lesser extent by climate-related risks.

In addition to risk provisions, climate-related risks may also affect the calculation of fair value of the equity investments. If climate-related risks are known at the time of valuation, they are included in the calculation.

Please refer to the relevant sections of the combined management report (risk report) for further information on the consideration of ESG risks in risk management.

The Act for a Tax-Based Immediate Investment Programme to Strengthen Germany as a Business Location (*Gesetz für ein steuerliches Investitionssofortprogramm zur Stärkung des Wirtschaftsstandorts Deutschland*) provides for a gradual reduction in the corporation tax rate, currently 15% until 2027, to 10% by 2032. Determination of deferred taxes is to be based on the tax rate expected to be applicable at the time of reversal of temporary differences. The transition to the future tax rates primarily affects the deferred taxes of KfW IPEX-Bank, particularly pension provisions, loans and advances to customers and risk provisions, and to a lesser extent also Interkonnektor as regards valuations of equity investments and tax loss carryforwards.

The effect of the reduction in the corporation tax rate from 15% (as of 31 Dec. 2024) to the future rates amounted to EUR 12 million as of 31 December 2025. The effects relate largely to the differences in measurement of statement of financial position items, and only to a small extent to tax loss carryforwards.

The ongoing tense geopolitical environment also had an impact on foreign exchange rates. Most importantly, this resulted in a significant devaluation of the US dollar, with corresponding effects on KfW Group's earnings position. An expansion of the hedging volume through EUR/USD currency forwards has been part of the active management of foreign currency risk since the fourth quarter of 2025.

The model-based approach to determining Other comprehensive income ("OCI") was further developed in financial year 2025 for fair value designated liabilities in line with the market standard (change in estimate). This involved, from April 2025 onwards, changing the parameter used to measure the KfW funding spread, from an almost risk-free reference curve (the synthetic EONIA) to the ESTR. This resulted in a one-time income statement effect of EUR –44 million in Net gains/losses from other financial instruments at fair value through profit or loss, split between certificated liabilities and liabilities to banks and customers, as well as in an increase in OCI in the same amount.

#### **(5) Group of consolidated companies**

All significant subsidiaries, joint ventures and associated companies are included in the consolidated financial statements.

Subsidiaries are all business units (including structured entities) over which the group exercises control. Control exists when a group is exposed or entitled to variable cash flows through its relationship and has the opportunity to use its power of disposal to influence the amount of such cash flows. Subsidiaries are included in the consolidated financial statements (full consolidation) from the point at which control is transferred to the group. They are deconsolidated when control is lost.

Joint ventures and associated companies are included in the consolidated financial statements in accordance with IFRS 11/IAS 28 if a joint agreement is in place or the group has significant influence. Significant influence exists when KfW can participate in financial and business policy decisions regarding the associated company even if it does not have sole or joint control.

The composition of the group of consolidated companies has not changed since the consolidated financial statements as of 31 December 2024.

The composition of the group of consolidated companies is presented in the Notes under "List of KfW Group shareholdings".

#### **(6) Basis of consolidation**

Consolidation involves revaluing the total assets and liabilities of the subsidiaries at the acquisition date, irrespective of the equity interest held, incorporating them into the consolidated statement of financial position and accounting for them in subsequent periods in accordance with the applicable standards. If the revaluation adjustments result in an excess compared to acquisition cost, this excess amount is capitalised as goodwill. No goodwill is currently recognised.

Any intercompany assets and liabilities as well as expenses and revenues from transactions between consolidated group companies are eliminated through debt consolidation, or earnings and expenses consolidation, respectively. Intercompany profits between fully consolidated companies are also eliminated.

Investments in associates and joint ventures are accounted for using the equity method. The group's share of the profits or losses of associates and joint ventures is recognised in the "Net gains/losses from investments accounted for using the equity method" line item in the income statement.

There are no minority interests within KfW Group.

## (7) Financial instruments

### A. Classification and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The rules under IFRS 9 “Financial Instruments” serve as the basis for recognition and measurement of financial instruments.

Classification of financial assets at initial recognition thus determines their subsequent measurement. Classification and subsequent measurement of debt instruments is based on the business model and characteristics of the contractual cash flows (solely payments of principal and interest, or “SPPI” criterion). Equity instruments, on the other hand, must always be measured at fair value.

IFRS 9 distinguishes between four categories of measurement for financial assets:

1. At amortised cost;
2. At fair value through profit or loss (“FVTPL”), with the two sub-categories: mandatory and designated;
3. At fair value through other comprehensive income (“FVTOCI”) with no recycling into profit or loss (not used in the group);
4. At fair value through other comprehensive income (“FVTOCI”) with recycling into profit or loss (not used in the group).

Instruments are assigned to business models on a portfolio basis. IFRS 9 provides for three business models to manage financial assets:

1. Hold to collect – financial assets are held with the objective of collecting contractual cash flows.
2. Hold to collect and sell – financial assets are held with the objective of both collecting the contractual cash flows and selling the financial assets (not used in the group).
3. Hold to sell – financial assets held with the objective of selling, or which do not fulfil the “hold to collect” or “hold to collect and sell” criteria.

The cash flow criterion is assessed for each individual financial asset as the second step. The cash flows of financial instruments are then checked for consistency with a basic lending arrangement and as to whether they thus constitute SPPIs on the outstanding loan balance. IFRS 9 defines interest as compensation for the time value of money and credit risk assumed, although it can also include a premium for liquidity risk. As is customary for the sector, compensation (e.g. for equity or administrative costs,) and a profit margin may also be included.

If payments contain payments beyond SPPIs, they must be measured at fair value. This also applies to non-recourse financing where the cash flows of the financed asset are increased or limited in such a way that they no longer constitute interest or principal payments in economic terms and the bank is consequently not exposed to a credit risk but rather to a project or investment risk.

A financing agreement condition does not affect classification if its effect on the contractual cash flows of the financial asset is only minor (*de minimis*). The group employs group-wide rules and a standardised classification of contractual covenants in assessing the SPPI criterion. For sustainability-linked loans in which the interest rate varies depending on compliance with defined ESG criteria, a *de minimis* threshold value is generally taken as the basis for assessing the SPPI criterion. The threshold value refers to the level of margin variability.

An assessment is made in non-recourse loans as to whether mitigation of the property or project risks creates a sufficient risk buffer and whether this then outweighs the credit risk.

A financial asset must have been allocated to a portfolio with the “hold to collect” business model and meet the cash flow criterion for measurement at amortised cost. The KfW business model is focused on a long-term sustainability approach. As the group does not enter into any transactions with the intention of generating a short-term profit, the Executive Board has decided on the “hold to collect” business model for

all credit portfolios (except for the two cases mentioned below). Moreover, the group's lending business is largely consistent with the definition of a basic lending arrangement, and thus meets the SPPI criterion. The two exceptions to the "hold to collect" business model in the lending business are as follows:

- Holding arrangements for the Federal Republic of Germany: Holdings KfW maintains by mandate for the Federal Republic of Germany are not subject to KfW management. Sales are to be executed upon the Federal Government's instruction. As KfW cannot assume that these positions will remain in the portfolio for the long term, it cannot assume a "hold to collect" intention.
- KfW IPEX-Bank's syndication business: This business focuses on short-term sales and not on the objective of holding and selling the assets in equal measure.

Both cases of exception are assigned to the "hold to sell" business model. The holdings are measured at FVTPL.

Securities portfolios are also assigned to the "hold to collect" business model. This applies to the group's liquidity portfolio as well. As the group places minimum requirements on the ECB-eligibility of securities with regard to its liquidity portfolio, liquidity is secured by means of repo transactions. This therefore means that sales from the liquidity portfolio are unnecessary. The ancillary agreements are recorded and evaluated in the system to check the SPPI criterion. Securitisations are checked on a case-by-case basis to address the special rules for "contractually linked instruments". Consequently, the group's securities portfolios are largely measured at amortised cost using the effective interest method, as is its lending business.

The group's investments from equity finance are accounted for at fair value through profit or loss, as these are either equity instruments or debt instruments with no fixed interest or principal payments. The group does not exercise the option of FVTOCI for equity instruments.

Consequently, the group applies only the first two categories for financial assets: amortised cost and FVTPL.

IFRS 9 only provides for two categories for financial liabilities: amortised cost and FVTPL. Financial liabilities are accounted for at FVTPL if they are classified as held for trading (mandatory fair value) or assigned to this measurement category at initial recognition through application of the fair value option (designated fair value); otherwise, they are accounted for at amortised cost. The classification must be irrevocably determined at initial recognition. Reclassification is not permitted.

All non-derivative financial liabilities are held for non-trading purposes in the group. All non-derivative financial liabilities for which the fair value option has not been exercised are classified as liabilities at amortised cost. These are thus measured at amortised cost using the effective interest method. For the group, this category covers funding reported in Financial liabilities at amortised cost (Liabilities to banks, Liabilities to customers and Certificated liabilities). The fair value option is exercised for some structured liabilities such as promissory note loans (*Schuldscheindarlehen*) and certificated liabilities. This concerns liabilities with bifurcated structures as well as liabilities with non-bifurcated structures for which there is an accounting mismatch unless they meet the requirements for application of hedge accounting. In exercising the fair value option, valuation effects resulting from changes in own credit risk are recognised directly in equity in the revaluation reserve.

Derivatives are concluded solely for hedging purposes in the group and measured at FVTPL.

Derivatives are recognised as of the trade date, and all other financial assets as of the settlement date. They are derecognised when the contractual rights from the assets have expired, the power of disposal or control has been transferred, or a substantial portion of the risks and rewards has been transferred to a third party unrelated to KfW Group. Financial liabilities are derecognised if the obligations specified in the contract have been discharged or cancelled or have expired.

Financial instruments are initially recognised at fair value. Directly attributable transaction costs are included as incidental acquisition costs. Loans subsequently to be measured at fair value are an exception, with their transaction costs recognised directly.

Financial instruments subsequently measured at amortised cost are measured based on the fair value at initial recognition, taking into account any principal repayments, impairments, and where applicable,

contractual amendments. The amortisation of premiums and discounts, transaction costs and fees is performed in accordance with the effective interest method on the basis of the contractual cash flows. Discounts are amortised in the promotional lending business until the end of the first fixed interest rate period (generally five to ten years).

Subsequent measurement at fair value for recognition in the financial statements or for the disclosure of financial instruments in the Notes is presented in Section D. “Fair value” below.

In accordance with Article 2 (4) of the KfW Law, the German Federal Government may mandate transactions to KfW on a case-by-case basis involving a public interest on the part of the Federal Republic of Germany. Such transactions are referred to as mandated transactions (*Zuweisungsgeschäfte*). This means that KfW is mandated by the Federal Government to enter into or acquire certain financial instruments. Both equity and debt instruments can be used for such purposes. Mandated transactions are accounted for by applying the generally accepted IFRS rules on additions and disposals, but also on the receipt of income.

Due to the supplemental agreements with the Federal Government often associated with mandated transactions, the disposal criteria and, in particular, the existence of on-lending agreements must also be checked. In addition, a review of the initial recognition of the relevant financial instruments must be conducted. On-lending agreements ensure that cash flows between KfW and the counterparty to a given agreement are ultimately passed on to the Federal Government. While the disposal criteria are normally not met with respect to debt instruments, they are generally met when applied to equity instruments, and the financial instrument is thus de-recognised immediately after initial recognition in the statement of financial position. Equity instruments resulting from mandated transactions are therefore not recognised in the financial statements, but are included in disclosures on trust activities in the notes. See section “Other notes”, notes on “Trust activities and administered loans” and “Related party disclosures”.

## **B. Impairments**

In the group, provisions for loan losses are accounted for in accordance with IFRS 9 requirements and applied to the following financial instruments:

- Loans and receivables as well as third-party securities measured at amortised cost;
- Loan commitments not measured at fair value through profit or loss;
- Financial guarantees not measured at fair value through profit or loss.

Impairments are calculated based on a three-stage model. All assets are assigned to Stage 1 at initial recognition and an impairment is calculated that is equivalent to the 12-month expected credit loss (“ECL”).

The change in credit risk since initial recognition of a financial instrument is then used in determining the ECL. If there has been a significant increase in credit risk (Stage 2), or there are objective indications of impairment (Stage 3), ECLs are recognised as lifetime expected losses. If, in contrast, there has been no significant increase in credit risk, the financial instrument is still assigned to Stage 1 and only the ECLs for the term of the instrument resulting within the next 12 months from potential loss events are taken into account.

A lifetime ECL is recognised for financial instruments in Stage 2 as risk provisioning. This is based on risk parameters oriented to regulatory and internal credit risk models for parameterisation of probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”). Interest income for financial instruments in Stage 2 is recorded using the effective interest method based on the gross carrying amount.

A lifetime ECL is also recognised for financial instruments in Stage 3 as risk provisioning. Assignment to Stage 3 and thus classification as impaired is undertaken in line with the group-wide default definition, which reflects the definition of “default of an obligor” in accordance with Article 178 of the Capital Requirements Regulation. The definition distinguishes between the 90 days past due and unlikely to pay criteria. A distinction is made in calculating impairment in Stage 3 between significant (non-retail) and non-significant (retail) financial instruments. Impairment for retail business in Stage 3 is calculated based on risk parameters and applying a PD of 1. Individual impairment is recognised for incurred losses and is computed on the basis of individual loans for significant portfolios in the lending business. The amount of the impairment loss equals the difference between the carrying amount of the loan and the present value of discounted expected future cash flows from interest, redemption payments and collateral cash flows.

Any reversals of individual impairment losses are accounted for through profit or loss. Interest income for these financial instruments is recognised based on the net carrying amount.

In contrast to the lending business, expected losses for defaulted securities are not calculated based on cash flow but instead on market values in Stage 3. This is due to the assumption that the market value in the case of impairment is primarily influenced by credit rating factors.

Purchased or originated credit-impaired financial assets (“POCI”) are not significant due to the group’s business model. The group has therefore decided not to separately disclose these special requirements. If there are individual cases that meet the POCI definition, they are assigned to Stage 3 based on the default rating at the time of purchase.

In assigning an asset to a stage, the group uses a nuanced approach that takes both ratings and qualitative information into account.

It uses the change in the probability of default over the remaining term (lifetime PD) compared with the probability of default expected for this period at the time of initial recognition (forward lifetime PD) as a basis to assess whether a transaction can migrate from Stage 1 to Stage 2. This ensures that only transactions for which there is a significant deviation from the originally expected probability of default are transferred to Stage 2. Concessions (contractual modifications) made to the obligor for economic or legal reasons (forbearance), are also considered as a factor in transfer to a subsequent stage. KfW uses portfolio-level assessment (collective assessment) only in justified cases for risky portfolios.

As there is no individual rating specific to an obligor in the retail business, transfers from Stage 1 to Stage 2 are based on other credit deterioration indicators, such as negative factors or 30-days-past-due status.

The group does not exercise the option of waiving assessment on whether there has been a significant increase in credit risk, if the instrument is determined to have low credit risk at the reporting date (low credit risk exemption).

The IFRS 9 impairment model takes a symmetrical approach to migration, meaning that forward migration to Stage 2 or Stage 3 as well as reversion back from Stages 2 and 3 are possible. Periods of good conduct are defined for the retail business, based on previous past-due status (> 30 days) or default. These range from 90 days to two years, depending on the specifics of the case. This accounts for the fact that no rating-based transfer criterion is applied to the retail business, and therefore, for example, in the absence of a payment default (> 30 days) without a good conduct period, there would be an immediate reversion to Stage 1.

Expected credit losses for Stage 1 and Stage 2 and the retail business in Stage 3 are calculated based on individual transactions using statistical risk parameters. The regulatory and internal credit risk models for parametrisation of PD, EAD and LGD that are used in risk management serve as the basis for this calculation. These parameters are adjusted as appropriate to determine expected credit losses in accordance with IFRS 9. This approach makes it possible to apply a largely uniform credit risk modelling in line with regulatory, risk management and IFRS requirements even though they may individually differ somewhat in scope. Fundamentally, best estimate parameters are therefore used to determine the expected credit loss; margins of conservatism are not included. Downturn components are only taken into account in the risk parameters in crisis situations.

Calculation of one-year PD is based on the internal rating system, in which every exposure is assigned a PD score that corresponds to a rating scale of 18 levels for non-defaulted transactions and two levels for defaulted transactions. The lifetime PDs are derived from the one-year PD via migration matrices. For IFRS-9-compliant PD modelling, the internal credit risk parameters are adjusted by placing a greater weight on macroeconomic factors from a point-in-time perspective. The adjustment is made through segment and rating-specific modelling of PD premiums and discounts on regulatory PD (through-the-cycle PD). This is based on expert estimates of the economic situation of sectors and countries, with assessment of expected effects, taking into account forward-looking information. This approach differs for the retail business, for which premiums and discounts are calculated applying an expert model based on econometric factors.

LGD is the loss ratio that results in the event of default after taking collateral into account. In accordance with IFRS 9 impairment requirements, a multi-year view without taking internal costs into account is generally

required. The regulatory LGD parameters are adjusted so that internal costs for IFRS 9 are not included in the calculation of expected credit losses.

The EAD for a given quantum of time corresponds to the loan drawdown expected at the time of default, taking into account additional drawings on open lines of credit. For the off-balance sheet portion, the expected drawdown is calculated based on credit conversion factors.

The macroeconomic information to be considered when calculating ECLs is included through both the point-in-time adjustment of the probability of default and a second macroeconomic scenario, in order to address forecast uncertainty in the current macroeconomic environment.

Risk provisions for on-balance sheet lending and securities business are deducted directly from the statement of financial position line item Financial assets at amortised cost. Risk provisions for the off-balance sheet lending business are accounted for on the liabilities side under Provisions (sub-item: Risk provisions for lending business).

Credit risks resulting from the on- and off-balance sheet lending business and from financial assets measured at amortised cost are accounted for through impairments recognised in profit or loss in the amount of the one-year expected credit loss (Stage 1) or the lifetime expected credit loss (Stage 2 and Stage 3). Additions to and reversals of risk provisions are recognised in Net gains/losses from risk provisions in the income statement.

An asset is written off in the event that it, or a portion thereof, is estimated as irrecoverable. In the non-retail business, this is not performed until there is no longer a prospect of recovery, as, for instance, all collateral has been realised or, in the event of insolvency, creditor quotas have been distributed or insolvency proceedings have been discontinued for lack of assets. Write-offs in the retail business are performed pursuant to defined criteria such as insolvency or a fixed default period, which are both related to termination of the loan. Recovery is pursued as long as it is economically viable.

In the case of a write-off, the gross carrying amount is reduced by the amount of the write-off. Current provisions for loan losses are utilised first, and any remaining amount is written off directly. Similar to recoveries on loans already written off, this direct write-off is also reported through profit or loss in the Net gains/losses from risk provisions item.

### **C. Contractual modifications**

Contractual modifications are credit rating or market-induced adjustments to contractual cash flows. By contrast, an adjustment of contractual payments agreed at the time the contract was concluded is not deemed a contractual modification.

Substantial contractual modifications result in derecognition of financial assets even if the same or the modified contract legally remains valid. The modified financial instrument is treated in accordance with IFRS 9 as a new contract and reclassified on the basis of classification criteria. Derecognition resulting from substantial modification is not relevant for the “hold to collect” business model.

There is no write-off for non-substantial contractual modifications. Instead, the gross carrying amount is adjusted to the present value of the modified cash flows calculated using the original effective interest rate. This valuation difference is recognised in profit or loss as a modification gain or loss and amortised through net interest income on subsequent reporting dates.

The modification list serves as the group-wide basis for identification of relevant contractual modifications. This distinction between substantial and non-substantial modification is normally made based on qualitative criteria such as contractual amendments that result in a violation of the cash flow criterion within the meaning of IFRS 9 4.1.1(b).

In the event of a non-substantial modification, an assessment must be made of whether the credit risk has increased significantly and whether a stage transfer may consequently be necessary. This ensures that a credit risk-related contractual modification triggers an ad hoc rating as an early warning signal or at least a documented review of the need for an ad hoc rating in accordance with requirements for early detection of risks. This current rating is taken into account accordingly in the assignment to stages.

## D. Fair value

Subsequent measurement at fair value, which, depending on the measurement category, is regularly determined either for recognition in the statement of financial position or for the disclosure of financial instruments in the Notes, is based on the following hierarchy at KfW Group:

### *Active market – allocation to level 1 (Quoted market price)*

The best objective evidence of fair value is provided by published price quotations in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent current – i.e., traded on the date of conclusion or shortly before – and regularly occurring market transactions on an arm's length basis. Together with the traded nominal volumes, the contract sizes and the number of contracts, this assessment takes into account in particular the bid-ask spreads observed which in the event of a significant increase indicate the absence of an active market.

### *No active market – allocation to level 2 (Valuation methods based on observable market data [model]) or level 3 (Valuation methods based in part on data not observable in a market)*

If the financial instrument is not quoted in an active market, valuation techniques are used. The valuation techniques applied include, in particular, the discounted cash flow (“DCF”) method and option pricing models, as well as a comparison to the fair value of a financial instrument with almost identical characteristics (e.g., multiple-based models). The valuation techniques take account of all input parameters that the market participants would include in the pricing of that financial instrument, e.g., market interest rates, risk-free interest rates, credit spreads or swap curves. As these input parameters can generally be observed in the market and are usually the only significant parameters for measuring financial instruments using valuation techniques, the level for the financial instruments measured at fair value using valuation methods is usually level 2. This allocation also generally applies for prices quoted on inactive markets published by price service agencies.

If significant input parameters that are not observable on the market, such as expected risk-free customer margins or capital costs, are used in valuation techniques, the financial instrument is allocated to level 3.

If, at the date of initial recognition, differences arise between the market-based transaction price and the model price resulting from a valuation technique that makes significant use of unobservable parameters, an analysis is performed to determine whether there are economic reasons for these initial differences (e.g. conclusion of a transaction on a market that is not the main market for this transaction). These economic reasons only apply to a small part of the derivative portfolio of KfW Group, which comprises a hedging instrument for customers with respect to the export and project financing business. In relation to this, OTC (over the counter) derivatives in line with the market are not concluded on the main market (OTC interbank market) relevant to valuation. The initial differences determined upon conclusion of these derivatives are amortised through profit or loss over the life of the financial instruments, as the valuation parameters unobservable on the market are relevant to the valuation procedure. The reliability of this valuation technique is ensured via regular model validations.

This (valuation) hierarchy is applied in the group as follows:

Fair values are derived from active markets, in particular, for bonds and other fixed-income securities – unless there are inactive markets, and valuation techniques or prices quoted on inactive markets published by price service agencies are therefore used – as well as own issues reported on the liabilities side. Valuation techniques for non-derivative financial instruments are used primarily for products reported under Financial assets at fair value (loans and advances to banks, loans and advances to customers, and equity investments) and Financial liabilities at fair value (liabilities to banks, liabilities to customers, and certificated liabilities). Valuation techniques are also used for OTC derivatives.

The steps detailed below are taken for certain product groups:

For securities in the Securities and investments line item, the group examines whether a financial instrument is quoted on an active market on the basis of homogeneous portfolios. Market activity is assessed based on the following criteria:

- There is more than one market maker.
- Prices are set on a regular basis.
- Prices deviate only slightly between market makers.
- The bid-ask spread is narrow.

Prices on active markets are used to determine the fair value of the group's asset securities as of the reporting date. In addition, for parts of the portfolio, prices from price service agencies are used that do not qualify as prices quoted on active markets. Should these not be available in individual cases, valuation techniques are used to determine fair value taking into account observable market parameters. The input parameters include, in particular, changes in creditworthiness and risk-free interest rates, but they also take into account general and financial instrument-specific tightening of the market due to lower liquidity.

In measuring OTC derivatives, valuation adjustments are determined for counterparty risks (credit valuation adjustments), own default risk (debt valuation adjustments), collateral costs under credit support annexes, collateral valuation adjustments and funding cost adjustments ("FCA"). KfW's institute-specific funding costs are used to calculate the FCA. Value adjustments are not calculated separately for each transaction but for the portfolio of transactions on which a framework agreement is based. The allocation to individual transactions is based on the relative credit adjustment approach. The resulting adjustment amounts are very low as KfW generally pledges collateral for positive market values in accordance with standard market collateral agreements. In accordance with market practices, risk-free overnight interest rates are used for the valuation of the derivatives portfolio.

The fair value of Loans to banks and customers is calculated using the DCF method based on the discounting of the risk-adjusted cash flows. The expected loss calculated for the respective reporting date is used to correct the contractual cash flows.

The holding arrangements for the Federal Republic of Germany (*Platzhaltergeschäfte*) are accounted for as receivables from the Federal Government. The receivables comprise the KfW-funded purchase price of the assets held for the Federal Republic of Germany as well as additional benefit from the sales proceeds of the assets. The receivables are measured at fair value, with the additional benefit being accounted for as a key value driver using current market prices of the assets held.

The valuation of equity investments is often based on generally accepted standard methods such as the DCF method for valuation of direct investments and the net asset value method for fund investments. The procedure used in the past in the equity investment environment of DEG and Capital has been refined, particularly with a view to the measurement of fund investments at fair value. Because the funds provide the net asset values at a later point in time, there is a three-month time lag between the group's reporting date (31 December 2025) and the reporting date for the funds (30 September 2025). Measures are therefore being taken to minimise this time lag by looking through the investments as of the group's reporting date and taking into account additional information at the level of the investments in the valuation as of the reporting date.

Plausibility checks also continue to be conducted on fund valuations to ensure the quality of the reported net asset values. These include, among other things, quality assurance measures such as standardising valuations for identical investments in different funds and analysing changes in value of the investments within the fund over time.

The Federal Republic of Germany's liability for specific KfW liabilities in accordance with Article 1 a of the KfW Law has an advantageous effect on KfW's ability to refinance itself. In determining the fair value of KfW's liabilities, the effect of this explicit direct state guarantee is also taken into account. The state guarantee does not represent an independent unit of account.

The fair value of financial instruments due on demand, such as cash reserves or receivables and liabilities due on demand, is their carrying amount.

When no prices from liquid markets are available and prices on inactive markets cannot be provided by price service agencies, recognised valuation models and methods are used. The DCF method is used for securities, swaps, and currency and money market transactions with no embedded options or complex coupons. Stand-alone options, as well as derivatives with embedded options, triggers, guaranteed interest rates and/or complex coupon agreements, are measured using recognised models (e.g., Hull & White) unless they are listed on a stock exchange.

The aforementioned models are calibrated, if possible, on the basis of observable market data for instruments that are similar in terms of the type of transaction, maturity, and credit quality.

#### **E. Financial guarantee contracts**

A financial guarantee contract is a contract that requires the guarantor to make specified payments that compensate the holder for a loss it incurs because a specified debtor fails to meet its contractual payment obligations. For the guarantor, a financial guarantee contract is to be measured at fair value at initial recognition, which is zero at contract conclusion, as the value of the premium on fair value contracts is equal to the value of the guarantee obligation (net presentation). Moreover, fair value at initial recognition is no longer carried forward in such net presentation, but rather incoming premium payments are recognised through profit or loss in Net commission income. If a financial guarantee contract is not designated to the fair value measurement category at initial recognition, a provision is recognised for expected losses from a financial guarantee as part of a subsequent assessment, applying IFRS 9 rules for risk provisioning. The group does not voluntarily designate financial guarantee contracts for measurement at fair value.

For the holder, on the other hand, this is a contingent asset that may not be capitalised. However, a (non-impaired) financial guarantee contract is, for the holder, collateral that may be included in calculating risk provisions for the recognised reference asset.

Provisions for expected losses from financial guarantees are reported under Provisions for credit risks.

KfW also uses financial guarantee instruments via both public and private credit agencies as collateral for loans. Due in particular to its role as partner institution for government programmes, KfW uses both federal guarantees and guarantees from the EU's EFSD+ (European Fund for Sustainable Development) programme in its global activities.

KfW assumes the role of protection seller in its loan programmes by assuming credit risks in the form of risk sub-participations and financial guarantees.

#### **F. Reporting and Notes**

Current interest and similar income from a financial asset are generally recorded under Interest income. If, due to the low interest environment, negative interest rates arise from a financial asset, these are also recorded in Interest income, with a minus sign. Premiums, discounts, processing fees and charges are amortised in Interest income using the effective interest method. Processing fees that are not amortised under the effective interest method are recognised under Commission income.

Any fair value changes of financial assets at fair value through profit or loss are recognised in Net gains/losses from other financial instruments at fair value through profit or loss.

Current interest arising from a financial liability is recorded in Interest expense. This also applies in the case of negative interest resulting from an environment. Premiums and discounts are also amortised in Interest expense using the effective interest method over the expected life.

Results from the repurchase of own issues categorised as liabilities measured at amortised cost are recognised at the repurchase date in Net other operating income.

Classes for financial instruments have been largely defined in agreement with the group’s business model which is focused on the lending business. The definition is based in particular on the national requirements for balance sheet classification at banks and financial services institutions. The following classes (and sub-classes) were defined for financial assets and financial liabilities:

**Transition of the statement of financial position items for financial instruments to classes in accordance with IFRS 7.6**

Statement of financial position item	Class	Sub-class
Financial assets at amortised cost	<i>Loans and advances to banks</i>	Money-market transactions
		Loans and advances
		Promissory note loans
	<i>Loans and advances to customers</i>	Other receivables
		Money-market transactions
		Loans and advances
Financial assets at fair value	<i>Loans and advances to banks</i>	Promissory note loans
		Other receivables
		Money-market transactions
	<i>Loans and advances to customers</i>	Loans and advances
		Promissory note loans
		Other receivables
Financial liabilities at amortised cost	<i>Liabilities to banks</i>	Bonds and other fixed-income securities
		Shares and other non-fixed income securities
		Equity investments
	<i>Liabilities to customers</i>	Shares in non-consolidated subsidiaries
		Interest-related derivatives
		Cross-currency derivatives
Financial liabilities at fair value	<i>Liabilities to banks</i>	Other derivatives
		Money-market transactions
		Promissory note loans
	<i>Liabilities to customers</i>	Other financial liabilities
		Money-market transactions
		Promissory note loans
Financial liabilities at fair value	<i>Certificated liabilities</i>	Other financial liabilities
		Money-market issues
		Bonds and notes
	<i>Other derivatives</i>	Money-market transactions
		Promissory note loans
		Other financial liabilities
Financial liabilities at fair value	<i>Liabilities to banks</i>	Money-market transactions
		Promissory note loans
		Other financial liabilities
	<i>Liabilities to customers</i>	Money-market transactions
		Promissory note loans
		Other financial liabilities
Financial liabilities at fair value	<i>Certificated liabilities</i>	Money-market issues
		Bonds and notes
		Interest-related derivatives
	<i>Other derivatives</i>	Cross-currency derivatives
		Other derivatives

In addition, the items from the asset and liability sides of the statement of financial position, Value adjustments from macro fair value hedge accounting, Derivatives designated for hedge accounting, and Off-balance sheet transactions each form a separate class.

The Loans and advances to banks class primarily consists of the promotional lending business, in which loans are typically granted to the final borrowers through accredited commercial banks. These assets are presented in this class when the commercial banks underwrite part of the liability. Promotional loans that commercial banks on-lend without underwriting of liability are recognised in the class Loans and advances to customers.

The Loans and advances to banks and Loans and advances to customers classes also include loans that benefit from a subsidy (interest rate reductions) granted by KfW under the European Recovery Program (“ERP”) economic promotion programme. The promotional grants awarded annually to KfW through the ERP Special Fund based on the ERP Economic Planning Act (*ERP-Wirtschaftsplangesetz*) for the purpose of executing the ERP economic promotion programme are recognised as deferred income in other liabilities and are amortised in profit or loss under Interest income as the underlying funding expenses occur.

The Securities and investments class mainly comprises bonds and other fixed-income securities held in securities portfolios that belong to KfW and its subsidiaries, along with equity investments.

The securities portfolios mainly serve to support KfW’s liquidity position and to stabilise and ensure the group’s promotional capacity in the long term.

To achieve the same accounting treatment for equity investments with and without significant influence, individual group business areas that provide equity finance as part of their promotional mandate are considered as venture capital organisations for accounting purposes provided, they meet the respective requirements (DEG and KfW Capital). These equity investments, like other equity investments, are allocated to the Securities and investments class.

The Liabilities to banks and Liabilities to customers classes largely comprise KfW Group borrowings and money-market transactions.

Issued bonds, notes and money market securities are allocated to the Certificated liabilities class. Own issues repurchased in the open market are deducted from the liabilities as of the repurchase date.

In some of the Notes, these classes are broken down into additional sub-classes that relate mainly to products (for example, Loans and advances to banks are reported separately for money-market transactions and loans and advances).

Information about the type and extent of risks associated with financial instruments is also provided in the risk report section of the combined management report.

## **(8) Derivatives and hedging relationships**

### **A. Hedging transactions / Hedge accounting**

KfW Group enters into financial derivatives to economically hedge interest rate fluctuation and currency risks, particularly those related to funding, lending and securities activities. Interest rate swaps, interest rate/currency swaps and base currency swaps are mainly used for this purpose. Interest rate swaps are used to convert fixed rate interest payments of the issuances or lending transactions into variable payments. In the case of refinancing in a foreign currency, payments are also converted into the functional currency (EUR). The hedge ratio for the issues is normally 1:1. Ineffectiveness therefore results exclusively from unhedged risks such as counterparty risk or tenor or basis spread risks.

Economic hedging relationships are designated as hedge accounting relationships or designated as fair value through profit or loss by using the fair value option when the IFRS requirements are met. Economic hedging relationships can also be recognised in the financial statements through bifurcation of separable embedded derivatives on the liabilities side that are accounted for through profit or loss. In these cases, if the hedges are

economically effective, the impact on the financial statements, with respect to the hedged risks, from the instruments used for hedging purposes and the hedged transactions will substantially offset each other, so that the group's income statement substantially reflects the risk-mitigating impact of these hedging relationships.

However, not all economic hedging relationships qualify for hedge accounting or the fair value option. In these cases, the risk-mitigating impact of the derivatives used for hedging purposes is not reflected in the accounts because the hedged risk associated with the underlying transactions is not recognised in profit or loss under IFRS. The applicable recognition requirements may therefore lead to one-sided valuation results from the derivatives used for hedging purposes in the group's income statement – as well as volatility in profit or loss – despite an economically effective hedging relationship.

Hedge accounting in the group is used solely in the form of fair value hedges to recognise economic hedging relationships. The hedging relationship is designated, firstly, at individual transaction and group level in the form of micro fair value hedge accounting, and, secondly, at portfolio level in the form of macro fair value hedge accounting. The group has exercised the option of applying IAS 39 rules for hedge accounting. If risk-free overnight interest rates are used in the valuation of the derivatives, this market practice is also subject to micro fair value hedge accounting for the measurement of the hedged risk related to the hedged item. The hedged risk in macro fair value hedge accounting generally relates to the variable interest rates of the derivative portfolio. The effectiveness of the hedging relationships is assessed using the dollar offset method and a regression analysis (80%–125% range for assessing effectiveness).

In micro fair value hedge accounting, interest and currency risks from bonds allocated to Securities and investments (in the Financial assets at amortised cost item) and, above all, from borrowings (in the Financial liabilities at amortised cost item) are hedged. In micro fair value hedging relationships at individual transaction level, the fair value changes attributable to the hedged risks are reported as an adjustment of the carrying amount of the hedged items with the corresponding gain or loss recognised under Net gains/losses from hedge accounting. The hedging instruments used for this purpose are recognised at fair value in Derivatives designated for hedge accounting. Changes in the value of the hedging instruments are also recognised in Net gains/losses from hedge accounting, largely compensating the profit or loss effects of the hedged items.

Macro fair value hedge accounting is used to hedge against interest risks primarily from loan receivables (in the Financial assets at amortised cost item) and firm obligations via future fixed-rate financing that are hedged against interest risks as part of dynamic asset liability management in the group. The fair value changes attributable to the hedged risks in the hedged portfolios in the Amortised cost category (loans and advances / liabilities) are accounted for in Value adjustments from macro fair value hedge accounting on the assets or liabilities side. Fair value changes attributable to the hedged risks from the hedged portfolios are reported in Net gains/losses from hedge accounting.

The hedging instruments are reported at fair value in Derivatives designated for hedge accounting. Changes in the value of these instruments are also recognised in Net gains/losses from hedge accounting, with the effect that they almost fully offset the earnings effects from the valuation of the hedged portfolios.

The portfolio of hedged items is updated monthly in the context of a dynamic hedge de-designation and designation process. The resulting fair value adjustments are amortised over the residual term of the maturity period in Net gains/losses from hedge accounting. Disposals from the hedged portfolios result in a proportional amortisation of the related fair value adjustments in Net gains/losses from hedge accounting. When cash flows from hedging instruments are derecognised while the economic hedge based on non-derivative financial instruments remains, the related fair value adjustments from the hedged portfolios are amortised in Net interest income.

If the strict hedge accounting requirements for the designation of hedging relationships between derivatives and financial assets/liabilities are not fulfilled within KfW Group, the fair value option is used in certain circumstances. The fair values of the hedging instruments are presented in Financial assets at fair value or Financial liabilities at fair value, and the changes are presented in Net gains/losses from other financial instruments at fair value through profit or loss. These are largely offset by valuation effects from the hedged transactions. Fair value changes in liabilities resulting from changes in KfW's own credit risk are directly recognised in OCI.

Further derivative financial instruments are used to hedge risks, but their economic hedging relationships are not reflected in the accounts. The fair values of these hedging instruments are also presented in Financial assets at fair value or Financial liabilities at fair value, and the changes are presented in Net gains/losses from other financial instruments at fair value through profit or loss.

KfW Group neither uses derivatives for trading purposes nor enters into derivatives acting as a broker or intermediary on behalf of third parties.

### **B. Embedded derivatives**

Derivative financial instruments can be part of a hybrid (combined) financial liability as embedded derivatives. Under certain conditions, they are accounted for separately from the host contract, similar to stand-alone derivatives. They must be bifurcated if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The host contract is accounted for according to its classification at inception.

KfW Group enters into contracts with separable embedded derivatives particularly with respect to its own funding. In the case of these products, the embedded derivatives must be bifurcated and recognised separately. Changes in fair value are then recognised in Net gains/losses from other financial instruments at fair value through profit or loss in the sub-line item Financial derivatives not qualifying for hedge accounting, where they have a compensatory effect on the valuation of the economic hedging derivatives.

The fair value option was selected for certificated liabilities with bifurcated (embedded) derivatives recorded prior to bifurcation.

### **(9) Offsetting of financial instruments**

KfW uses the EUREX central clearing system to settle some of its derivative transactions. This form of settling derivative transactions results in the recognition of a net amount in the statement of financial position for the transactions affected, as the involvement of EUREX as the central counterparty (CCP) meets all of the requirements for offsetting as set out in the relevant IFRS standard. This means that positive and negative fair values of derivatives for which EUREX acts as the central counterparty are offset against the corresponding collateral and reported in a net item in the statement of financial position.

In the case of reverse repo and repo transactions, for which EUREX acts as the central counterparty, receivables and liabilities are also offset if the currencies and the value dates are the same.

In addition, framework agreements featuring netting agreements are in place between KfW and its business partners for OTC derivatives and securities repo transactions.

One form of netting is close-out netting, which provides for the elimination of all rights and obligations relating to individual transactions under the framework agreement upon termination of said framework agreement by the contractual partner, or upon the latter's insolvency, with the rights and obligations replaced by a single compensation claim (or obligation) in the amount of the net replacement costs of the terminated individual transactions. This does not represent a present legal claim for offsetting.

Close-out netting is not to be confused with the offsetting of payments in the ordinary course of business. The same framework agreement may provide for the latter, i.e., that payments due on the same day and in the same currency may be offset and a net payment made instead of each individual payment (payment netting). This represents a present legal claim for offsetting.

KfW's framework agreements relating to bilateral OTC derivatives (not in central clearing) generally include close-out netting agreements with the business partners. Payment netting is limited in the agreement to the relevant individual transaction, so that multiple transaction payment netting does not occur. The requirements for offsetting financial assets and financial liabilities are therefore not met for these KfW OTC derivatives.

KfW's framework agreements for repo transactions include close-out netting agreements and, in some cases, payment netting agreements with the business partners as well. However, as KfW does not, as a rule, perform multiple transaction payment netting with repo transactions, the requirements for the offsetting of financial assets and financial liabilities are not met for such KfW repo transactions.

In accordance with the collateral agreements concluded for OTC derivatives and repo transactions, the values of the available collateral are used in determining the single compensation claim (or obligation) in close-out netting. Both cash and securities are permitted forms of collateral under the existing collateral agreements between KfW and its business partners. The collateral agreements provide for a transfer of title in the case of securities as collateral. Consequently, the transferred securities are not subject to any selling or pledging restrictions.

#### **(10) Foreign currency translation**

The functional currency of KfW and its consolidated subsidiaries is the euro. Monetary assets and liabilities denominated in a foreign currency are converted at the spot rate as of the reporting date.

Non-monetary assets and liabilities denominated in a foreign currency are normally converted at historical rates if they are measured at (amortised) cost. Currency translation is based on the European Central Bank reference rates.

The changes in value resulting from foreign currency translation are reported in the income statement under Net gains/losses from other financial instruments at fair value through profit or loss.

#### **(11) Revenue from contracts with customers**

IFRS 15 defines the nature, amount and timing of revenue arising from contracts with customers. Such revenue includes fees which are not an integral part of the effective interest rate and which are reported under Commission income. In this context, a five-step principle-based model is to be applied to relevant customer contracts. Moreover, the Notes are to include comprehensive detailed quantitative and qualitative information. IFRS 15 does not apply to fees and charges that are an integral part of the effective interest rate as they fall under the scope of IFRS 9.

There are primarily mandate contractual arrangements with the Federal Government as contracting authority within the meaning of IFRS 15. They include fees for the administration of German Financial Cooperation for the promotion of developing countries and emerging economies, fees for the administration of certain programmes subsidised by the Federal Government, and fees for debt collection on certain loans. The group also charges fees for administrative services for other mandate agreements as well as for processing services and for services for lending and trust activities. Individual services may be grouped together into a bundle of services that qualifies as a separate performance obligation within the meaning of IFRS 15. The value of the transaction is therefore not broken down.

As performance obligations are mostly satisfied over time, revenue from customer contracts is recognised according to the measure of progress and is thus normally recognised over time.

KfW Group has no items that require recognising customer acquisition or contract fulfilment costs as assets. One-time advance payments to be allocated are deferred and recognised as contract liabilities in the statement of financial position under Other liabilities.

If the service has already been performed but fees have not yet been paid or if there is not yet any claim to payment, a contract asset is to be recognised in the statement of financial position under Other assets. If the claim becomes unconditional, the contract asset is to be reclassified as a Trade receivable adjusting the carrying amount where applicable. This rule is applied to fees for administration of certain programmes subsidised by the Federal Government. Based on the very good credit rating and short remaining life, no expected credit loss is calculated.

## **(12) Promotional lending business at KfW**

The general promotional loans market, which distinguishes itself from the market for general lending business, is relevant for KfW's promotional lending business conducted as part of its legal promotional mandate. This market is characterised by the fact that promotional banks, as part of their legal mandate, pass on all funding advantages to the ultimate borrowers in financing projects eligible for promotion. In setting the terms and conditions of the corresponding promotional loans, KfW uses its current term-differentiated refinancing rates.

At initial recognition of such loans, the fair value is thus equivalent to the transaction value.

KfW also grants promotional loans which include additional subsidies granted during the first fixed interest rate period, in the form of interest rate reductions impacting KfW's earnings position. The fair value of these promotional loans – measured using the parameters of the general promotional loan market – is thus not equivalent to the transaction value at initial recognition as in this case the interest rate is below the market rate.

The difference that normally results from such loan commitments – present value of the nominal scheduled interest rate reductions during the first fixed interest rate period – is recognised in profit or loss as an interest expense and accounted for as an adjustment to the carrying amount in loans and advances under the item Financial assets at amortised cost. 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.

In certain circumstances, KfW can agree with the shareholder ERP Special Fund on an obligation for future grants under ERP programmes. This obligation is recognised at the time of the contractual agreement as a provision with a negative impact on the current earnings position, and is utilised in subsequent years for specific grants under ERP programmes. The requirements for such obligations are reviewed annually before year-end and presented to the Executive Board for decision.

## **(13) Non-current assets held for sale**

Under IFRS 5, separate presentation and measurement requirements apply to non-current assets held for sale if the assets are available for immediate sale and such sale is highly probable. Assets that meet the IFRS 5 criteria are reported in the separate statement of financial position item: Non-current assets held for sale. The IFRS 5 measurement requirements are not applied if they relate to financial assets. In this case, the IFRS 9 measurement requirements continue to apply instead.

## **(14) Repurchase agreements**

KfW Group enters into repurchase agreements as standardised repos or reverse repos. These are combinations of simultaneous spot and forward transactions on interest-bearing securities with the same counterparty. The terms and modalities of collateral and its use follow common market practice. Credit claims are also an eligible type of collateral for open-market transactions.

The interest-bearing securities sold under repo transactions (spot sales) continue to be recognised and measured under Financial assets at amortised cost. The repayment obligation towards the counterparty is carried under Financial liabilities at amortised cost for the amount of cash consideration received. The repo rate as a fee for borrowing is recorded by the group, as the borrower, under Interest expense over the term of the agreement. The borrower is entitled to the coupon on the security. A repayment claim is recognised and measured under Financial assets at amortised cost for the amount of cash outflow generated by reverse repos. The securities received (spot purchases) are not recognised or measured. The repo rate as a fee for lending is recorded in the group as the lender under Interest income over the term of the agreement.

### **(15) Property, plant and equipment**

The land and buildings and the plant and equipment reported by KfW Group are carried at cost less depreciation on a straight-line basis and any impairment, both recognised in Administrative expense. In accordance with the requirements in IAS 36, an impairment is recognised if there are indications of impairment and the carrying amount of the asset exceeds the recoverable amount, i.e., the lower of fair value less costs of disposal and value in use. The useful life is determined based on expected wear and tear. KfW Group assumes an estimated useful life of 40 to 50 years for buildings, four years for workstation computer equipment and five to 15 years for other property, plant and equipment. Gains and losses from the sale of property, plant and equipment are recognised in Net other operating income.

Payments in advance and assets under construction are recognised in Other property, plant and equipment and are not subject to depreciation.

### **(16) Leases**

In accordance with IFRS 16 “Leases”, KfW as lessee reports each right of use in Property, plant and equipment and the associated lease obligation in Other liabilities. The lessee measures lease liabilities at the present value of the lease payments not paid at that date, discounted at the lessee’s incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Accordingly, KfW determines the incremental borrowing rate of the basis of the refinancing rate it uses for its own issues.

KfW applies IAS 36 “Impairment of Assets” to rights of use to determine whether the right of use is impaired and to recognise any impairment loss identified. Depreciation, amortisation and impairments of rights of use are reported in Administrative expense. Interest expense from discounting the rights of use and the interest compounded on lease liabilities are included in Other interest expense.

The effects on net assets, financial and earnings position, which are minimal, arise only from the “leasing buildings” class.

For short-term leases with a maximum term of 12 months and leases in which the underlying asset is of low value, KfW uses the relief provided for in IFRS 16.5 and does not recognise a right of use.

The small number of contracts in which KfW Group acts as a lessor are classified as operating leases. The leased asset is recognised under Property, plant and equipment and the corresponding rental income in Other operating income.

### **(17) Intangible assets**

Under Intangible assets, KfW Group reports purchased and internally generated software at cost, less straight-line amortisation and impairments, both recognised in Administrative expense. The useful life is determined based on expected wear and tear. KfW Group assumes a useful life of five years.

Assets are impaired when the carrying amount of an asset exceeds the recoverable amount. An impairment is recorded when no future economic benefits can be identified.

Internally generated software under development is reported under Other intangible assets and is not subject to amortisation.

## (18) Risk provisions

Provisions include provisions for pensions and similar commitments, credit risks, interest rate reductions in irrevocable loan commitments granted by KfW in the promotional lending business and negatively affecting its earnings position, as well as other obligations of uncertain amount and timing involving a probable outflow of funds.

The employees of the group participate in a company pension plan that pays retirement, long-term disability and survivor benefits. KfW Group has various pension plans, consisting exclusively of defined-benefit schemes. The benefits largely depend on the length of company service and salary. The pension plan that was applied for new hires until 1985 offered a full pension (*Gesamtversorgung*), in which a certain portion of the income paid before the benefits were due was allocated as a benefit after deducting the state pension. Apart from employer-financed pension plans there are also plans in place involving contributions by employees.

The group pension plans are subject to the following risks in particular: longevity, interest rate fluctuation, pension adjustment risk as well as the risk of future changes to the assessment bases.

Longevity risk is the risk that higher expenses will be incurred for the company pension plan if the pensioners live longer than projected. In general, this risk is balanced out across all pensioners and would only have an impact if life expectancy were to rise faster in the future than anticipated.

Due to the long term of the company pension plan, provisions for pension obligations are subject to general interest rate fluctuation risks.

Pension adjustment risk largely relates to the pension plan offering a full pension (*Gesamtversorgung*). In this scheme, benefits are recalculated as soon as there is a change in the base income eligible for pension or the state pension to be offset. Another pension plan must be examined regularly in terms of forecast and actual pension adjustments, undertaking such adjustments if necessary.

The amount of the benefits promised under the existing pension plans in the group depends, among other things, on development of the income eligible for benefits and the social security contribution ceiling (*Beitragsbemessungsgrenze*). There is a risk that the basis of assessment will develop differently than was assumed.

Pension obligations are calculated by an independent qualified actuary in accordance with the projected unit credit method on the basis of group-wide uniform parameters such as age, length of company service and salary. The pension provision is recognised at the present value of the defined-benefit obligations as of the reporting date. The discount factor is based on current market conditions for a portfolio of high-quality corporate bonds/bonds from supranational issuers with a maturity matching that of the obligations. The definition of the portfolio takes into account current market conditions. Additional demographic factors (including the 2018 G Heubeck actuarial tables) and actuarial assumptions (rate of salary and pension increases, rate of staff turnover, etc.) are taken into account.

No plan assets were defined for the pension obligations of the group, so the related special accounting rules do not apply. Provisions for pensions and similar obligations are financed in-house with assets with corresponding maturities.

Actuarial gains and losses are immediately recognised at the time they occur. They occur as a result of remeasurement of pension obligations as of the reporting date compared to the figures forecast at the beginning of the year.

Additions to pension provisions distinguish between service cost and interest expense. Service cost is reported under Administrative expense; interest expense is reported under Other interest expense. The pension provision changes recognised directly in equity comprise the actuarial gains and losses reported in Revaluation reserves; these are reported in Other comprehensive income.

Pension-like obligations include commitments for deferred compensation, early retirement and partial retirement (*Altersteilzeit*). Actuarial reports are prepared, and a provision is recognised accordingly for these types of commitments as well. No actuarial gains or losses are incurred.

Other provisions, including those for obligations to employees and for audit and consultancy services, are recognised at the estimated expenditure. Long-term provisions are discounted where the effect is material. Added to this are obligations arising from the assumption of the tasks of the State Insurance Company of the German Democratic Republic in liquidation (*Staatliche Versicherung der Deutschen Demokratischen Republik in Abwicklung – “SinA” institution under public law*), which are offset by receivables in the same amount from the Federal Agency for Special Tasks Associated with Unification (*Bundesanstalt für vereinigungsbedingte Sonderaufgaben – “BvS”*) reported under Other assets. If the provision is not required in full or if the reason for creating the provision no longer applies, the provision is reversed via the same income statement item that was used in creating the provision.

See the note on “Promotional lending business at KfW” for provisions relating to promotional grants.

### **(19) Income tax assets and liabilities**

Income taxes are accounted for and measured in accordance with IAS 12. Current and deferred income tax assets are reported in the item Income tax assets; current and deferred income tax liabilities under Income tax liabilities. Current income tax assets and liabilities are recognised in the amount expected to be returned or paid in the future.

The tax rates applicable are those in effect on the reporting date or those that can be assumed with sufficient certainty to be in effect on the reporting date. KfW and DEG are exempt from income taxes pursuant to Section 5 (1) no. 2 of the German Corporation Tax Act (*Körperschaftsteuergesetz – KStG*) and Section 3 no. 2 of the German Trade Tax Act (*Gewerbesteuerengesetz – GewStG*).

Deferred income tax assets and liabilities are generally recognised on temporary differences between the carrying amounts of assets and liabilities in accordance with IFRS and the corresponding tax value. Deferred tax assets are only recognised for temporary differences from items and for unused tax loss carryforwards if their realisation is sufficiently probable. The impairment test is carried out regularly on the basis of group business sector planning for each group company. Deferred taxes are measured at the tax rates expected at the time of realisation of the deferred taxes. The tax rates used are those in force or that have been announced as of the reporting date. Reversal effects for the significant temporary differences for each year affected by the tax rate reduction were forecast using appropriate methods (cash flow development and average valuations of general risk provisions carried forward). In so doing, the tax rate applicable in each year of the reversal effect was used for the calculation of deferred taxes. Deferred income tax assets and liabilities are offset on the assumption that they relate to the same taxable entity, the same tax type and the same tax authority.

If temporary differences have arisen from a transaction recognised directly in equity, the resulting deferred income tax assets and liabilities are also recognised directly in equity. Income from and expenses for current and deferred income taxes is recognised in the consolidated income statement under Income taxes.

## **(20) Equity**

The equity structure is determined, in particular, by the KfW Law and the requirements of IFRS.

Pursuant to Article 10 (2) and (3) of the KfW Law, KfW's net income for the period determined in accordance with HGB is transferred to reserves and is included in equity under IFRS.

Under IFRS, any remaining consolidated net income is allocated to Other retained earnings in the same period.

Revaluation reserves comprise transactions to be recognised directly in equity in accordance with IFRS. These include valuation results from the change in own credit risk of liabilities measured at fair value through profit or loss and from defined benefit pension obligations. They also may include deferred taxes, depending on the underlying transaction.

## **(21) Trust activities**

Assets and liabilities held by KfW Group in its own name but for the account of third parties are not recognised if the trustor retains all risks and opportunities. At KfW, this applies in particular to loans and equity investments made by KfW on behalf of the Federal Government. Both opportunities and risks remain with the Federal Government in such transactions.

Fees from trust activities are recognised under Commission income.

Further information can be found in the note "Financial instruments" in section "A. Classification and measurement" in the comments on mandated transactions.

# Notes to the consolidated statement of comprehensive income

## (22) Net interest income

### Analysis of Net interest income

	2025	2024
	EUR in millions	EUR in millions
Interest and similar income from loans and advances to banks and customers	10,187	10,358
Similar income from off-balance sheet transactions	34	38
Interest income from securities and investments	748	703
Interest income from hedges recognised in the statement of financial position	3,109	7,464
Other interest income	401	1,568
<b>Interest income from the effective interest method</b>	<b>14,479</b>	<b>20,132</b>
Interest and similar income from loans and advances to banks and customers	212	343
Interest income from securities and investments	89	86
Interest income from Other derivatives	715	619
<b>Other interest income</b>	<b>1,017</b>	<b>1,049</b>
<b>Interest income, total</b>	<b>15,495</b>	<b>21,181</b>
Interest and similar expense for liabilities to banks and customers	401	795
Interest expense for certificated liabilities	10,420	8,969
Interest expense from hedges recognised in the statement of financial position	1,292	7,653
Interest expense from Other derivatives	255	518
Other interest expense	595	754
<b>Interest expense, total</b>	<b>12,963</b>	<b>18,689</b>
<b>Net interest income</b>	<b>2,532</b>	<b>2,493</b>

Expenses for granting promotional loans below market rates – due to additional promotional funds in the form of interest rate reductions with an impact on KfW's earnings position – amount to EUR 421 million (2024: EUR 408 million) and are reported in Other interest expense. In addition to the charges resulting from the present value of the nominal scheduled interest rate reductions in new lending business, the Other interest expense item also includes the expenses arising from amortisation at a constant effective interest rate. Other interest expense also contains interest expense for pension provisions in the amount of EUR 66 million (2024: EUR 62 million). Interest and similar income from loans and advances to banks and customers also comprises income from accrual-based amortisation in the amount of the pro-rata nominal planned interest rate reductions for these promotional loans in the amount of EUR 251 million (2024: EUR 211 million).

Interest income resulting from balances with central banks in the amount of EUR 390 million (2024: EUR 1,565 million) is reported under Other interest income from the effective interest method.

Interest income from stage 3 loan receivables in the amount of EUR 41 million (2024: EUR 63 million) is reported under Interest and similar income from loans and advances to banks and customers.

Interest income from hedges recognised in the statement of financial position comprises interest income from derivatives designated for hedge accounting as well as interest income from amortisation of value adjustments from hedge accounting. Interest income or interest expense from derivatives designated for hedge accounting is recognised depending on the related hedged item in the interest income or interest expense from hedges recognised in the statement of financial position for related financial assets or liabilities. Including the interest income or expense from the hedged items and derivatives in hedge accounting means that presentation is based on the economic substance of the hedged financial assets (floating rate financial assets) or hedged financial liabilities (floating rate financial liabilities).

### Gross analysis of negative interest contributions

	2025	2024
	EUR in millions	EUR in millions
Interest income, total	15,495	21,181
Negative interest from the lending business	39	49
Interest income from the deposit-taking business	183	252
<b>Interest income (gross)</b>	<b>15,718</b>	<b>21,482</b>
Interest expense, total	12,963	18,689
Negative interest from the deposit-taking business	183	252
Interest expense from the lending business	39	49
<b>Interest expense (gross)</b>	<b>13,186</b>	<b>18,989</b>

The negative interest contributions included in Interest income resulted from loans and advances to banks, loans and advances to customers, and securities and investments.

The positive interest contributions in Interest expense are largely due to liabilities to banks and liabilities to customers and certificated liabilities.

**(23) Net gains/losses from risk provisions****Analysis of Risk provisions by transaction**

	2025	2024
	EUR in millions	EUR in millions
Expenses for risk provisions for lending business (Loans and advances to banks/customers and off-balance sheet lending transactions)	843	781
Expenses for additions to risk provisions	798	730
Direct write-offs	45	51
Expenses for risk provisions for securities and investments	10	11
Expenses for additions to risk provisions	10	11
<b>Expenses for risk provisions</b>	<b>853</b>	<b>792</b>
Income from risk provisions for lending business (Loans and advances to banks/customers and off-balance sheet lending transactions)	676	832
Income from the reversal of risk provisions	634	789
Income from recoveries of amounts previously written off	42	43
Income from risk provisions for securities and investments	6	11
Income from the reversal of risk provisions	6	11
<b>Income from risk provisions</b>	<b>682</b>	<b>843</b>
<b>Net gains/losses from non-substantial contractual modifications</b>	<b>1</b>	<b>-4</b>
<b>Other risk provisions for lending business</b>	<b>12</b>	<b>-8</b>
<b>Total</b>	<b>-158</b>	<b>39</b>

**(24) Net commission income****Analysis of Commission income**

	2025	2024
	EUR in millions	EUR in millions
<b>Revenue from contracts with customers</b>	<b>699</b>	<b>690</b>
From mandate contractual arrangements with the Federal Government <sup>1)</sup>	613	626
Fee income from mandate agreements, processing activities and services	23	20
Fee income from the lending business	57	37
Other revenue from contracts with customers	7	7
<b>Other commission income</b>	<b>11</b>	<b>3</b>
Financial guarantee contracts	0	0
Other	11	3
<b>Commission income, total</b>	<b>711</b>	<b>693</b>

<sup>1)</sup> Includes commission income in the amount of EUR 67 million (2024: EUR 68 million) from mandate contractual arrangements with the Federal Government in trust activities

**Commission income by segment in financial year 2025**

	Mittelstandsbank & Private Kunden (SME Bank & Private Clients)	Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)	KfW Capital	Export and project finance
2025	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Commission income</b>	<b>305</b>	<b>38</b>	<b>16</b>	<b>47</b>
of which Federal Government	303	34	9	0
%	99%	90%	58%	0%

	KfW Development Bank	DEG	Financial markets	Head office	KfW Group
2025	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Commission income</b>	<b>279</b>	<b>21</b>	<b>0</b>	<b>6</b>	<b>711</b>
of which Federal Government	258	4	0	5	613
%	93%	19%	0%	83%	86%

**Commission income by segment in financial year 2024**

	Mittelstandsbank & Private Kunden (SME Bank & Private Clients)	Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)	KfW Capital	Export and project finance
2024	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Commission income</b>	<b>328</b>	<b>32</b>	<b>16</b>	<b>26</b>
of which Federal Government	326	29	9	0
%	99%	89%	59%	0%

	KfW Development Bank	DEG	Financial markets	Head office	KfW Group
2024	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Commission income</b>	<b>274</b>	<b>12</b>	<b>0</b>	<b>4</b>	<b>693</b>
of which Federal Government	255	4	0	4	626
%	93%	33%	0%	81%	90%

### Out-of-period income

	2025	2024
	EUR in millions	EUR in millions
Revenue in current period resulting from service(s) performed in the previous period(s)	19	26

Variable consideration may have been agreed in connection with services for the Federal Government which is to be recognised at the point in time when the service is performed, to the extent that it is highly probable that a significant reversal in revenue will not occur. If the underlying conditions cease to apply, this may result in a revaluation, which in turn may lead to aperiodic revenue that is to be recognised prospectively through profit or loss in accordance with IFRS 15.

### Analysis of Commission expense

	2025	2024
	EUR in millions	EUR in millions
Commission expense for lending business	11	10
Other commission expense	28	19
<b>Commission expense</b>	<b>39</b>	<b>30</b>

### (25) Net gains/losses from hedge accounting

#### Analysis of Net gains/losses from hedge accounting by type of hedging relationship

	Hedge ineffectiveness		Items in the income statement that contain cases of hedge ineffectiveness
	2025	2024	
	EUR in millions	EUR in millions	
<b>Micro fair value hedges</b>	<b>21</b>	<b>-52</b>	Net gains/losses from hedge accounting
Interest risk	-6	-13	-
Interest-currency risk	28	-39	-
<b>Macro fair value hedges</b>	<b>-149</b>	<b>159</b>	Net gains/losses from hedge accounting
Interest risk	-149	159	-
<b>Total</b>	<b>-128</b>	<b>107</b>	Net gains/losses from hedge accounting

#### Analysis of Net gains/losses from micro fair value hedge accounting by hedged item

	2025	2024
	EUR in millions	EUR in millions
Hedging of securities and investments	4	3
Hedging of liabilities to banks and customers	-3	-5
Hedging of certificated liabilities	21	-49
<b>Subtotal: Effectiveness of hedges</b>	<b>23</b>	<b>-51</b>
Amortisation of value adjustments	-1	-1
<b>Total</b>	<b>21</b>	<b>-52</b>

**Gross analysis of valuation gains/losses from micro fair value hedge accounting:  
Comparison of hedged items and hedging instruments in financial year 2025**

	Hedged items	Hedging instruments	Effectiveness of hedges
	EUR in millions	EUR in millions	EUR in millions
Hedging of securities and investments	9	-5	4
Hedging of liabilities to banks and customers	-270	267	-3
Hedging of certificated liabilities	-59	79	20
<b>Total</b>	<b>-320</b>	<b>342</b>	<b>21</b>

**Gross analysis of valuation gains/losses from micro fair value hedge accounting:  
Comparison of hedged items and hedging instruments in financial year 2024**

	Hedged items	Hedging instruments	Effectiveness of hedges
	EUR in millions	EUR in millions	EUR in millions
Hedging of securities and investments	655	-652	3
Hedging of liabilities to banks and customers	-605	600	-5
Hedging of certificated liabilities	-5,961	5,911	-50
<b>Total</b>	<b>-5,911</b>	<b>5,858</b>	<b>-52</b>

**Gross analysis of net gains/losses from macro fair value hedge accounting:  
Comparison of hedged items and hedging instruments in financial year 2025**

	Hedged items	Hedging instruments	Effectiveness of hedges
	EUR in millions	EUR in millions	EUR in millions
Valuation result	-3,915	4,082	168
Amortisation	2,801	-3,152	-351
Realisation	34	0	34
<b>Net gains/losses from macro fair value hedge accounting</b>	<b>-1,080</b>	<b>931</b>	<b>-149</b>

**Gross analysis of net gains/losses from macro fair value hedge accounting:  
Comparison of hedged items and hedging instruments in financial year 2024**

	Hedged items	Hedging instruments	Effectiveness of hedges
	EUR in millions	EUR in millions	EUR in millions
Valuation result	2,193	-1,526	667
Amortisation	3,209	-3,761	-552
Realisation	43	0	43
<b>Net gains/losses from macro fair value hedge accounting</b>	<b>5,446</b>	<b>-5,287</b>	<b>159</b>

Net gains/losses from macro fair value hedge accounting include the valuation of hedging instruments and the valuation of hedged risks from the hedged portfolios. It also includes the amortisation of the value adjustments from the dynamic hedge designation and de-designation and the pro rata reversal of value adjustments in the event of derecognition of financial instruments from the underlying portfolios as well as the pull-to-par effect of the hedging derivatives.

**(26) Net gains/losses from other financial instruments at fair value through profit or loss**  
**Analysis of Net gains/losses from other financial instruments at fair value through profit or loss**

	2025	2024
	EUR in millions	EUR in millions
Loans and advances to banks/customers	14	35
Loans and advances	5	16
Miscellaneous receivables (money market transactions, promissory note loans and Other receivables)	8	19
Securities and investments	393	-6
Bonds and other fixed-income securities	0	0
Shares and other non-fixed income securities	275	-28
Equity investments	118	23
Liabilities to banks and customers	23	-5
Certificated liabilities	-45	199
Other derivatives	-143	-267
Financial derivatives not qualifying for hedge accounting	-143	-267
Foreign currency translation	-212	88
<b>Total</b>	<b>30</b>	<b>44</b>

Net gains/losses from assets include the net gains/losses from holding arrangements for the Federal Republic of Germany – if attributable to KfW, KfW IPEX-Bank's syndication business with a focus on short-term placement, loans that do not meet the SPPI criterion (loans and advances to banks and loans and advances to customers), equity investments and fund investments, recognised in Shares and other non-fixed income securities.

The gains realised from the disposal of non-current assets held for sale included in net gains/losses from securities and investments amounted to EUR 18 million in financial year 2025 (2024: EUR 0 million).

Net gains/losses from liabilities measured at fair value include the results from promissory note loans (liabilities to banks/liabilities to customers) and bonds and notes (certificated liabilities).

Net gains/losses from financial derivatives not qualifying for hedge accounting are mainly attributable to derivatives in economic hedges. Economic hedges are recognised by exercising the fair value option for the hedged items. The hedged items include, in particular, borrowings in the form of Certificated liabilities, Liabilities to banks and Liabilities to customers.

Furthermore, this line item includes gains/losses from bifurcated embedded derivatives resulting from hybrid contracts under financial liabilities. The net gains/losses from the valuation of the associated hedging derivatives are thus compensated for.

### Gross analysis of results from economically hedged borrowings: Comparison of hedged items and hedging instruments

	2025	2024
	EUR in millions	EUR in millions
Borrowings	-22	194
Hedging instruments	5	-249
<b>Total (effectiveness of economic hedges)</b>	<b>-17</b>	<b>-55</b>

### (27) Net gains/losses from disposal of financial assets at amortised cost

	2025	2024
	EUR in millions	EUR in millions
Income from the disposal of financial assets at amortised cost	0	0
Expense from the disposal of financial assets at amortised cost	1	0
<b>Total</b>	<b>0</b>	<b>0</b>

### (28) Net gains/losses from investments accounted for using the equity method

	2025	2024
	EUR in millions	EUR in millions
Net gains/losses from investments accounted for using the equity method	-6	20

### (29) Administrative expense Analysis of Administrative expense

	2025	2024
	EUR in millions	EUR in millions
Wages and salaries	848	795
Social security contributions	131	116
Expenses for pension provision and other employee benefits	109	49
<b>Personnel expense</b>	<b>1,088</b>	<b>961</b>
Other administrative expenses	575	621
<i>thereof Office costs</i>	60	62
<i>thereof Personnel-related material costs</i>	41	44
<i>thereof Office operating costs</i>	134	123
<i>thereof Costs of external services</i>	303	355
<i>thereof Costs of public relations work</i>	27	27
<i>thereof Other material costs</i>	9	10
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	88	90
<i>of which impairments of rights of use arising from leases</i>	9	10
<b>Non-personnel expense</b>	<b>663</b>	<b>711</b>
<b>Total</b>	<b>1,751</b>	<b>1,672</b>

### (30) Net other operating income or loss

#### Analysis of Net other operating income or loss

	2025	2024
	EUR in millions	EUR in millions
Other operating income	25	31
Other operating expense	25	83
<b>Total</b>	<b>0</b>	<b>-52</b>

Other operating income primarily includes income from the reversal of other provisions in the amount of EUR 5 million (2024: EUR 12 million).

In the previous year, Other operating expense consisted primarily of the obligation to award grants under KfW's ERP promotional programmes in the amount of EUR 70 million. No contribution was made in 2025.

### (31) Taxes on income

#### Analysis of Taxes on income by component

	2025	2024
	EUR in millions	EUR in millions
Current taxes on income	149	167
Deferred taxes	41	72
<b>Total</b>	<b>189</b>	<b>239</b>

Current taxes include taxes on income for group companies and non-deductible investment income tax recorded at the level of (tax-exempt) KfW and DEG, and tax expenses posted for previous years at the level of DEG.

The reconciliation presents the relationship between the calculated income tax expense for the financial year and reported taxes on income.

**Income tax reconciliation**

	<b>2025</b>	<b>2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Profit/loss from operating activities (before taxes)	1,192	1,641
Group income tax rate	0%	0%
<b>Calculated income tax expense in the financial year</b>	<b>0</b>	<b>0</b>
Effects of tax rate differentials within the group	186	177
Effect of tax rate changes	12	36
Effects of previous year taxes recorded in the reporting year	9	7
Effects of non-deductible taxes on income	0	0
Effects of non-deductible business expenses	1	3
Effects of tax-free income	-6	-22
Trade tax add-ons/reductions	0	0
Permanent accounting differences	-16	37
Effects of changes in recognised deferred tax assets	3	1
<b>Reported taxes on income/expense</b>	<b>189</b>	<b>239</b>
<b>Average effective tax rate</b>	<b>16%</b>	<b>15%</b>

KfW's applicable income tax rate of 0%, on which the reconciliation is based, takes into account the tax status of KfW as a non-taxable public-law institution and the fact that this status predominantly determines profit/loss from operating activities.

The effects of tax rate differentials result from individual group companies being taxable and the related different tax rates. The tax rates continue to range from 0% to 32%.

**Global Minimum Tax ("GMT") in accordance with the OECD Pillar Two rules**

KfW Group falls within the scope of the GMT pursuant to the OECD Pillar Two rules.

KfW as group parent is a state-owned promotional bank and is therefore deemed an excluded entity pursuant to Section 5 (1) no. 1 of the German Minimum Tax Act (*Mindeststeuergesetz – "MinStG"*). KfW Capital GmbH & Co. KG and DEG GmbH are also excluded from the scope of the MinStG. The remainder of the KfW enterprise group that falls within the scope of the Minimum Tax Act applies the transitional safe harbour rules pursuant to Section 83 Minimum Tax Act. The group assumes that there will be no relevant tax burden as a result of the global minimum taxation law due to this transitional arrangement.

KfW Group currently assumes that the joint venture DC Nordseekabel GmbH & Co. KG falls under the country-by-country reporting ("CbCR") safe harbour rules of Section 84 (1) no. 3 MinStG and, accordingly, that national top-up taxes will not apply for the joint venture.

# Segment reporting

## (32) Segment reporting by business sector

In accordance with the provisions of IFRS 8, segment reporting follows the internal management reporting system, which is used by the group's main decision-makers to assess each segment's performance and to allocate resources to segments.

In accordance with the business sector structure for the group, the segments and their products and services can be presented as follows:

Mittelstandsbank & Private Kunden (SME Bank & Private Clients)	<ul style="list-style-type: none"> <li>– Start-up financing</li> <li>– Financing of general corporate investments and investments in innovation, energy and environmental protection</li> <li>– Education financing</li> <li>– Financing for housing construction, conversion and refurbishment</li> </ul>
Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)	<ul style="list-style-type: none"> <li>– Financing of municipal and social infrastructure</li> <li>– Customised corporate financing with equity and debt capital</li> <li>– Customised financing of banks and promotional institutions of the federal states</li> <li>– Mandated transactions for energy supply (debt capital)</li> </ul>
KfW Capital	<ul style="list-style-type: none"> <li>– Investments in German and European venture capital and venture debt funds</li> <li>– Co-investments in start-ups (via special purpose vehicles)</li> </ul>
Export and project finance	<ul style="list-style-type: none"> <li>– Financing of German and European export activities</li> <li>– Financing of projects and investments which are of special interest for Germany and Europe</li> </ul>
KfW Development Bank	<ul style="list-style-type: none"> <li>– Promotion of developing countries and emerging economies on behalf of the Federal Government with standard loans/grants refinanced through budget funds and promotional/development loans from market funds raised by KfW</li> </ul>
DEG	<ul style="list-style-type: none"> <li>– Financing provided by DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH in developing countries and emerging economies (private enterprise financing)</li> </ul>
Financial markets	<ul style="list-style-type: none"> <li>– Securities and money market investments</li> <li>– Holding arrangements of the Federal Republic of Germany</li> <li>– Transactions mandated by the Federal Government, loan granted to Greece</li> <li>– Funding</li> </ul>
Head office	<ul style="list-style-type: none"> <li>– Central interest rate and currency management</li> <li>– Strategic equity investments</li> </ul>

The internal schedule of earnings was adjusted in financial year 2025. The new variables added were the economic result, consolidated profit before IFRS effects from hedging, and IFRS effects from hedging<sup>1)</sup>. The comparative figures from the previous year were adjusted on the basis of the new earnings structure. The business sectors are measured on the basis of their contribution to consolidated profit before IFRS effects.

The individual items are based on the following methods:

- Net interest income (before promotional expense) includes the net interest generated from lending business calculated on the basis of the market interest rate method<sup>2)</sup>. The item also includes the imputed return on equity allocated according to the business sectors' planned regulatory capital. Head office also includes the treasury result, which largely consists of the income/loss from maturity transformation. The profit contribution from KfW funding<sup>3)</sup> is allocated to the Financial markets business sector.

<sup>1)</sup> See the Alternative key financial figures used section in the group management report for a description of the economic result and IFRS effects from hedging

<sup>2)</sup> Funding at matching maturities using KfW's internal refinancing curve is assumed for the calculation of net interest income in this method.

<sup>3)</sup> The difference between the realised refinancing rates and the maturity-matched refinancing rates calculated in-house

- Promotional expense included in Interest, Commission and Administrative expense and Other operating expense in the income statement is reported separately pursuant to the internal management report due to the special relevance of promotional expense as a management variable.

Promotional expense is understood to mean certain expenses from the two business sectors *Mittelstandsbank & Private Kunden (SME Bank & Private Clients)* and *Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)* that have a positive impact on the achievement of KfW's promotional objectives. Promotional expense primarily consists of additions of the interest rate reductions accounted for at present value<sup>4)</sup> from new commitments as well as from the compounding effect. Additional promotional components are the expenses for upfront fees paid to sales partners for the processing of small and micro loans (included in Commission expense), for innovative digital promotional approaches (included in Commission and Administrative expense), for available and product-related marketing and sales measures (included in Administrative expense), and, from 2023, for promotional grants awarded by KfW under ERP promotion (included in Other operating expense).

- The allocation of Administrative expense (before promotional expense) is based on the results from activity-based accounting by cost centres<sup>5)</sup>. Administrative expense (before promotional expense) includes depreciation on property, plant and equipment and amortisation of intangible assets and rights of use.
- In the Risk provisions for lending business item, net impairment charges, direct write-offs, recoveries on loans written off and the net gains/losses from non-substantial contractual modifications are distributed among the segments according to the underlying loan.
- The valuation result (before promotional expense and IFRS effects) comprises net gains/losses from other financial instruments at fair value (before IFRS effects from hedging), net gains/losses from risk provisions in the securities business, net gains/losses from the disposal of financial instruments measured at amortised cost, net gains/losses from investments accounted for using the equity method and net other operating income (before promotional expense).
- The item IFRS effects from hedging relates to temporary effects on earnings from the valuation of derivative financial instruments. It comprises the result from hedge accounting and other valuation results included in net gains/losses from other derivative financial instruments at fair value through profit or loss, and is recognised separately in the internal income accounts.
- When taxes on income are allocated to the business sectors (excluding the Head office) only the current taxes on income are taken into account. Deferred taxes are allocated to the Head office.
- Segment assets are not reported because, in accordance with the internal management reporting system, they are used neither to assess each segment's performance nor to allocate resources to segments.
- The presentation of segment income and expenses is based on consolidated figures. Administrative and commission expense as well as commission income and other operating income resulting from service relationships within KfW Group are adjusted in segment reporting. Any remaining negligible consolidation effects are reported in the reconciliation/consolidation column.

<sup>4)</sup> See note regarding "KfW's promotional lending business" for details of KfW's interest rate reductions in the promotional lending business

<sup>5)</sup> The costs incurred in the organisational units are largely allocated to the products by means of core services.

## Segment reporting by business sector for financial year 2025

	Mittelstandsbank & Private Kunden (SME Bank & Private Clients)	Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)	KfW Capital <sup>1)</sup>	Export and project finance	KfW Development Bank <sup>1)</sup>
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Volume of new commitments</b>	<b>49,059</b>	<b>12,212</b>	<b>748</b>	<b>24,181</b>	<b>9,960</b>
Net interest income (before promotional expense)	500	131	-12	1,049	205
Net commission income (before promotional expense)	304	37	16	47	279
Administrative expense (before promotional expense)	441	90	30	338	437
<b>Operating result before valuation (before promotional expense)</b>	<b>364</b>	<b>79</b>	<b>-26</b>	<b>757</b>	<b>47</b>
Risk provisions for lending business	-8	-16	0	-112	-1
Valuation result (before promotional expense and IFRS effects)	4	28	184	-1	54
<b>Economic result</b>	<b>359</b>	<b>91</b>	<b>158</b>	<b>644</b>	<b>100</b>
Promotional expense	433	35	0	0	0
Taxes on income	0	0	1	139	0
<b>Consolidated profit before IFRS effects</b>	<b>-74</b>	<b>56</b>	<b>158</b>	<b>505</b>	<b>100</b>
IFRS effects from hedging	0	0	0	-1	0
<b>Consolidated profit</b>	<b>-74</b>	<b>56</b>	<b>158</b>	<b>504</b>	<b>100</b>

	DEG	Financial markets	Head office <sup>1)</sup>	Reconciliation/consolidation	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Volume of new commitments</b>	<b>2,350</b>	<b>0</b>	<b>0</b>	<b>-548</b>	<b>97,961</b>
Net interest income (before promotional expense)	162	495	426	0	2,957
Net commission income (before promotional expense)	5	-8	6	0	685
Administrative expense (before promotional expense)	160	99	145	0	1,739
<b>Operating result before valuation (before promotional expense)</b>	<b>8</b>	<b>389</b>	<b>286</b>	<b>0</b>	<b>1,903</b>
Risk provisions for lending business	-13	-5	0	0	-155
Valuation result (before promotional expense and IFRS effects)	16	-7	-9	-1	267
<b>Economic result</b>	<b>11</b>	<b>377</b>	<b>277</b>	<b>-2</b>	<b>2,016</b>
Promotional expense	0	0	0	0	468
Taxes on income	10	0	40	0	189
<b>Consolidated profit before IFRS effects</b>	<b>1</b>	<b>377</b>	<b>237</b>	<b>-2</b>	<b>1,359</b>
IFRS effects from hedging	-1	-2	-353	0	-356
<b>Consolidated profit</b>	<b>0</b>	<b>375</b>	<b>-116</b>	<b>-2</b>	<b>1,002</b>

<sup>1)</sup> The valuation result of the business sectors includes the following net gains/losses from investments accounted for using the equity method: KfW Capital EUR -26 million, KfW Development Bank EUR 6 million and head office EUR 14 million.

## Segment reporting by business sector for financial year 2024

	Mittelstandsbank & Private Kunden (SME Bank & Private Clients)	Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)	KfW Capital <sup>1)</sup>	Export and project finance <sup>1)</sup>	KfW Development Bank <sup>1)</sup>
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Volume of new commitments</b>	<b>35,816</b>	<b>41,570</b>	<b>1,590</b>	<b>23,916</b>	<b>7,839</b>
Net interest income (before promotional expense)	531	108	-22	1,012	202
Net commission income (before promotional expense)	327	32	16	26	274
Administrative expense (before promotional expense)	462	87	27	321	436
<b>Operating result before valuation (before promotional expense)</b>	<b>397</b>	<b>53</b>	<b>-32</b>	<b>717</b>	<b>40</b>
Risk provisions for lending business	-56	0	0	28	12
Valuation result (before promotional expense and IFRS effects)	0	1	31	25	20
<b>Economic result</b>	<b>341</b>	<b>54</b>	<b>-2</b>	<b>770</b>	<b>73</b>
Promotional expense	477	26	0	0	0
Taxes on income	0	0	1	150	0
<b>Consolidated profit before IFRS effects</b>	<b>-136</b>	<b>28</b>	<b>-2</b>	<b>620</b>	<b>73</b>
IFRS effects from hedging	0	0	0	-9	0
<b>Consolidated profit</b>	<b>-136</b>	<b>28</b>	<b>-2</b>	<b>611</b>	<b>73</b>

	DEG	Financial markets	Head office	Reconciliation/consolidation	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Volume of new commitments</b>	<b>2,470</b>	<b>0</b>	<b>0</b>	<b>-369</b>	<b>112,831</b>
Net interest income (before promotional expense)	136	478	454	0	2,900
Net commission income (before promotional expense)	1	-5	4	0	675
Administrative expense (before promotional expense)	153	99	73	0	1,658
<b>Operating result before valuation (before promotional expense)</b>	<b>-17</b>	<b>375</b>	<b>385</b>	<b>0</b>	<b>1,917</b>
Risk provisions for lending business	58	-4	0	0	39
Valuation result (before promotional expense and IFRS effects)	5	16	41	0	140
<b>Economic result</b>	<b>47</b>	<b>387</b>	<b>426</b>	<b>0</b>	<b>2,097</b>
Promotional expense	0	0	0	0	504
Taxes on income	16	0	72	0	239
<b>Consolidated profit before IFRS effects</b>	<b>31</b>	<b>387</b>	<b>354</b>	<b>0</b>	<b>1,354</b>
IFRS effects from hedging	-2	-3	62	0	48
<b>Consolidated profit</b>	<b>29</b>	<b>384</b>	<b>416</b>	<b>0</b>	<b>1,402</b>

<sup>1)</sup> The valuation result of the business sectors includes the following net gains/losses from investments accounted for using the equity method: KfW Capital EUR -2 million, Export and project finance EUR 14 million and KfW Development Bank EUR 7 million.

The reconciliation/consolidation column includes all adjustments necessary to reconcile segment information with the aggregated information for the group. The consolidation effects reported for “Volume of new commitments” relate to commitments for programme loans made by Mittelstandsbank & Private Kunden (SME Bank & Private Clients) and Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients) for which KfW IPEX-Bank acts as on-lending bank. The other amounts in this column result from minimal consolidation effects.

### (33) Segment reporting by region

Net interest and commission income are allocated on the basis of the customers’ geographical location. The imputed return on equity included in net interest income, the profit contribution from KfW funding and the treasury result are allocated to Germany. KfW receives commission income from the Federal Government for supporting developing countries and emerging economies using budget funds of the Federal Government. These funds are allocated according to the region of the country receiving the investment.

Property, plant and equipment and intangible assets are not reported according to region because, apart from immaterial amounts, these assets relate to Germany.

#### Segment reporting by region for financial year 2025

	Germany	Europe (excl. Germany)	Rest of the world	Reconciliation/ consolidation	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Net interest income	1,377	531	624	0	2,532
Net commission income	350	50	272	0	672
<b>Segment income</b>	<b>1,727</b>	<b>582</b>	<b>896</b>	<b>0</b>	<b>3,204</b>

#### Segment reporting by region for financial year 2024

	Germany	Europe (excl. Germany)	Rest of the world	Reconciliation/ consolidation	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Net interest income	1,360	524	609	0	2,493
Net commission income	370	39	254	0	664
<b>Segment income</b>	<b>1,730</b>	<b>563</b>	<b>863</b>	<b>0</b>	<b>3,156</b>

The reconciliation/consolidation column includes all adjustments necessary to reconcile segment information with the aggregated information for the group. The amounts in this column result solely from minimal consolidation effects.

# Notes to the consolidated statement of financial position

## (34) Cash reserves

### Analysis of Cash reserves

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Cash	0	0
Balances with central banks	19,535	26,522
<b>Total</b>	<b>19,535</b>	<b>26,522</b>

## (35) Financial assets at amortised cost

### Analysis of Financial assets at amortised cost by class

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
<b>Loans and advances to banks</b>		
Money-market transactions	17,134	16,499
Loans and advances	288,316	291,690
Other receivables	30,290	12,339
<b>Loans and advances to customers</b>		
Money-market transactions	800	500
Loans and advances	135,478	141,993
Promissory note loans	2,316	1,989
Other receivables	1,529	1,492
<b>Securities and investments</b>		
Bonds and other fixed-income securities	37,746	37,991
<b>Total gross</b>	<b>513,609</b>	<b>504,492</b>
less risk provisions for		
Loans and advances to banks	-115	-122
Loans and advances to customers	-1,772	-1,696
Securities and investments	-12	-8
<b>Total net</b>	<b>511,710</b>	<b>502,666</b>

Receivables from reverse repurchase agreements (“reverse repos”) amounted to EUR 23,282 million (31 Dec. 2024: EUR 9,630 million) and are included in Loans and advances to banks – Other receivables and Loans and advances to customers – Other receivables.

The cash collateral pledged of EUR 6,633 million (31 Dec. 2024: EUR 2,469 million) is attributable to cash collateral on derivatives and is included in Loans and advances to banks – Other receivables and Loans and advances to customers – Other receivables.

## Analysis of Loans and advances by underwriting liability type

	Loans and advances to banks		Loans and advances to customers	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Direct loans	69,141	68,919	129,594	132,812
On-lent customer loans with full underwriting borne by the on-lending commercial bank	210,146	209,116	0	0
On-lent customer loans with partial underwriting borne by the on-lending commercial bank	9,725	14,248	0	0
On-lent customer loans without underwriting borne by the on-lending commercial bank	0	0	3,886	5,159
Direct customer loans with full underwriting borne by the on-lending commercial bank	0	0	1,171	3,074
Direct and on-lent subordinated loans	320	314	859	983
Adjustment to the carrying amount due to the interest rate being below the market rate for promotional loans paid out with additional promotional funds in the form of interest rate reductions with an impact on KfW's earnings position.	-1,016	-907	-31	-33
<b>Total</b>	<b>288,316</b>	<b>291,690</b>	<b>135,478</b>	<b>141,993</b>

Direct loans to banks include, in particular, global loans granted as part of financing for domestic housing construction and SMEs.

Direct loans to customers include, in particular, loans granted under export and project financing, municipal financing and education financing. The item also includes loans connected with certain transactions mandated by the Federal Government in accordance with the KfW Law.

**(36) Gross carrying amounts****Development of gross carrying amounts of financial assets at amortised cost – Loans and advances to banks**

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>318,108</b>	<b>1,223</b>	<b>1,196</b>	<b>320,527</b>	<b>321,416</b>	<b>2,098</b>	<b>1,128</b>	<b>324,642</b>
Transfer from stage 2 and stage 3 to stage 1	30	-30	0	0	657	-656	-1	0
Transfer from stage 1 and stage 3 to stage 2	-444	462	-18	0	-503	531	-27	0
Transfer from stage 1 and stage 2 to stage 3	-468	-139	607	0	-665	-208	873	0
Additions – New business and increased utilisation	326,274	49	35	326,358	123,210	29	68	123,307
Disposals	-311,414	-516	-729	-312,659	-126,710	-578	-769	-128,056
<i>of which financial assets written off</i>	-311,414	-516	-713	-312,644	-126,710	-578	-713	-128,000
<i>of which default on receivables</i>	0	0	-15	-15	0	0	-56	-56
Changes from non-substantial contractual modification	0	0	0	0	0	0	0	0
Exchange rate and other changes	1,541	-3	-25	1,514	704	7	-77	635
<b>As of 31 Dec.</b>	<b>333,627</b>	<b>1,047</b>	<b>1,067</b>	<b>335,741</b>	<b>318,108</b>	<b>1,223</b>	<b>1,196</b>	<b>320,527</b>

**Development of gross carrying amounts of financial assets at amortised cost – Loans and advances to customers**

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>138,066</b>	<b>3,714</b>	<b>4,193</b>	<b>145,974</b>	<b>134,370</b>	<b>5,252</b>	<b>4,707</b>	<b>144,328</b>
Transfer from stage 2 and stage 3 to stage 1	607	-607	0	0	1,778	-1,774	-5	0
Transfer from stage 1 and stage 3 to stage 2	-2,328	2,662	-334	0	-1,567	1,666	-98	0
Transfer from stage 1 and stage 2 to stage 3	-1,085	-237	1,322	0	-864	-305	1,169	0
Additions – New business and increased utilisation	26,221	139	34	26,395	36,386	271	41	36,698
Disposals	-23,904	-901	-1,046	-25,851	-33,541	-1,500	-1,386	-36,428
<i>of which financial assets written off</i>	-23,903	-901	-951	-25,756	-33,541	-1,499	-1,251	-36,291
<i>of which default on receivables</i>	-1	0	-95	-96	0	-1	-135	-137
Changes from non-substantial contractual modification	0	1	0	1	-4	0	0	-4
Exchange rate and other changes	-6,075	-114	-206	-6,396	1,509	104	-234	1,379
<b>As of 31 Dec.</b>	<b>131,502</b>	<b>4,657</b>	<b>3,964</b>	<b>140,123</b>	<b>138,066</b>	<b>3,714</b>	<b>4,193</b>	<b>145,974</b>

## Development of gross carrying amounts of financial assets at amortised cost – Securities and investments

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>37,907</b>	<b>83</b>	<b>0</b>	<b>37,991</b>	<b>36,001</b>	<b>64</b>	<b>0</b>	<b>36,065</b>
Transfer from stage 2 and stage 3 to stage 1	82	-82	0	0	65	-65	0	0
Transfer from stage 1 and stage 3 to stage 2	-21	21	0	0	-84	84	0	0
Additions – New business and increased utilisation	33,382	0	0	33,382	33,632	0	0	33,632
Disposals	-33,594	0	0	-33,594	-32,406	-1	0	-32,407
<i>of which financial assets written off</i>	-33,594	0	0	-33,594	-32,406	-1	0	-32,407
Exchange rate and other changes	-32	-1	0	-32	700	1	0	701
<b>As of 31 Dec.</b>	<b>37,724</b>	<b>22</b>	<b>0</b>	<b>37,746</b>	<b>37,907</b>	<b>83</b>	<b>0</b>	<b>37,991</b>

## Development of gross carrying amounts of off-balance sheet lending transactions

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>140,475</b>	<b>1,322</b>	<b>283</b>	<b>142,081</b>	<b>137,227</b>	<b>1,847</b>	<b>455</b>	<b>139,528</b>
Transfer from stage 2 and stage 3 to stage 1	0	0	0	0	14	-14	0	0
Transfer from stage 1 and stage 3 to stage 2	-66	66	0	0	-390	390	0	0
Transfer from stage 1 and stage 2 to stage 3	-3	-8	11	0	-50	0	50	0
Additions – New business and increased utilisation	46,317	750	109	47,176	65,955	448	9	66,412
Disposals	-48,801	-426	-7	-49,233	-62,261	-1,349	-231	-63,842
Exchange rate and other changes	-73	-1	-14	-88	-18	0	0	-18
<b>As of 31 Dec.</b>	<b>137,850</b>	<b>1,704</b>	<b>382</b>	<b>139,936</b>	<b>140,475</b>	<b>1,322</b>	<b>283</b>	<b>142,081</b>

The gross carrying amount of financial assets for which risk provisioning at the time of modification was assigned to stage 2 or 3 and was transferred back to stage 1 during the reporting period amounted to EUR 35 million as of the reporting date (31 Dec. 2024: EUR 103 million).

**(37) Risk provisions****Development of risk provisions for financial assets at amortised cost – Loans and advances to banks**

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>45</b>	<b>24</b>	<b>52</b>	<b>122</b>	<b>52</b>	<b>32</b>	<b>84</b>	<b>167</b>
Transfer from stage 2 and stage 3 to stage 1	1	-1	0	0	14	-14	0	0
Transfer from stage 1 and stage 3 to stage 2	-1	1	0	0	0	0	0	0
Transfer from stage 1 and stage 2 to stage 3	-1	-2	3	0	0	-3	3	0
Additions	45	12	16	74	27	27	14	68
Utilisation	0	0	-8	-8	0	0	-49	-49
Reversals	-50	-10	-7	-66	-49	-18	-24	-92
Net present value effect	0	0	3	3	0	0	4	4
Exchange rate and other changes	-3	0	-6	-9	1	0	21	22
<b>As of 31 Dec.</b>	<b>37</b>	<b>25</b>	<b>53</b>	<b>115</b>	<b>45</b>	<b>24</b>	<b>52</b>	<b>122</b>

**Development of risk provisions for financial assets at amortised cost – Loans and advances to customers**

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>192</b>	<b>229</b>	<b>1,276</b>	<b>1,696</b>	<b>162</b>	<b>300</b>	<b>1,223</b>	<b>1,685</b>
Transfer from stage 2 and stage 3 to stage 1	29	-29	0	0	62	-62	0	0
Transfer from stage 1 and stage 3 to stage 2	-11	27	-16	0	-7	23	-16	0
Transfer from stage 1 and stage 2 to stage 3	-9	-54	63	0	-8	-24	31	0
Additions	167	182	315	663	169	133	271	573
Utilisation	0	0	-57	-57	0	0	-93	-93
Reversals	-149	-126	-240	-515	-188	-146	-258	-593
Net present value effect	0	0	55	55	0	0	95	95
Exchange rate and other changes	-3	-6	-61	-70	3	4	22	29
<b>As of 31 Dec.</b>	<b>215</b>	<b>223</b>	<b>1,335</b>	<b>1,772</b>	<b>192</b>	<b>229</b>	<b>1,276</b>	<b>1,696</b>

## Development of risk provisions for financial assets at amortised cost – Securities and investments

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>
Transfer from stage 2 and stage 3 to stage 1	0	0	0	0	6	-6	0	0
Additions	9	1	0	10	5	6	0	11
Reversals	-6	0	0	-7	-10	-1	0	-11
<b>As of 31 Dec.</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>12</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>

## Development of Risk provisions for lending business (off-balance sheet lending transactions)

	Financial year 2025				Financial year 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>17</b>	<b>9</b>	<b>48</b>	<b>74</b>	<b>24</b>	<b>16</b>	<b>50</b>	<b>90</b>
Transfer from stage 2 and stage 3 to stage 1	1	-1	0	0	2	-2	0	0
Transfer from stage 1 and stage 3 to stage 2	-1	1	0	0	-1	1	0	0
Transfer from stage 1 and stage 2 to stage 3	0	-2	2	0	0	0	0	0
Additions	31	24	5	60	28	14	47	89
Reversals	-25	-11	-16	-52	-36	-19	-50	-105
Exchange rate and other changes	-1	0	-4	-4	0	0	0	1
<b>As of 31 Dec.</b>	<b>21</b>	<b>21</b>	<b>36</b>	<b>78</b>	<b>17</b>	<b>9</b>	<b>48</b>	<b>74</b>

The post-model adjustment for the greater forecast uncertainty regarding global economic development particularly due to geopolitical crises and the threat of trade conflicts amounted to EUR 145 million as of the reporting date (31 Dec. 2024: EUR 100 million).

Provisions for losses on loans and advances also include money market investments and reverse repos.

In the reporting year, EUR 58 million (2024: EUR 100 million) in interest income was not collected for impaired loans and advances.

The contractual balance outstanding of financial assets that were written off during the reporting period and that are still subject to enforcement measures amounted to EUR 90 million as of the reporting date (31 Dec. 2024: EUR 98 million).

**(38) Financial assets at fair value****Analysis of Financial assets at fair value by class**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Loans and advances to banks – FVM</b>		
Loans and advances	0	0
Other receivables	14	58
<b>Loans and advances to customers – FVM</b>		
Loans and advances	8,154	8,232
Other receivables	0	0
<b>Securities and investments – FVM</b>		
Bonds and other fixed-income securities	0	0
Shares and other non-fixed income securities	4,360	3,919
Equity investments	1,142	1,112
Shares in non-consolidated subsidiaries	96	92
<b>Other derivatives – FVM</b>		
Interest-related derivatives	1,205	1,357
Cross-currency derivatives	610	947
<b>Total</b>	<b>15,581</b>	<b>15,716</b>

An amount of EUR 8.0 billion (31 Dec. 2024: EUR 8.1 billion) is attributable to Holding arrangements of the Federal Republic of Germany within Loans and advances to customers – FVM (Loans and advances).

Cross-currency swaps are presented under Cross-currency derivatives.

Other derivatives include derivatives with positive fair values of EUR 149 million (31 Dec. 2024: EUR 87 million) attributable to embedded derivatives that are bifurcated.

**(39) Value adjustments from macro fair value hedge accounting**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Value adjustments to assets under macro fair value hedge accounting	–10,444	–9,375

The fair values attributable to hedged risks in the hedged portfolios in the at amortised cost measurement category are included in this item.

**(40) Derivatives designated for hedge accounting****Analysis of derivatives with positive fair values designated for hedge accounting by type of hedging relationship**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Micro fair value hedge accounting	1,339	6,572
Macro fair value hedge accounting	692	873
<b>Total</b>	<b>2,031</b>	<b>7,445</b>

### Analysis of derivatives with positive fair values designated for hedge accounting by type of hedging instrument

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Interest-related derivatives	1,471	1,529
Cross-currency derivatives	560	5,916
<b>Total</b>	<b>2,031</b>	<b>7,445</b>

Only Interest-related derivatives are designated for macro fair value hedge accounting. Cross-currency swaps are presented under Cross-currency derivatives.

### (41) Investments accounted for using the equity method

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Investments accounted for using the equity method	448	500
<b>Total</b>	<b>448</b>	<b>500</b>

The note regarding “Disclosures on shareholdings” includes a list of Investments accounted for using the equity method.

### (42) Non-current assets held for sale

This item from the statement of financial position contains an equity investment of KfW with a fair value of EUR 12 million (31 Dec. 2024: EUR 37 million of DEG) in a technology company that meets the criteria under IFRS 5 of “non-current assets held for sale”, and is therefore to be reported separately.

Disposal of the equity investment within the next 12 months is highly likely.

All equity investments recognised as assets held for sale in the consolidated financial statements as of 31 December 2024 were sold as planned in 2025.

### (43) Property, plant and equipment

#### Analysis of Property, plant and equipment by class

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Land and buildings	802	818
Plant and equipment	66	65
Rights of use arising from leases	39	29
Other property, plant and equipment	18	10
<b>Total</b>	<b>925</b>	<b>922</b>

Additions to rights of use arising from leases amounted to EUR 28 million (2024: EUR 4 million). Payments in advance and assets under construction are presented in Other property, plant and equipment.

#### Development of Property, plant and equipment in financial year 2025

	Acquisition/ production cost	Accumulated depreciation, impairment and reversal of impairment losses	Net carrying amount
	EUR in millions	EUR in millions	EUR in millions
<b>Carrying amount as of 1 Jan. 2025</b>	<b>1,493</b>	<b>-571</b>	<b>922</b>
Additions/reversals of impairment losses	70	0	70
Disposals	-79	69	-10
Amortisation	0	-58	-58
Impairment losses	0	0	0
<b>Carrying amount as of 31 Dec. 2025</b>	<b>1,485</b>	<b>-560</b>	<b>925</b>

#### Development of Property, plant and equipment in financial year 2024

	Acquisition/ production cost	Accumulated depreciation, impairment and reversal of impairment losses	Net carrying amount
	EUR in millions	EUR in millions	EUR in millions
<b>Carrying amount as of 1 Jan. 2024</b>	<b>1,533</b>	<b>-604</b>	<b>929</b>
Additions/reversals of impairment losses	70	-2	68
Disposals	-109	92	-17
Amortisation	0	-57	-57
Impairment losses	0	0	0
<b>Carrying amount as of 31 Dec. 2024</b>	<b>1,493</b>	<b>-571</b>	<b>922</b>

**(44) Intangible assets****Analysis of Intangible assets by class**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Software	45	60
<i>Purchased software</i>	21	24
<i>Internally generated software</i>	24	36
Other intangible assets	5	8
<b>Total</b>	<b>50</b>	<b>69</b>

Other intangible assets include, in particular, software under development.

**Development of Intangible assets in financial year 2025**

	<b>Acquisition/ production cost</b>	<b>Accumulated amortisation, impairment and reversal of impairment losses</b>	<b>Net carrying amount</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Carrying amount as of 1 Jan. 2025</b>	<b>459</b>	<b>-391</b>	<b>69</b>
Additions/reversals of impairment losses	12	0	12
Disposals	-15	15	0
Amortisation	0	-30	-30
Impairment losses	0	0	0
<b>Carrying amount as of 31 Dec. 2025</b>	<b>456</b>	<b>-406</b>	<b>50</b>

**Development of Intangible assets in financial year 2024**

	<b>Acquisition/ production cost</b>	<b>Accumulated amortisation, impairment and reversal of impairment losses</b>	<b>Net carrying amount</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Carrying amount as of 1 Jan. 2024</b>	<b>473</b>	<b>-391</b>	<b>82</b>
Additions/reversals of impairment losses	19	0	19
Disposals	-33	33	0
Amortisation	0	-33	-33
Impairment losses	0	0	0
<b>Carrying amount as of 31 Dec. 2024</b>	<b>459</b>	<b>-391</b>	<b>69</b>

**(45) Income tax assets****Analysis of Income tax assets**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Current income tax assets	11	23
Deferred income tax assets	72	86
<b>Total</b>	<b>83</b>	<b>109</b>

Current income tax assets result from creditable taxes (investment income tax/solidarity surcharge) and tax receivables from advance tax payments of the taxable group subsidiaries during financial year 2025 and the preceding years.

Deferred income tax assets mostly result from valuation differences relating to the statement of financial position items listed below and to loss carryforwards. The amount of deferred tax assets relating to loss carryforwards is based on a corresponding forecast of future income. As of 31 December 2024, the volume of deferred tax assets not recognised was EUR 10 million (31 Dec. 2024: EUR 8 million) relating to loss carryforwards, and EUR 0 million (31 Dec. 2024: EUR 0 million) relating to accounting issues.

Further information on the amount recognised directly in equity as deferred taxes under Revaluation reserves can be found in the note on "Equity".

**Composition of deferred tax assets by statement of financial position item**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Financial assets at amortised cost	50	52
Financial assets at fair value	0	2
Financial liabilities at amortised cost	0	0
Financial liabilities at fair value	0	2
Provisions	22	31
Other statement of financial position items	1	1
Tax loss carryforwards	2	4
<b>Subtotal</b>	<b>75</b>	<b>92</b>
Offset against deferred tax liabilities	3	6
<b>Total</b>	<b>72</b>	<b>86</b>

**(46) Other assets****Analysis of Other assets**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Other assets and receivables	739	696
Prepaid expenses	54	57
<b>Total</b>	<b>793</b>	<b>754</b>

Other assets and receivables includes primarily the receivables from the Federal Agency for Special Tasks Associated with Unification (*Bundesanstalt für vereinigungsbedingte Sonderaufgaben – “BvS”*) in the amount of EUR 682 million (31 Dec. 2024: EUR 634 million), which are offset in equal amount by provisions arising from the assumption of the operations of the State Insurance Company of the German Democratic Republic in liquidation (*Staatliche Versicherung der Deutschen Demokratischen Republik in Abwicklung – “SinA”*), an institution under public law.

**Development of assets from contractual rights**

	<b>2025</b>	<b>2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>As of 1 Jan.</b>	<b>0</b>	<b>0</b>
Additions	0	0
Disposals	0	0
<b>As of 31 Dec.</b>	<b>0</b>	<b>0</b>

**(47) Financial liabilities at amortised cost****Analysis of Financial liabilities at amortised cost by class**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Liabilities to banks</b>		
Money-market transactions	438	982
Promissory note loans	1,287	1,087
Other financial liabilities	928	4,393
<b>Liabilities to customers</b>		
Money-market transactions	638	471
Promissory note loans	15,722	23,964
Other financial liabilities	5,557	5,654
<b>Certificated liabilities</b>		
Money-market issues	53,919	32,494
Bonds and notes	400,645	416,457
<b>Total</b>	<b>479,133</b>	<b>485,502</b>

Liabilities from cash collateral received are included in Other financial liabilities. These are attributable to cash collateral on derivatives in the amount of EUR 249 million (31 Dec. 2024: EUR 3,339 million), and to cash collateral on other transactions in the amount of EUR 941 million (31 Dec. 2024: EUR 1,148 million).

New securities (money market issues, bonds and notes) under the sub-item certificated liabilities, with a nominal volume of EUR 212.7 billion and which are to be measured at amortised cost, were issued during the current financial year (2024: EUR 157.6 billion). The volume of repayments due to maturity during the same period amounted to EUR 191.0 billion (nominal) (2024: EUR 167.2 billion) and the volume of early repurchases to EUR 0.2 billion (nominal) (2024: EUR 0.5 billion).

Liabilities include liabilities from repurchase agreements and securities lending transactions under Other financial liabilities.

#### (48) Financial liabilities at fair value

##### Analysis of Financial liabilities at fair value by class

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
<b>Liabilities to banks – FVD</b>		
Promissory note loans	268	225
<b>Liabilities to customers – FVD</b>		
Promissory note loans	590	719
<b>Certificated liabilities – FVD</b>		
Bonds and notes	6,062	6,537
<b>Other derivatives – FVM</b>		
Interest-related derivatives	1,537	1,494
Cross-currency derivatives	847	799
<b>Total</b>	<b>9,305</b>	<b>9,774</b>

As in the previous year, there were no new issues in the current financial year under sub-item certificated liabilities to be measured at fair value. The volume of repayments due to maturity during the same period amounted to EUR 0.1 billion (nominal) (2024: EUR 0.2 billion) and the volume of early repurchases to EUR 0.2 billion (nominal) (2024: EUR 0.0 billion).

Cross-currency swaps are presented under Cross-currency derivatives.

Other derivatives include derivatives with negative fair values of EUR 2 million (31 Dec. 2024: EUR 5 million) attributable to embedded derivatives that are bifurcated.

**(49) Value adjustments from macro fair value hedge accounting**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Value adjustments to liabilities under macro fair value hedge accounting	-16	-16

The fair values attributable to hedged risks in the hedged portfolios in the at amortised cost measurement category are included in this item.

**(50) Derivatives designated for hedge accounting****Analysis of derivatives with negative fair values designated for hedge accounting by type of hedging relationship**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Micro fair value hedge accounting	7,472	5,619
Macro fair value hedge accounting	714	1,362
<b>Total</b>	<b>8,185</b>	<b>6,982</b>

**Analysis of derivatives with negative fair values designated for hedge accounting by type of hedging instrument**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Interest-related derivatives	3,095	5,068
Cross-currency derivatives	5,091	1,914
<b>Total</b>	<b>8,185</b>	<b>6,982</b>

**(51) Risk provisions****Analysis of Provisions by class**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Provisions for pensions and similar commitments	1,881	1,904
Provisions for credit risks	78	74
Other provisions	1,069	969
<b>Total</b>	<b>3,027</b>	<b>2,948</b>

## Development of Provisions for pensions and similar commitments in financial year 2025

	Defined benefit obligations	Early retirement	Partial retirement	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan. 2025</b>	<b>1,874</b>	<b>27</b>	<b>3</b>	<b>1,904</b>
Additions	111	60	2	172
<i>Current service cost</i>	45	60	2	107
<i>Interest cost</i>	66	0	0	66
Actuarial gains and losses	-135	0	0	-135
<i>Changes in demographic assumptions</i>	0	0	0	0
<i>Changes in financial assumptions</i>	-164	0	0	-164
<i>Changes in experience adjustments</i>	29	0	0	29
Utilisation	-65	-7	-1	-73
Reversals	0	-4	0	-4
Transfers	0	0	0	0
Contributions by members (recognised in equity)	16	0	0	16
<b>As of 31 Dec. 2025</b>	<b>1,800</b>	<b>77</b>	<b>3</b>	<b>1,881</b>

The average expected residual term of the defined-benefit pension obligations was 15.0 years as of 31 December 2025 (31 Dec. 2024: 16.0 years).

## Development of Provisions for pensions and similar commitments in financial year 2024

	Defined benefit obligations	Early retirement	Partial retirement	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan. 2024</b>	<b>1,809</b>	<b>33</b>	<b>2</b>	<b>1,844</b>
Additions	108	3	1	112
<i>Current service cost</i>	46	0	1	48
<i>Interest cost</i>	62	2	0	64
Actuarial gains and losses	6	0	0	6
<i>Changes in demographic assumptions</i>	-22	0	0	-22
<i>Changes in experience adjustments</i>	28	0	0	28
Utilisation	-63	-9	-1	-73
Contributions by members (recognised in equity)	14	0	0	14
<b>As of 31 Dec. 2024</b>	<b>1,874</b>	<b>27</b>	<b>3</b>	<b>1,904</b>

Provisions for pensions and similar commitments are calculated on the basis of the 2018 G Heubeck actuarial tables and the following other actuarial assumptions:

### Actuarial assumptions in % p.a.

	31 Dec. 2025	31 Dec. 2024
Technical discount rate	4.08	3.49
Rate of salary increases	3.00	3.00
Rate of pension increases	2.00	2.00
Rate of staff turnover	3.23	3.23

The technical discount rate as of 31 December 2025 reflects an adjustment to the average residual term of the defined benefit pension obligations translating into an adjustment to the average capital commitment period used.

### Sensitivity of defined benefit pension obligations as of 31 December 2025

	Difference	Change in defined benefit obligations	Difference	Change in defined benefit obligations
		EUR in millions		EUR in millions
Life expectancy	+1 year	64	-1 year	-67
Technical discount rate	+0.25%	-63	-0.25%	67
Rate of salary increases	+0.50%	10	-0.50%	-10
Rate of pension increases	+0.50%	94	-0.50%	-52
Rate of staff turnover	+1.00%	-1	-1.00%	1

### Sensitivity of defined benefit pension obligations as of 31 December 2024

	Difference	Change in defined benefit obligations	Difference	Change in defined benefit obligations
		EUR in millions		EUR in millions
Life expectancy	+1 year	71	-1 year	-73
Technical discount rate	+0.25%	-70	-0.25%	75
Rate of salary increases	+0.50%	13	-0.50%	-12
Rate of pension increases	+0.50%	103	-0.50%	-57
Rate of staff turnover	+1.00%	-1	-1.00%	1

### Development of Risk provisions for lending business

For the development of Risk provisions for lending business (off-balance sheet transactions) see the note regarding "Risk provisions".

## Development of Other provisions in financial year 2025

	Obligations to employees	Other provisions	Total
	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan. 2025</b>	<b>38</b>	<b>931</b>	<b>969</b>
Additions	12	154	166
Utilisation	-10	-51	-60
Reversals	0	-6	-6
<b>As of 31 Dec. 2025</b>	<b>40</b>	<b>1,029</b>	<b>1,069</b>

The Obligations to employees column shows other long-term employee benefits including provisions for service anniversaries. Corresponding actuarial reports have been prepared for these obligations.

Other provisions include provisions for the obligation to award grants under the ERP Special Fund in subsequent years in the amount of EUR 124 million (31 Dec. 2024: EUR 135 million).

An Other provisions item in the amount of EUR 149 million (31 Dec. 2024: EUR 100 million) is reported due to the interest rate being below the market rate for irrevocable promotional loan commitments with additional promotional funds in the form of interest rate reductions impacting KfW's earnings position. Changes to existing provisions are presented as net additions or, in the case of a decline, as a transfer via the adjustments to the carrying amounts of already disbursed promotional loans recognised on the assets side under Financial assets at amortised cost – Loans and advances to banks or customers.

Other provisions also comprise obligations arising from the assumption of the operations of the State Insurance Company of the German Democratic Republic in liquidation (*Staatliche Versicherung der Deutschen Demokratischen Republik in Abwicklung – "SinA"*), an institution under public law, in the amount of EUR 682 million (31 Dec. 2024: EUR 634 million), which are offset by receivables in the same amount from the Federal Agency for Special Tasks Associated with Unification (*Bundesanstalt für vereinigungsbedingte Sonderaufgaben – "BvS"*) recognised in Other assets. Other provisions also include provisions for legal risks offset by receivables from the Federal Government in the same amount.

## Development of Other provisions in financial year 2024

	Obligations to employees	Other provisions	Total
	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan. 2024</b>	<b>35</b>	<b>842</b>	<b>877</b>
Additions	11	154	165
Utilisation	-8	-53	-61
Reversals	-1	-12	-13
<b>As of 31 Dec. 2024</b>	<b>38</b>	<b>931</b>	<b>969</b>

## (52) Income tax liabilities

### Analysis of Income tax liabilities

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Current income tax liabilities	46	206
Deferred income tax liabilities	56	23
<b>Total</b>	<b>102</b>	<b>230</b>

Current income tax liabilities as of 31 December 2025 primarily consisted of tax provisions at the level of taxable companies included in the group.

Deferred income tax liabilities mostly resulted from valuation differences relating to the statement of financial position items listed below.

#### Composition of deferred tax liabilities by statement of financial position item

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Financial assets at fair value – Other derivatives	0	0
Financial assets at amortised cost	0	0
Financial assets at fair value – Securities and investments	55	24
Investments accounted for using the equity method	3	4
Other statement of financial position items	1	1
<b>Subtotal</b>	<b>59</b>	<b>29</b>
Offset against deferred tax assets	3	6
<b>Total</b>	<b>56</b>	<b>23</b>

#### (53) Other liabilities

##### Analysis of Other liabilities

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Other financial liabilities	274	300
<i>thereof Accruals</i>	201	202
Deferred income	49	44
Lease liabilities	39	30
<b>Total</b>	<b>362</b>	<b>374</b>

Deferred income contains liabilities resulting from contractual obligations (“contract liabilities” in accordance with IFRS 15). These developed as follows:

#### Development of liabilities from contractual obligations

	2025	2024
	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	<b>43</b>	<b>37</b>
Additions	15	25
Disposals	-19	-19
<b>As of 31 Dec.</b>	<b>38</b>	<b>43</b>

## (54) Equity

### Analysis of Equity

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Subscribed capital	3,750	3,750
less uncalled outstanding contributions	-450	-450
<b>Paid-in subscribed capital</b>	<b>3,300</b>	<b>3,300</b>
Capital reserve	8,447	8,447
Reserve from the ERP Special Fund	1,191	1,191
Retained earnings	27,555	26,552
Statutory reserve under Article 10 (2) KfW Law	1,875	1,875
Special reserve under Article 10 (3) KfW Law	18,916	17,988
Special reserve less the special loss account from provisioning pursuant to Section 17 (4) of the D-Mark Balance Sheet Law	21	21
Other retained earnings	6,742	6,668
Revaluation reserves	131	83
Valuation result from the change in own credit risk of liabilities designated at fair value through profit or loss	79	160
Actuarial gains and losses from defined-benefit pension obligations (after tax)	52	-77
<b>Total</b>	<b>40,623</b>	<b>39,573</b>

The Federal Government owns 80% of KfW's share capital, the German federal states 20%. In accordance with Article 1a of the KfW Law, the Federal Republic of Germany is liable for certain liabilities of KfW. There is no profit distribution in accordance with Article 10 (1) of the KfW Law. KfW's net income amounting to EUR 928 million (2024: EUR 871 million) was used to increase the special reserve under Article 10 (3) KfW Law.

Equity forms the basis for the capital available for covering risks, which is matched against the capital requirements derived from internal management.

For information concerning Equity in relation to risk-bearing capacity, see the risk report in the combined management report.

The revaluation reserves developed as follows:

### Development of revaluation reserves

	Valuation result from the change in own credit risk of liabilities designated at fair value through profit or loss	Actuarial gains and losses from defined benefit pension obligations	Effects of deferred taxes	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>As of 1 Jan. 2024</b>	<b>55</b>	<b>-68</b>	<b>-2</b>	<b>-15</b>
Consolidated comprehensive income	105	-6	-1	98
Other comprehensive income	105	-6	-1	98
<b>As of 31 Dec. 2024</b>	<b>160</b>	<b>-74</b>	<b>-3</b>	<b>83</b>
Consolidated comprehensive income	-81	135	-6	48
Other comprehensive income	-81	135	-6	48
<b>As of 31 Dec. 2025</b>	<b>79</b>	<b>61</b>	<b>-9</b>	<b>131</b>

**(55) Expected time to maturity for assets and liabilities**

The table below breaks down the assets and liabilities by maturity, or expected realisation.

There is a differentiation between assets and liabilities due or realisable within up to 12 months after the reporting date (short term) and those due or realisable more than 12 months after the reporting date (long term).

Financial instruments without contractually agreed terms are classed as short term. These also include the statement of financial position items Cash reserves, Non-current assets held for sale, and Current income tax assets and liabilities.

The long term category includes the items Investments accounted for using the equity method, Property, plant and equipment, Intangible assets, and Deferred Income tax assets and liabilities.

**Assets**

	31 Dec. 2025		31 Dec. 2024	
	short term	long term	short term	long term
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Cash reserves	19,535	0	26,522	0
Financial assets at amortised cost	106,667	405,043	107,460	395,207
Financial assets at fair value	379	15,202	697	15,020
Value adjustments from macro fair value hedge accounting	-161	-10,283	-1,271	-8,103
Derivatives designated for hedge accounting	572	1,458	2,127	5,318
Investments accounted for using the equity method	0	448	0	500
Non-current assets held for sale	12	0	37	0
Property, plant and equipment	0	925	0	922
Intangible assets	0	50	0	69
Income tax assets	11	72	23	86
Other assets	111	682	119	635
<b>Total</b>	<b>127,127</b>	<b>413,596</b>	<b>135,713</b>	<b>409,652</b>

**Liabilities and equity**

	31 Dec. 2025		31 Dec. 2024	
	short term	long term	short term	long term
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at amortised cost	135,541	343,591	134,496	351,006
Financial liabilities at fair value	441	8,864	344	9,430
Value adjustments from macro fair value hedge accounting	-2	-14	-2	-14
Derivatives designated for hedge accounting	1,696	6,490	1,268	5,713
Provisions	218	2,809	165	2,783
Income tax liabilities	46	56	206	23
Other liabilities	325	37	348	27
<b>Total</b>	<b>138,266</b>	<b>361,834</b>	<b>136,825</b>	<b>368,968</b>

# Notes to financial instruments

The different IFRS 9 measurement categories are abbreviated as follows in the Notes to financial instruments:

ACO	=	Financial instruments measured at amortised cost
FVM	=	Financial instruments measured at fair value
FVD	=	Financial instruments designated at fair value

## (56) Gains and losses from financial instruments by measurement category

The following tables show the results from financial instruments included in the different statement of comprehensive income items presented by measurement category. The result from foreign currency translation is not included.

### Gains and losses from financial instruments by measurement category in financial year 2025

	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at fair value – FVM	Financial liabilities at fair value		Derivatives designated for hedge accounting	Total
				FVM	FVD		
				EUR in millions	EUR in millions		
Interest income	11,361 <sup>1)</sup>	0	607	410	0	3,118	15,495
Interest expense	-421	-10,545	-61	-195	-333	-1,337	-12,893
Net gains/losses from risk provisions	-158	0	0	0	0	0	-158
Commission income	11	0	0	0	0	0	11
Commission expense	-11	-8	0	0	0	0	-19
Net gains/losses from hedge accounting	-1,070	-329	0	0	0	1,272	-128
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	111	-133	-22	0	-44
Net gains/losses from disposal of financial assets at amortised cost	0	0	0	0	0	0	0
Net other operating income or loss	0	0	0	0	0	0	0
Change in revaluation reserves	0	0	0	0	-81	0	-81
<b>Total</b>	<b>9,712</b>	<b>-10,883</b>	<b>656</b>	<b>82</b>	<b>-436</b>	<b>3,052</b>	<b>2,184</b>

<sup>1)</sup> Includes interest income from financial guarantees of EUR 34 million

## Gains and losses from financial instruments by measurement category in financial year 2024

	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at fair value – FVM	Financial liabilities at fair value		Derivatives designated for hedge accounting	Total
				FVM	FVD		
				EUR in millions	EUR in millions		
Interest income	12,644 <sup>1)</sup>	0	808	241	0	7,488	21,181
Interest expense	-406	-9,579	-89	-430	-356	-7,765	-18,624
Net gains/losses from risk provisions	39	0	0	0	0	0	39
Commission income	3	0	0	0	0	0	3
Commission expense	-10	-5	0	0	0	0	-16
Net gains/losses from hedge accounting	6,085	-6,550	0	0	0	572	107
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	-162	58	194	0	90
Net gains/losses from disposal of financial assets at amortised cost	0	0	0	0	0	0	0
Net other operating income or loss	0	3	0	0	0	0	3
Change in revaluation reserves	0	0	0	0	105	0	105
<b>Total</b>	<b>18,356</b>	<b>-16,132</b>	<b>557</b>	<b>-130</b>	<b>-58</b>	<b>295</b>	<b>2,888</b>

<sup>1)</sup> Includes interest income from financial guarantees of EUR 38 million

**(57) Disclosures on fair value**

The following tables show the financial instruments measured at fair value or for which the fair value is indicated in the Notes according to the valuation methods used. There is also a comparison of fair value and carrying amount.

**Fair value of financial instruments by valuation method as of 31 December 2025**

	Carrying amount (statement of financial position)	Fair Value			Total	Difference from carrying amount
		Level 1	Level 2	Level 3		
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Assets</b>						
Cash reserves	19,535	19,535	0	0	19,535	0
Financial assets at amortised cost						
Loans and advances to banks	335,625	0	46,850	277,437	324,287	-11,338
Loans and advances to customers	138,351	0	989	134,999	135,988	-2,363
Securities and investments	37,734	29,334	3,489	4,965	37,788	54
Financial assets at fair value						
Loans and advances to banks – FVM	14	0	0	14	14	0
Loans and advances to customers – FVM	8,154	0	8,026	128	8,154	0
Securities and investments – FVM	5,599	102	3,360	2,136	5,599	0
Other derivatives – FVM	1,814	0	1,812	2	1,814	0
Value adjustments from macro fair value hedge accounting	-10,444	n/a	n/a	n/a	n/a	10,444
Derivatives designated for hedge accounting	2,031	0	2,031	0	2,031	0
Non-current assets held for sale	12	0	0	12	12	0
<b>Total</b>	<b>538,424</b>	<b>48,971</b>	<b>66,557</b>	<b>419,693</b>	<b>535,221</b>	<b>-3,203</b>
<b>Liabilities and equity</b>						
Financial liabilities at amortised cost						
Liabilities to banks	2,652	0	2,634	0	2,634	-18
Liabilities to customers	21,917	0	21,201	0	21,201	-715
Certificated liabilities	454,564	381,679	69,441	4	451,124	-3,440
Financial liabilities at fair value						
Liabilities to banks – FVD	268	0	268	0	268	0
Liabilities to customers – FVD	590	0	590	0	590	0
Certificated liabilities – FVD	6,062	3,990	2,066	6	6,062	0
Other derivatives – FVM	2,384	0	2,369	15	2,384	0
Value adjustments from macro fair value hedge accounting	-16	n/a	n/a	n/a	n/a	16
Derivatives designated for hedge accounting	8,185	0	8,185	0	8,185	0
<b>Total</b>	<b>496,608</b>	<b>385,669</b>	<b>106,755</b>	<b>26</b>	<b>492,450</b>	<b>-4,158</b>

**Fair value of financial instruments by valuation method as of 31 December 2024**

	Carrying amount (statement of financial position)	Fair Value			Total	Difference from carrying amount
		Level 1	Level 2	Level 3		
		EUR in millions	EUR in millions	EUR in millions		
<b>Assets</b>						
Cash reserves	26,522	26,522	0	0	26,522	0
Financial assets at amortised cost						
Loans and advances to banks	320,406	0	28,320	279,286	307,607	-12,799
Loans and advances to customers	144,278	0	778	141,528	142,306	-1,972
Securities and investments	37,982	29,660	3,257	4,899	37,816	-167
Financial assets at fair value						
Loans and advances to banks – FVM	58	0	0	58	58	0
Loans and advances to customers – FVM	8,232	0	8,085	147	8,232	0
Securities and investments – FVM	5,123	91	2,699	2,334	5,123	0
Other derivatives – FVM	2,303	0	2,299	4	2,303	0
Value adjustments from macro fair value hedge accounting	-9,375	n/a	n/a	n/a	n/a	9,375
Derivatives designated for hedge accounting	7,445	0	7,445	0	7,445	0
Non-current assets held for sale	37	0	37	0	37	0
<b>Total</b>	<b>543,012</b>	<b>56,273</b>	<b>52,920</b>	<b>428,256</b>	<b>537,449</b>	<b>-5,563</b>
<b>Liabilities and equity</b>						
Financial liabilities at amortised cost						
Liabilities to banks	6,462	0	6,447	0	6,447	-15
Liabilities to customers	30,089	0	29,367	0	29,367	-722
Certificated liabilities	448,951	396,089	46,383	0	442,472	-6,479
Financial liabilities at fair value						
Liabilities to banks – FVD	225	0	225	0	225	0
Liabilities to customers – FVD	719	0	719	0	719	0
Certificated liabilities – FVD	6,537	4,152	2,385	0	6,537	0
Other derivatives – FVM	2,293	0	2,275	18	2,293	0
Value adjustments from macro fair value hedge accounting	-16	n/a	n/a	n/a	n/a	16
Derivatives designated for hedge accounting	6,982	0	6,982	0	6,982	0
<b>Total</b>	<b>502,241</b>	<b>400,241</b>	<b>94,782</b>	<b>18</b>	<b>495,042</b>	<b>-7,200</b>

Interest-related changes in value are also included in measuring the fair value of the financial instruments. Accordingly, when the comparison is made with the carrying amount, it is necessary to take into account the changes in value (interest-related) resulting from the recognition of Loans and advances and borrowings in macro fair value hedge accounting.

### Change in level assignment of financial instruments measured at fair value with a transfer between levels 1 and 2 in financial year 2025

	<b>Transfer from level 1 to level 2</b>	<b>Transfer from level 2 to level 1</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Assets</b>		
Financial assets at fair value		
Loans and advances to banks – FVM	0	0
Loans and advances to customers – FVM	0	0
Securities and investments – FVM	0	0
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
Non-current assets held for sale	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Liabilities and equity</b>		
Financial liabilities at fair value		
Liabilities to banks – FVD	0	0
Liabilities to customers – FVD	0	0
Certificated liabilities – FVD	0	0
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

The group did not make any transfers between levels in financial year 2025. The group primarily made transfers from level 2 to level 1 in financial year 2024 as quoted market prices from active markets were available again for the respective financial instruments.

**Change in level assignment of financial instruments measured at fair value with a transfer between levels 1 and 2 in financial year 2024**

	<b>Transfer from level 1 to level 2</b>	<b>Transfer from level 2 to level 1</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
<b>Assets</b>		
Financial assets at fair value		
Loans and advances to banks – FVM	0	0
Loans and advances to customers – FVM	0	0
Securities and investments – FVM	0	3
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
Non-current assets held for sale	0	0
<b>Total</b>	<b>0</b>	<b>3</b>
<b>Liabilities and equity</b>		
Financial liabilities at fair value		
Liabilities to banks – FVD	0	0
Liabilities to customers – FVD	0	0
Certificated liabilities – FVD	0	0
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Development of financial assets measured at fair value assigned to level 3 in financial year 2025**

	Financial assets at fair value					Total EUR in millions
	Loans and advances to banks – FVM EUR in millions	Loans and advances to customers – FVM EUR in millions	Securities and investments – FVM EUR in millions	Other derivatives – FVM EUR in millions	Non-current assets held for sale EUR in millions	
<b>As of 1 Jan. 2025</b>	<b>58</b>	<b>147</b>	<b>2,334</b>	<b>4</b>	<b>0</b>	<b>2,542</b>
<b>A. Changes recognised in the income statement</b>						
Net interest and commission income	0	-2	0	0	0	-3
<i>Contracts still valid at year-end</i>	0	-2	0	0	0	-2
Net gains/losses from hedge accounting	0	0	0	0	0	0
<i>Contracts still valid at year-end</i>	0	0	0	0	0	0
Net gains/losses from other financial instruments at fair value through profit or loss	-12	6	35	-1	7	35
<i>Contracts still valid at year-end</i>	5	22	82	-1	7	116
<b>Total changes recognised in the income statement</b>	<b>-12</b>	<b>4</b>	<b>35</b>	<b>-1</b>	<b>7</b>	<b>32</b>
<b>B. Changes recognised directly in equity</b>						
Changes in level assignment	0	0	-229	1	0	-228
Transfer from level 1 and level 2	0	0	548	1	0	549
Transfer to level 1 and level 2	0	0	-777	0	0	-777
Additions	0	15	134	4	0	152
Disposals	-26	-32	-130	-4	0	-192
<b>Total changes recognised directly in equity</b>	<b>-26</b>	<b>-17</b>	<b>-226</b>	<b>1</b>	<b>0</b>	<b>-268</b>
Changes in consolidated group	0	0	0	0	0	0
Exchange rate changes	-6	-6	-1	-2	0	-15
Other changes	0	0	-5	0	5	0
<b>As of 31 Dec. 2025</b>	<b>14</b>	<b>128</b>	<b>2,136</b>	<b>2</b>	<b>12</b>	<b>2,292</b>

## Development of financial liabilities measured at fair value assigned to level 3 in financial year 2025

	Financial liabilities at fair value				Total EUR in millions
	Liabilities to banks – FVD	Liabilities to customers – FVD	Certificated liabilities – FVD	Other derivatives – FVM	
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	
<b>As of 1 Jan. 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>
<b>A. Changes recognised in the income statement</b>					
Net interest and commission income	0	0	0	-1	-1
<i>Contracts still valid at year-end</i>	0	0	0	-1	-1
Net gains/losses from hedge accounting	0	0	0	0	0
<i>Contracts still valid at year-end</i>	0	0	0	0	0
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	0	-4	-4
<i>Contracts still valid at year-end</i>	0	0	0	-3	-3
<b>Total changes recognised in the income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>-6</b>
<b>B. Changes recognised directly in equity</b>					
Change in revaluation reserves	0	0	0	0	0
<i>Contracts still valid at year-end</i>	0	0	0	0	0
Changes in level assignment	0	0	6	3	10
Transfer from level 1 and level 2	0	0	6	3	10
Transfer to level 1 and level 2	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
<b>Total changes recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>10</b>
Exchange rate changes	0	0	0	-1	-1
Other changes	0	0	0	0	0
<b>As of 31 Dec. 2025</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>15</b>	<b>22</b>

The group carried out transfers from levels 1 and 2 to level 3 because in financial years 2025 and 2024 quoted prices on the active market or observable market parameters were no longer available or their effect on fair value was deemed material. In contrast, the group carried out transfers from level 3 to levels 1 and 2 if quoted prices on the active market or observable market parameters were available again or the effect of non-observable parameters on fair value was deemed immaterial.

**Development of financial assets measured at fair value assigned to level 3 in financial year 2024**

	Financial assets at fair value					Total EUR in millions
	Loans and advances to banks – FVM EUR in millions	Loans and advances to customers – FVM EUR in millions	Securities and investments – FVM EUR in millions	Other derivatives – FVM EUR in millions	Non-current assets held for sale EUR in millions	
<b>As of 1 Jan. 2024</b>	<b>41</b>	<b>284</b>	<b>1,370</b>	<b>44</b>	<b>12</b>	<b>1,751</b>
<b>A. Changes recognised in the income statement</b>						
Net interest and commission income	0	-5	0	0	0	-5
<i>Contracts still valid at year-end</i>	0	-4	0	0	0	-4
Net gains/losses from hedge accounting	0	0	0	0	0	0
<i>Contracts still valid at year-end</i>	0	0	0	0	0	0
Net gains/losses from other financial instruments at fair value through profit or loss	14	0	72	4	0	90
<i>Contracts still valid at year-end</i>	16	1	-9	-2	0	5
<b>Total changes recognised in the income statement</b>	<b>14</b>	<b>-5</b>	<b>72</b>	<b>4</b>	<b>0</b>	<b>85</b>
<b>B. Changes recognised directly in equity</b>						
Changes in level assignment	0	0	919	-43	0	877
Transfer from level 1 and level 2	0	0	1,200	0	0	1,200
Transfer to level 1 and level 2	0	0	-280	-43	0	-323
Additions	0	13	450	6	0	470
Disposals	0	-152	-491	-7	0	-651
<b>Total changes recognised directly in equity</b>	<b>0</b>	<b>-139</b>	<b>879</b>	<b>-44</b>	<b>0</b>	<b>695</b>
Changes in consolidated group	0	0	0	0	0	0
Exchange rate changes	3	7	1	1	0	12
Other changes	0	0	12	-1	-12	-1
<b>As of 31 Dec. 2024</b>	<b>58</b>	<b>147</b>	<b>2,334</b>	<b>4</b>	<b>0</b>	<b>2,542</b>

## Development of financial liabilities measured at fair value assigned to level 3 in financial year 2024

	Financial liabilities at fair value				Total EUR in millions
	Liabilities to banks – FVD	Liabilities to customers – FVD	Certificated liabilities – FVD	Other derivatives – FVM	
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	
<b>As of 1 Jan. 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>23</b>
<b>A. Changes recognised in the income statement</b>					
Net interest and commission income	0	0	0	3	3
<i>Contracts still valid at year-end</i>	0	0	0	4	4
Net gains/losses from hedge accounting	0	0	0	0	0
<i>Contracts still valid at year-end</i>	0	0	0	0	0
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	0	-6	-6
<i>Contracts still valid at year-end</i>	0	0	0	0	0
<b>Total changes recognised in the income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3</b>	<b>-3</b>
<b>B. Changes recognised directly in equity</b>					
Change in revaluation reserves	0	0	0	0	0
<i>Contracts still valid at year-end</i>	0	0	0	0	0
Changes in level assignment	0	0	0	0	0
Transfer from level 1 and level 2	0	0	0	0	0
Transfer to level 1 and level 2	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	-2	-2
<b>Total changes recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>-2</b>
Exchange rate changes	0	0	0	2	2
Other changes	0	0	0	-1	-1
<b>As of 31 Dec. 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>

The following tables show how an alternative determination of relevant unobservable data, i.e., values in best and worst case scenarios, would impact fair values for significant products allocated to this level.

### Information on unobservable data as of 31 December 2025

Major classes	Valuation method used	Relevant unobservable data with alternative determination	Range
Loans and advances to banks and loans and advances to customers – FVM	Discounted cash flow method	Risk costs	+/- 10%
Securities and investments from equity finance business – FVM	Discounted cash flow method <sup>1)</sup>	Cost of capital	0.5% to 1.5% (absolute fluctuation)
		Long-term result	5% (relative fluctuation)
		Risk costs	+/- 10%
Other derivatives – derivatives with positive or negative fair values, which comprise a hedging instrument for customers with respect to export and project finance – FVM	Discounted cash flow method	Expected loss	+/- 30%

<sup>1)</sup> If the cost of capital and the long-term result could not be used for valuation, the sensitivities were calculated on the basis of the cost of risk.

### Information on unobservable data as of 31 December 2024

Major classes	Valuation method used	Relevant unobservable data with alternative determination	Range
Loans and advances to banks and loans and advances to customers – FVM	Discounted cash flow method	Risk costs	+/- 10%
Securities and investments from equity finance business – FVM	Discounted cash flow method <sup>1)</sup>	Cost of capital	0.5% to 1.5% (absolute fluctuation)
		Long-term result	5% (relative fluctuation)
		Risk costs	+/- 10%
Other derivatives – derivatives with positive or negative fair values, which comprise a hedging instrument for customers with respect to export and project finance – FVM	Discounted cash flow method	Expected loss	+/- 30%

<sup>1)</sup> If the cost of capital and the long-term result could not be used for valuation, the sensitivities were calculated on the basis of the cost of risk.

### Sensitivity analysis for the financial assets measured at fair value assigned to level 3 as of 31 December 2025

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial assets at fair value			
Loans and advances to banks – FVM	15	14	14
Loans and advances to customers – FVM	135	128	118
Securities and investments – FVM	2,378	2,136	1,915
Other derivatives – FVM	2	2	2
Non-current assets held for sale	12	12	11
<b>Total</b>	<b>2,543</b>	<b>2,292</b>	<b>2,060</b>

### Sensitivity analysis for the financial liabilities measured at fair value assigned to level 3 as of 31 December 2025

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at fair value			
Certificated liabilities – FVD	6	6	6
Other derivatives – FVM	15	15	15
<b>Total</b>	<b>22</b>	<b>22</b>	<b>22</b>

### Sensitivity analysis for the financial assets measured at fair value assigned to level 3 as of 31 December 2024

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial assets at fair value			
Loans and advances to banks – FVM	60	58	56
Loans and advances to customers – FVM	155	147	137
Securities and investments – FVM	2,256	2,334	2,435
Other derivatives – FVM	4	4	4
Non-current assets held for sale	0	0	0
<b>Total</b>	<b>2,474</b>	<b>2,542</b>	<b>2,631</b>

### Sensitivity analysis for the financial liabilities measured at fair value assigned to level 3 as of 31 December 2024

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at fair value			
Other derivatives – FVM	18	18	18
<b>Total</b>	<b>18</b>	<b>18</b>	<b>18</b>

**(58) Disclosures on micro fair value hedge accounting****Disclosures on hedged items in micro fair value hedge accounting by risk type – 2025**

	Carrying amount of hedged items	Accumulated hedge fair value adjustment (fair value of the hedged risk for the hedged item)	Hedge fair value adjustment to be amortised (discontinued hedge relationships)	Statement of financial position items in which the hedged items are reported	Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)
	EUR in millions	EUR in millions	EUR in millions		EUR in millions
<b>Assets</b>					
<b>Interest risk</b>					
Securities and investments – Bonds and other fixed-income securities	28,736	-633	0	Financial assets at amortised cost	9
<b>Interest-currency risk</b>					
Securities and investments – Bonds and other fixed-income securities	0	0	0	Financial assets at amortised cost	0
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Liabilities to banks/customers – promissory note loans	7,199	-440	0	Financial liabilities at amortised cost	-270
Certificated liabilities	246,205	-8,106	56	Financial liabilities at amortised cost	1,261
<b>Interest-currency risk</b>					
Liabilities to banks/customers – promissory note loans	0	0	0	Financial liabilities at amortised cost	0
Certificated liabilities	97,921	-10	286	Financial liabilities at amortised cost	-1,320

## Disclosures on hedged items in micro fair value hedge accounting by risk type – 2024

	Carrying amount of hedged items	Accumulated hedge fair value adjustment (fair value of the hedged risk for the hedged item)	Hedge fair value adjustment to be amortised (discontinued hedge relationships)	Statement of financial position items in which the hedged items are reported	Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)
	EUR in millions	EUR in millions	EUR in millions		EUR in millions
<b>Assets</b>					
<b>Interest risk</b>					
Securities and investments – Bonds and other fixed-income securities	29,301	-642	0	Financial assets at amortised cost	655
<b>Interest-currency risk</b>					
Securities and investments – Bonds and other fixed-income securities	0	0	0	Financial assets at amortised cost	0
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Liabilities to banks/customers – promissory note loans	19,419	-710	0	Financial liabilities at amortised cost	-605
Certificated liabilities	246,255	-6,842	90	Financial liabilities at amortised cost	-5,173
<b>Interest-currency risk</b>					
Liabilities to banks/customers – promissory note loans	0	0	0	Financial liabilities at amortised cost	0
Certificated liabilities	113,898	-1,329	221	Financial liabilities at amortised cost	-788

## Disclosures on hedging instruments in micro fair value hedge accounting by risk type – 2025

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)	Average interest rate of hedging instruments <sup>1)</sup>
	EUR in millions	EUR in millions		EUR in millions	%
<b>Assets</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	108,176	779	Derivatives designated for hedge accounting	-5	-0.3
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	46,083	560	Derivatives designated for hedge accounting	0	2.1 <sup>2)</sup>
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	181,820	2,381	Derivatives designated for hedge accounting	-1,002	-1.1
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	103,584	5,091	Derivatives designated for hedge accounting	1,348	1.6 <sup>2)</sup>

<sup>1)</sup> Average interest rate based on the coupon of the fixed leg of the derivatives weighted with nominal volume

<sup>2)</sup> Cross-currency interest rate swaps are primarily used to hedge interest risks, but also to hedge foreign currency risks. The difference between the average interest rate of the interest rate swaps and the cross-currency interest rate swaps results from the different interest rate of the hedged currencies, among other factors.

## Disclosures on hedging instruments in micro fair value hedge accounting by risk type – 2024

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)	Average interest rate of hedging instruments <sup>1)</sup>
	EUR in millions	EUR in millions		EUR in millions	%
<b>Assets</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	99,353	656	Derivatives designated for hedge accounting	-652	-1.2
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	105,672	5,916	Derivatives designated for hedge accounting	0	1.9 <sup>2)</sup>
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	202,989	3,705	Derivatives designated for hedge accounting	5,761	-2.3
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	76,683	1,914	Derivatives designated for hedge accounting	749	-0.4 <sup>2)</sup>

<sup>1)</sup> Average interest rate based on the coupon of the fixed leg of the derivatives weighted with nominal volume

<sup>2)</sup> Cross-currency interest rate swaps are primarily used to hedge interest risks, but also to hedge foreign currency risks. The difference between the average interest rate of the interest rate swaps and the cross-currency interest rate swaps results from the different interest rate of the hedged currencies, among other factors.

### Analysis of par values of hedging instruments by hedge relationship according to remaining terms as of 31 December 2025

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Assets</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	586	2,398	8,143	67,165	29,883
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	2,979	4,232	7,095	27,148	4,630
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	1,457	861	11,846	101,598	66,059
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	3,330	2,828	25,117	59,810	12,498

### Analysis of par values of hedging instruments by hedge relationship according to remaining terms as of 31 December 2024

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Assets</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	616	3,788	6,915	49,387	38,646
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	50	3,765	22,542	63,221	16,094
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	790	11,516	29,453	100,947	60,283
<b>Interest-currency risk</b>					
Cross-currency transactions: cross-currency interest rate swap	60	6,204	12,251	47,582	10,587

**(59) Disclosures on macro fair value hedge accounting****Disclosures on hedged items in macro fair value hedge accounting by risk type – 2025**

	Carrying amount of hedged items	Value adjustment from macro fair value hedge accounting	Value adjustment from macro fair value hedge accounting to be amortised (discontinued hedge relationships)	Statement of financial position items in which the hedged items are reported		Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)
				Carrying amount before value adjustment from macro fair value hedge accounting	Value adjustment from macro fair value hedge accounting	
	EUR in millions	EUR in millions	EUR in millions			EUR in millions
<b>Interest risk</b>						
Assets					Value adjustment from macro fair value hedge accounting	
	261,399	-10,444	-5	Financial assets at amortised cost		-1,079
Liabilities and equity					Value adjustment from macro fair value hedge accounting	
	0	-16	-16	Financial liabilities at amortised cost		-1

**Disclosures on hedged items in macro fair value hedge accounting by risk type – 2024**

	Carrying amount of hedged items	Value adjustment from macro fair value hedge accounting	Value adjustment from macro fair value hedge accounting to be amortised (discontinued hedge relationships)	Statement of financial position items in which the hedged items are reported		Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)
				Carrying amount before value adjustment from macro fair value hedge accounting	Value adjustment from macro fair value hedge accounting	
	EUR in millions	EUR in millions	EUR in millions			EUR in millions
<b>Interest risk</b>						
Assets					Value adjustment from macro fair value hedge accounting	
	265,340	-9,375	4	Financial assets at amortised cost		5,431
Liabilities and equity					Value adjustment from macro fair value hedge accounting	
	0	-16	-16	Financial liabilities at amortised cost		15

## Disclosures on hedging instruments in macro fair value hedge accounting by risk type – 2025

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)
	EUR in millions	EUR in millions		EUR in millions
<b>Assets</b>				
<b>Interest risk</b>				
Interest-related transactions: interest rate swap	184,386	692	Derivatives designated for hedge accounting	-146
<b>Liabilities and equity</b>				
<b>Interest risk</b>				
Interest-related transactions: interest rate swap	62,220	714	Derivatives designated for hedge accounting	1,076

## Disclosures on hedging instruments in macro fair value hedge accounting by risk type – 2024

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)
	EUR in millions	EUR in millions		EUR in millions
<b>Assets</b>				
<b>Interest risk</b>				
Interest-related transactions: interest rate swap	180,701	873	Derivatives designated for hedge accounting	-4,610
<b>Liabilities and equity</b>				
<b>Interest risk</b>				
Interest-related transactions: interest rate swap	69,494	1,362	Derivatives designated for hedge accounting	-677

### Analysis of par values of hedging instruments by remaining terms as of 31 December 2025

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Assets</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	1,151	1,593	21,473	79,947	80,223
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	493	1,486	6,843	26,509	26,890

### Analysis of par values of hedging instruments by remaining terms as of 31 December 2024

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Assets</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	1,296	1,796	23,358	82,880	71,371
<b>Liabilities and equity</b>					
<b>Interest risk</b>					
Interest-related transactions: interest rate swap	325	1,057	6,100	22,090	39,922

**(60) Additional disclosures on derivatives****Analysis of derivatives by type of hedge**

	Notional amount		Fair value 31 Dec. 2025		Fair value 31 Dec. 2024	
	31 Dec. 2025	31 Dec. 2024	positive	negative	positive	negative
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Interest-related derivatives	644,511	675,658	2,535	4,631	2,807	6,559
Cross-currency derivatives	150,768	150,258	1,161	5,937	6,854	2,710
Credit derivatives	0	0	0	0	0	0
<b>Total</b>	<b>795,278</b>	<b>825,916</b>	<b>3,696</b>	<b>10,568</b>	<b>9,661</b>	<b>9,269</b>

Cross-currency swaps are presented under Cross-currency derivatives.

**Analysis of derivatives by counterparty**

	Notional amount		Fair value 31 Dec. 2025		Fair value 31 Dec. 2024	
	31 Dec. 2025	31 Dec. 2024	positive	negative	positive	negative
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OECD banks	774,875	775,691	3,550	9,512	8,692	7,303
Non-OECD banks	146	176	1	5	5	5
Other counterparties	20,083	49,890	145	1,027	963	1,945
Public sector	174	159	0	24	1	17
<b>Total</b>	<b>795,278</b>	<b>825,916</b>	<b>3,696</b>	<b>10,568</b>	<b>9,661</b>	<b>9,269</b>

The analysis includes financial and credit derivatives which are presented in derivatives designated for hedge accounting and the sub-item other derivatives under Financial assets at fair value or Financial liabilities at fair value. Embedded derivatives that must be bifurcated are not included.

The economic hedge effect of financial derivatives with an aggregate principal amount of EUR 698.0 billion (31 Dec. 2024: EUR 747.4 billion) is reflected in the accounts; it was not possible to reflect the risk-mitigating impact of the remaining financial derivatives in the accounts (hedge accounting).

Unchanged from 31 December 2024, KfW Group did not pledge any collateral (in the form of securities) under derivative transactions that can be resold or repledged at any time without payments being past due.

However, liquid collateral totalling EUR 6,633 million (31 Dec. 2024: EUR 2,469 million) was provided, which is recognised under Financial assets at amortised cost – Loans and advances to banks or customers.

Unchanged from 31 December 2024, KfW Group did not receive any collateral (in the form of securities) under derivative transactions that can be resold or repledged at any time without payments by the protection seller being past due.

However, liquid collateral totalling EUR 249 million (31 Dec. 2024: EUR 3,339 million) was accepted, which was reported under Financial liabilities at amortised cost – Liabilities to banks or Liabilities to customers.

The volume of initial differences between the transaction price and model value arising from the use of a valuation technique that makes significant use of unobservable data which have yet to be amortised over the life of the financial instrument developed as follows during the reporting period:

### Day one profit or loss

	2025	2024
	EUR in millions	EUR in millions
<b>As of 1 Jan.</b>	-108	-112
Addition	-23	-9
Reversal	17	15
Exchange rate changes	6	-2
<b>As of 31 Dec.</b>	<b>-108</b>	<b>-108</b>

Net gains/losses from financial derivatives not qualifying for hedge accounting include amortisation effects in the amount of EUR 11 million (2024: EUR 11 million).

### (61) Additional disclosures on financial liabilities at fair value

#### Disclosures on financial liabilities at fair value as of 31 December 2025

	Financial liabilities at fair value			Total
	Liabilities to banks	Liabilities to customers	Certificated liabilities	
	EUR in millions	EUR in millions	EUR in millions	
Carrying amount	268	590	6,062	6,921
Repayment amount at maturity	285	821	8,078	9,184
<b>Difference</b>	<b>17</b>	<b>230</b>	<b>2,015</b>	<b>2,263</b>
thereof borrowings for which the repayment amount builds up as a result of the capitalisation over time of interest due	1	228	2,172	2,401

#### Disclosures on financial liabilities at fair value as of 31 December 2024

	Financial liabilities at fair value			Total
	Liabilities to banks	Liabilities to customers	Certificated liabilities	
	EUR in millions	EUR in millions	EUR in millions	
Carrying amount	225	719	6,537	7,481
Repayment amount at maturity	245	994	9,120	10,359
<b>Difference</b>	<b>20</b>	<b>275</b>	<b>2,583</b>	<b>2,879</b>
thereof borrowings for which the repayment amount builds up as a result of the capitalisation over time of interest due	0	273	2,739	3,012

## (62) Contractual payment obligations arising from financial instruments

### Analysis of payment obligations by maturity range as of 31 December 2025<sup>1)</sup>

	Up to 1 month	More than 1 and up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Financial liabilities at amortised cost</b>						
Liabilities to banks	844	6	850	644	454	2,798
Liabilities to customers	3,664	1,131	5,848	9,130	3,722	23,496
Certificated liabilities	19,799	44,823	63,790	250,677	116,313	495,402
<b>Financial liabilities at fair value</b>						
Liabilities to banks	0	0	41	249	0	290
Liabilities to customers	0	1	1	280	575	857
Certificated liabilities	12	8	313	3,499	5,570	9,402
Net obligations arising from derivative financial instruments	-42	-179	570	1,138	1,183	2,670
<i>thereof gross obligations arising from derivative financial instruments</i>	21,008	32,431	33,263	81,979	24,418	193,099
<b>Obligations arising from on-balance sheet financial instruments</b>	<b>24,279</b>	<b>45,791</b>	<b>71,412</b>	<b>265,616</b>	<b>127,817</b>	<b>534,915</b>
<b>Obligations arising from off-balance sheet transactions</b>	<b>143,189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,189</b>
<b>Total</b>	<b>167,468</b>	<b>45,791</b>	<b>71,412</b>	<b>265,616</b>	<b>127,817</b>	<b>678,104</b>

<sup>1)</sup> Net obligations arising from derivative financial instruments comprise payment obligations which are offset against the corresponding payment claims from derivative contracts; gross obligations are reported as obligations arising from derivative financial instruments. Off-balance sheet transactions are generally allocated to the first maturity range.

### Analysis of payment obligations by maturity range as of 31 December 2024<sup>1)</sup>

	Up to 1 month	More than 1 and up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Financial liabilities at amortised cost</b>						
Liabilities to banks	4,397	19	1,055	896	312	6,679
Liabilities to customers	4,255	2,524	12,008	6,366	6,630	31,782
Certificated liabilities	25,854	29,860	59,643	249,993	124,296	489,646
<b>Financial liabilities at fair value</b>						
Liabilities to banks	0	0	1	250	0	251
Liabilities to customers	0	1	3	327	733	1,064
Certificated liabilities	16	40	214	3,789	6,805	10,865
Net obligations arising from derivative financial instruments	-216	-25	-945	-3,464	1,257	-3,392
<i>thereof gross obligations arising from derivative financial instruments</i>	16,995	16,073	32,268	97,221	32,759	195,316
<b>Obligations arising from on-balance sheet financial instruments</b>	<b>34,306</b>	<b>32,419</b>	<b>71,980</b>	<b>258,156</b>	<b>140,033</b>	<b>536,894</b>
<b>Obligations arising from off-balance sheet transactions</b>	<b>145,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145,116</b>
<b>Total</b>	<b>179,422</b>	<b>32,419</b>	<b>71,980</b>	<b>258,156</b>	<b>140,033</b>	<b>682,010</b>

<sup>1)</sup> Net obligations arising from derivative financial instruments comprise payment obligations which are offset against the corresponding payment claims from derivative contracts; gross obligations are reported as obligations arising from derivative financial instruments. Off-balance sheet transactions are generally allocated to the first maturity range.

The maturity analysis of lease liabilities as lessee is reported under Other notes (in the “Leasing transactions as lessee” section).

### (63) Disclosures on repurchase agreements

#### Disclosures on repo transactions

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Carrying amount of securities sold under repo transactions that continue to be recognised in Financial assets at amortised cost – Securities and investments	98	313
Financial liabilities at amortised cost – Liabilities to banks (countervalue)	98	311

The fair value of interest-bearing securities sold under repo transactions that continue to be recognised in Financial assets at amortised cost totalled EUR 98 million (31 Dec. 2024: EUR 313 million). The fair value of the corresponding repayment obligations was EUR 98 million (31 Dec. 2024: EUR 311 million).

Moreover, as in 2024, KfW Group did not pledge any collateral (in the form of securities) under repo transactions that can be resold or repledged at any time without payments being past due.

As in 2024, the group did not receive any collateral (in the form of securities) under repo transactions that can be resold or repledged at any time without payments being past due.

As in 2024, the group neither pledged nor accepted any liquid collateral.

#### Disclosures on reverse repo transactions

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Financial assets at amortised cost – Loans and advances to banks (countervalue)	23,282	9,630
Financial assets at amortised cost – Loans and advances to customers (countervalue)	0	0
<b>Total</b>	<b>23,282</b>	<b>9,630</b>

The fair value of interest-bearing securities purchased under reverse repos that are not recognised amounted to EUR 23,229 million (31 Dec. 2024: EUR 9,600 million).

Moreover, KfW Group did not receive any collateral (in the form of securities) under reverse repo transactions that can be resold or repledged at any time without payments by the protection seller being past due, unchanged from 31 December 2024.

As in 2024, the group did not pledge any collateral (in the form of securities) under reverse repo transactions that can be resold or repledged at any time without payments being past due.

As in 2024, the group neither pledged nor accepted any liquid collateral.

**(64) Disclosures on offsetting financial instruments****Disclosures on financial assets with netting agreements as of 31 December 2025**

	Carrying amount of financial assets before offsetting (gross amount)	Netted figure as carrying amount of financial liabilities (gross amount)	Reported financial assets (net amount)	Carrying amount of non-offsettable financial liabilities	Fair value of collateral received	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	17,791	14,140 <sup>1)</sup>	3,652	3,384	234	33
Reverse repos	23,282	0	23,282	78	23,203	0
<b>Total</b>	<b>41,073</b>	<b>14,140</b>	<b>26,933</b>	<b>3,462</b>	<b>23,438</b>	<b>33</b>

<sup>1)</sup> Thereof obligations from cash collateral for OTC derivatives with EUREX as the central counterparty in the amount of EUR 3,971 million.

**Disclosures on financial liabilities with netting agreements as of 31 December 2025**

	Carrying amount of financial liabilities before offsetting (gross amount)	Netted figure as carrying amount of financial assets (gross amount)	Reported financial liabilities (net amount)	Carrying amount of non-offsettable financial assets	Fair value of collateral pledged	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	19,996	10,168	9,827	3,384	6,394	50
Repos	98	0	98	78	19	0
<b>Total</b>	<b>20,093</b>	<b>10,168</b>	<b>9,925</b>	<b>3,462</b>	<b>6,413</b>	<b>50</b>

The disclosures on financial instruments with netting agreements only include gross and net amounts for financial assets and financial liabilities with netting agreements. The Notes on the two classes Derivatives designated for hedge accounting and Other derivatives also include financial assets with a carrying amount of EUR 194 million (31 Dec. 2024: EUR 192 million) and financial liabilities with a carrying amount of EUR 742 million (31 Dec. 2024: EUR 848 million), in particular from bifurcated embedded derivatives and derivatives not subject to netting agreements.

Receivables from reverse repo transactions are reported under Financial assets at amortised cost – Loans and advances to banks and Loans and advances to customers.

## Disclosures on financial assets with netting agreements as of 31 December 2024

	Carrying amount of financial assets before offsetting (gross amount)	Netted figure as carrying amount of financial liabilities (gross amount)	Reported financial assets (net amount)	Carrying amount of non-offsettable financial liabilities	Fair value of collateral received	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	25,636	16,080 <sup>1)</sup>	9,556	6,066	3,318	172
Reverse repos	9,630	0	9,630	272	9,358	0
<b>Total</b>	<b>35,266</b>	<b>16,080</b>	<b>19,186</b>	<b>6,338</b>	<b>12,676</b>	<b>172</b>

<sup>1)</sup> Thereof obligations from cash collateral for OTC derivatives with EUREX as the central counterparty in the amount of EUR 4,425 million

## Disclosures on financial liabilities with netting agreements as of 31 December 2024

	Carrying amount of financial liabilities before offsetting (gross amount)	Netted figure as carrying amount of financial assets (gross amount)	Reported financial liabilities (net amount)	Carrying amount of non-offsettable financial assets	Fair value of collateral pledged	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	20,083	11,655	8,427	6,066	2,299	62
Repos	311	0	311	272	40	0
<b>Total</b>	<b>20,394</b>	<b>11,655</b>	<b>8,739</b>	<b>6,338</b>	<b>2,339</b>	<b>62</b>

# Other notes

## (65) Off-balance sheet transactions

### Analysis by class

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Irrevocable loan commitments	137,023	138,628
Financial guarantee contracts	906	1,101
Contingent liabilities from financial guarantees	2,370	2,362
Other contingent liabilities	2,812	2,951
<b>Total</b>	<b>143,111</b>	<b>145,041</b>

All off-balance-sheet transactions are disclosed in the Notes at their par values less any related provisions.

Other contingent liabilities include payment obligations attributable to equity investments which are not fully paid up and do not have to be consolidated.

As part of the sale of its stake in Deutsche Industriebank (“IKB”) in 2008, KfW agreed to indemnify IKB for certain legal risks up to a certain amount after IKB’s excess. As of the end of the reporting period, no proceedings are pending against IKB which are relevant in this context.

In accordance with IAS 37.92, no further disclosures on contingent liabilities were made.

## (66) Trust activities and administered loans

### Analysis of trust activities (transactions in KfW’s own name but for the account of third parties)

	31 Dec. 2025	31 Dec. 2024
	EUR in millions	EUR in millions
Loans and advances to banks	852	785
Loans and advances to customers	10,035	10,502
Securities and investments	11,688	11,565
<b>Assets held in trust</b>	<b>22,575</b>	<b>22,853</b>
Liabilities to banks	0	0
Liabilities to customers	22,575	22,853
<b>Liabilities held in trust</b>	<b>22,575</b>	<b>22,853</b>

EUR 13,144 million (31 Dec. 2024: EUR 13,381 million) of the assets held in trust is attributable to KfW Development Bank and DEG. Additional transactions with the Federal Government as trustor in the amount of EUR 7,877 million (31 Dec. 2024: EUR 5,787 million) are transactions mandated by the German Federal Government in accordance with Article 2 (4) of the KfW Law and are included in Securities and investments.

Moreover, KfW held guarantees of EUR 295 million (31 Dec. 2024: EUR 145 million) issued under the European Fund for Sustainable Development (EFSD), in trust for the European Union.

**Volume of administered loans granted (loans in the name and for the account of third parties)**

	<b>31 Dec. 2025</b>	<b>31 Dec. 2024</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>
Administered loans	25,670	22,879

**(67) Leasing transactions as lessee****Disclosures on lessee agreements as of 31 December 2025**

	<b>Due within 1 year</b>	<b>Due in between 1 and 5 years</b>	<b>Due in more than 5 years</b>	<b>Total</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>	<b>EUR in millions</b>	<b>EUR in millions</b>
Lease liabilities (undiscounted)	8	24	7	40

**Disclosures on lessee agreements as of 31 December 2024**

	<b>Due within 1 year</b>	<b>Due in between 1 and 5 years</b>	<b>Due in more than 5 years</b>	<b>Total</b>
	<b>EUR in millions</b>	<b>EUR in millions</b>	<b>EUR in millions</b>	<b>EUR in millions</b>
Lease liabilities (undiscounted)	8	21	1	30

Lease payments in the amount of EUR 1 million (2024: EUR 1 million) were incurred for short-term leases in the reporting period. For leases in which the underlying asset is of low value, lease payments amounted to EUR 4 million (2024: EUR 4 million). The group does not apply recognition requirements in either case as provided for in IFRS 16.5.

**(68) Average number of employees during the financial year**

	<b>2025</b>	<b>2024</b>
Female employees	4,140	4,084
Male employees	4,559	4,409
Gender not indicated	0	0
<b>Total<sup>1), 2)</sup></b>	<b>8,699</b>	<b>8,493</b>
<i>Staff not covered by collective agreements</i>	5,817	5,679
<i>Staff covered by collective agreements</i>	2,431	2,382
<i>Staff in external offices</i>	451	433

<sup>1)</sup> Excluding interns and employees on parental leave

<sup>2)</sup> Due to immateriality, the prior-year figure for employees on parental leave has not been adjusted.

## (69) Remuneration report

The remuneration report describes the basic structure of the remuneration plan for members of the Executive Board and Board of Supervisory Directors; it also discloses their remuneration on an individual basis. The remuneration report is an integral part of the notes to the consolidated financial statements.

### Overview of total remuneration of members of the Executive Board and Board of Supervisory Directors

	2025 <sup>1)</sup>	2024
	EUR in thousands	EUR in thousands
Members of the Executive Board	4,012.3	3,972.0
Former members of the Executive Board and their surviving dependants	4,666.4	4,575.3
Members of the Board of Supervisory Directors	178.3	188.6
<b>Total</b>	<b>8,857.0</b>	<b>8,735.9</b>

<sup>1)</sup> Katharina Herrmann stepped down from the Executive Board of KfW as of 30 April 2025.

### Remuneration of the Executive Board

The remuneration system for KfW's Executive Board is aimed at appropriately compensating members of the Executive Board for their duties and responsibilities. Executive Board contracts are drawn up based on the 1992 version of the policy for hiring executive board members at credit institutions of the Federal Government (*Grundsätze für die Anstellung der Vorstandsmitglieder bei den Kreditinstituten des Bundes*). The Federal Public Corporate Governance Code (*Public Corporate Governance Kodex des Bundes – "PCGK"*) is taken into account when drawing up contracts. Each contract is individualised accordingly on this basis.

### Components of remuneration

The Executive Board members receive fixed monetary remuneration paid in equal monthly instalments.

The following table shows total remuneration, broken down into remuneration components and other forms of remuneration, as well as additions to pension provisions for each member of the Executive Board.

### Annual remuneration of the Executive Board and additions to pension provisions in financial years 2025 and 2024

	Salary		Other remuneration		Total		Additions to pension provisions <sup>1)</sup>	
	2025	2024	2025	2024	2025	2024	2025	2024
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)	910.7	838.7	21.5	18.7	932.2	857.4	617.4	693.3
Katharina Herrmann <sup>2)</sup>	189.5	568.4	1.9	5.1	191.4	573.5	0.0	367.1
Melanie Kehr	751.6	603.4	16.1	15.0	767.7	618.4	83.7	563.1
Christiane Laibach	626.7	568.4	13.1	12.3	639.8	580.7	452.9	300.3
Bernd Loewen	740.8	682.4	40.1	34.4	780.9	716.8	214.5	1,894.4
Dr Stefan Peiß	677.4	603.4	22.9	21.8	700.3	625.2	-14.7	362.9
<b>Total</b>	<b>3,896.7</b>	<b>3,864.7</b>	<b>115.6</b>	<b>107.3</b>	<b>4,012.3</b>	<b>3,972.0</b>	<b>1,353.8</b>	<b>4,181.1</b>

<sup>1)</sup> The discount rate for pension obligations increased in 2025 due to the rise in long-term capital market rates, from 3.49% (31 Dec. 2024) to 4.08% (31 Dec. 2025).

<sup>2)</sup> Until 30 April 2025

**Breakdown of other remuneration of the Executive Board in financial year 2025**

	Company car	Group accident insurance	Health insurance	Long-term care insurance	Cost of maintaining a second home	Other	Total
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)	13.9	0.6	5.8	1.2	0.0	0.0	21.5
Katharina Herrmann <sup>1)</sup>	0.0	0.0	1.7	0.2	0.0	0.0	1.9
Melanie Kehr	9.5	0.5	5.6	0.5	0.0	0.0	16.1
Christiane Laibach	6.7	0.4	5.4	0.6	0.0	0.0	13.1
Bernd Loewen	15.9	0.5	22.5	1.2	0.0	0.0	40.1
Dr Stefan Peiß	13.1	0.4	8.2	1.2	0.0	0.0	22.9
<b>Total</b>	<b>59.1</b>	<b>2.4</b>	<b>49.2</b>	<b>4.9</b>	<b>0.0</b>	<b>0.0</b>	<b>115.6</b>

<sup>1)</sup> Until 30 April 2025

**Breakdown of other remuneration of the Executive Board in financial year 2024**

	Company car	Group accident insurance	Health insurance	Long-term care insurance	Cost of maintaining a second home	Other	Total
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)	12.0	0.6	5.1	1.1	0.0	0.0	18.7
Katharina Herrmann	0.0	0.4	4.1	0.5	0.0	0.0	5.1
Melanie Kehr	9.2	0.4	4.9	0.5	0.0	0.0	15.0
Christiane Laibach	6.5	0.4	4.8	0.6	0.0	0.0	12.3
Bernd Loewen	15.6	0.5	17.2	1.1	0.0	0.0	34.4
Dr Stefan Peiß	13.0	0.4	7.3	1.1	0.0	0.0	21.8
<b>Total</b>	<b>56.3</b>	<b>2.7</b>	<b>43.4</b>	<b>4.9</b>	<b>0.0</b>	<b>0.0</b>	<b>107.3</b>

**Breakdown of remuneration of the Executive Board from secondary employment in financial years 2025 and 2024**

	2025	2024
	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer) <sup>1)</sup>	331.7	328.6
Katharina Herrmann <sup>2)</sup>	0.0	0.0
Melanie Kehr	39.5	38.9
Christiane Laibach	0.0	0.0
Bernd Loewen	0.0	0.0
Dr Stefan Peiß	0.0	0.0

<sup>1)</sup> Remuneration payments for 2024 were made in 2025.

<sup>2)</sup> Until 30 April 2025

### **Responsibilities**

The Presidial and Nomination Committee has discussed the Executive Board remuneration system including contract components since the committee structure was modified in accordance with the applicable Section 25d of the German Banking Act (*Kreditwesengesetz – “KWG”*) and adopts and regularly reviews it. The Presidial and Nomination Committee is advised on these matters by the Remuneration Committee, which in turn works together with the Risk and Credit Committee in order to perform its duties. Likewise after consulting with the Remuneration Committee on the matter, the Board of Supervisory Directors decides upon the basic structure of the Executive Board’s remuneration system.

The Presidial and Nomination Committee most recently discussed remuneration issues on 2 April 2025.

### **Fringe benefits**

Other remuneration largely consists of contractual fringe benefits. Executive Board members are entitled to a company car with driver services for business and personal use. Executive Board members reimburse KfW for using a company car with a driver for private purposes in accordance with applicable tax regulations. They are reimbursed under tax regulations for the cost of maintaining a second home for business reasons.

Executive Board members are insured under a group accident insurance policy. Allowances are provided for health and long-term care insurance. Executive Board members are covered by a directors’ and officers’ liability insurance policy, which insures them against the risks of financial loss associated with their actions in their capacity as Executive Board members and by a supplemental legal expenses insurance policy and a contractual protection insurance policy. KfW Executive Board members acting in their management capacity are also protected by a special legal expenses group policy for employees covering criminal activities.

No remuneration is paid to members of the Executive Board for assuming executive body functions at group companies.

As with all other executives, Executive Board members may also opt to participate in the deferred remuneration programme – a supplemental company pension scheme financed via tax-free salary conversion. Moreover, they are entitled to anniversary bonuses in accordance with KfW’s general company policy.

In addition, the fringe benefits include the cost of security systems at Executive Board members’ homes; these benefits are not recognised as Other remuneration but as Non-personnel expenses.

The contractual fringe benefits are subject to taxation as benefits in money’s worth for Executive Board members if they cannot be granted on a tax-free basis or if this is contractually agreed. No Executive Board member was granted or promised any benefits by a third party during the past financial year with a view to his/her position as a member of the KfW Executive Board.

### **Pension benefits and other benefits in the case of early retirement**

In accordance with Article 1 (3) of the KfW Bylaws, the appointment of an Executive Board member should not generally extend past the legal age of retirement. Upon reaching statutory retirement age and the expiry of their Executive Board contract, Executive Board members are entitled to claim pension payments; they are also entitled to pension benefits if their employment relationship terminates due to permanent disability.

Pension commitments for Executive Board members as well as their surviving dependants are based on the 1992 version of the Federal Government’s policy for hiring executive board members at credit institutions. The PCGK is taken into account when drawing up the Executive Board contracts.

Executive Board member contracts include a severance pay cap in accordance with the recommendations of the PCGK. In other words, payments to these Executive Board member due to early termination of the Executive Board function without good cause in accordance with Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch – “BGB”*) should not exceed the equivalent of two years’ salary or compensation including fringe benefits for the remainder of the contract, depending on which of the amounts is lower.

The full benefit entitlement totalled 49% of the final salary in the reporting year with different contractual arrangements. The retirement benefit entitlement amounted to 70% of the full entitlement for first-time appointment, with an increase per completed year of service of 0.98 to 1.53 percentage points depending on the contract (from an initial 34.3% to a maximum of 49% of the final salary).

The Executive Board contracts contain additional individual provisions, in particular concerning vesting of pension benefits. The newer contracts also include provisions on retrospective pension contributions where pension benefits are not yet vested and the member in question has not been reappointed, and on discounts in the event of early retirement.

Pension payments and other benefits to former Executive Board members or their surviving dependants were as follows in 2025 and 2024:

### Pension payments and other benefits to former Executive Board members or their surviving dependants

	2025		2024	
	Headcount	EUR in thousands	Headcount	EUR in thousands
Former members of the Executive Board	16	4,193.0	17	4,035.3
Surviving dependants	4	473.4	4	540.0
<b>Total</b>	<b>20</b>	<b>4,666.4</b>	<b>21</b>	<b>4,575.3</b>

Provisions for pension obligations to former members of the Executive Board and their surviving dependants in the amount of EUR 52,091 thousand (31 Dec. 2024: EUR 51,462 thousand) were set up at the end of financial year 2025.

### Remuneration of members of the Board of Supervisory Directors

The amount of remuneration to members of the Board of Supervisory Directors is determined by the supervisory authority in accordance with Article 7 (10) of the KfW Bylaws. With the last revision in May 2010, compensation to members of the Federal Government who are members of the Board of Supervisory Directors pursuant to Article 7 (1) nos. 1 and 2 of the KfW Law was set at EUR 0.

In the reporting year, remuneration for other members of the Board of Supervisory Directors pursuant to Article 7 (1) nos. 3–7 of the KfW Law amounted to EUR 5,113 p.a.; remuneration for membership of a Board of Supervisory Directors committee was a standard amount of EUR 614 p.a. for each member. Committee chairs did not receive special remuneration.

Members who join during the year receive their remuneration on a pro rata basis.

A daily allowance (EUR 200 per meeting day) is paid and travel expenses and applicable VAT are reimbursed upon request.

The following table provides details on the remuneration paid to the Board of Supervisory Directors in financial year 2025; stated amounts are net amounts in thousands of euros. Travel expenses are reimbursed upon submission of receipts and are not taken into account in the table.

## Remuneration of members of the Board of Supervisory Directors for financial year 2025

No.	Name	Dates of membership	Board of Supervisory Directors membership <sup>1)</sup>	Committee membership <sup>1)</sup>	Daily allowance <sup>3)</sup>	Total
			EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
		<b>2025</b>				
1.	Dr Jörg Kukies	1 Jan. – 6 May	0.0	0.0	0.0	0.0
2.	Lars Klingbeil	6 May – 31 Dec.	0.0	0.0	0.0	0.0
3.	Dr Robert Habeck	1 Jan. – 6 May	0.0	0.0	0.0	0.0
4.	Katherina Reiche	6 May – 31 Dec.	0.0	0.0	0.0	0.0
5.	Reem Alabali-Radovan	6 May – 31 Dec.	0.0	0.0	0.0	0.0
6.	Annalena Baerbock	1 Jan. – 6 May	0.0	0.0	0.0	0.0
7.	Katharina Beck	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
8.	Dr André Berghegger	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
9.	Volker Bouffier <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	1.2	0.0	6.3
10.	Stefan Evers <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	0.0	0.2	5.3
11.	Yasmin Fahimi	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
12.	Robert Feiger	1 Jan. – 31 Dec.	5.1	0.6	0.4	6.1
13.	Dr. Heiko Geue <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	1.1	0.8	7.0
14.	Tanja Gönner	1 Jan. – 31 Dec.	5.1	1.2	0.0	6.3
15.	Olav Gutting <sup>4)</sup>	1 Jan. – 31 Dec.	5.1	1.8	0.8	7.7
16.	Gerald Heere <sup>2), 4)</sup>	1 Jan. – 31 Dec.	5.1	1.8	1.4	8.3
17.	Marion Höllinger	1 Jan. – 31 Dec.	5.1	2.5	1.2	8.8
18.	Verena Hubertz	1 Jan. – 21 May	2.1	0.8	0.2	3.1
19.	Harald Hübner <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	0.4	0.6	6.1
20.	Dr Dirk Jandura <sup>4)</sup>	1 Jan. – 31 Dec.	5.1	0.6	1.6	7.3
21.	Andrea Kocsis	1 Jan. – 31 Dec.	5.1	0.0	0.2	5.3
22.	Stefan Körzell	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
23.	Ulrich Lange <sup>4)</sup>	1 Jan. – 15 May	1.9	0.0	0.2	2.1
24.	Steffi Lemke	1 Jan. – 6 May	0.0	0.0	0.0	0.0
25.	Dr Helena Melnikov	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
26.	Rainer Neske	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
27.	Dr Marcus Optendrenk <sup>2), 5)</sup>	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
28.	Dr Bettina Orlopp	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
29.	Cem Özdemir	1 Jan. – 6 May	0.0	0.0	0.0	0.0
30.	Christian Piwarz <sup>2), 5)</sup>	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
31.	Daniel Quinten	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
32.	Alois Rainer	6 May – 31 Dec.	0.0	0.0	0.0	0.0
33.	Prof. Dr Ulrich Reuter	1 Jan. – 31 Dec.	5.1	2.5	0.2	7.8
34.	Dr Thorsten Rudolph	1 Jan. – 31 Dec.	5.1	1.2	0.2	6.5
35.	Joachim Rukwied <sup>4)</sup>	1 Jan. – 31 Dec.	5.1	0.6	0.6	6.3
36.	Frank Schäffler	1 Jan. – 31 Dec.	5.1	1.2	0.8	7.1
37.	Jan Wenzel Schmidt	1 Jan. – 31 Dec.	5.1	0.0	0.2	5.3
38.	Carsten Schneider	6 May – 31 Dec.	0.0	0.0	0.0	0.0
39.	Patrick Schnieder	6 May – 31 Dec.	0.0	0.0	0.0	0.0
40.	Svenja Schulze	1 Jan. – 6 May	0.0	0.0	0.0	0.0
41.	Holger Schwannecke	1 Jan. – 31 Dec.	5.1	1.8	0.4	7.3
42.	Dr Johann Wadephul	6 May – 31 Dec.	0.0	0.0	0.0	0.0
43.	Dr Kai H. Warnecke	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
44.	Dr Volker Wissing	1 Jan. – 6 May	0.0	0.0	0.0	0.0
<b>Total</b>			<b>136.6</b>	<b>26.5</b>	<b>15.2</b>	<b>178.3</b>

<sup>1)</sup> The amounts had not yet been paid out as of the reporting date 31 December 2025.

<sup>2)</sup> Amount governed by state law

<sup>3)</sup> Amounts for financial year 2025 until the date of assessment. Any later claims will be included in the next report.

<sup>4)</sup> Payments for meeting attendance for 2024

<sup>5)</sup> Member waived entitlement.

## Remuneration of members of the Board of Supervisory Directors for financial year 2024

No.	Name	Dates of membership	Board of Supervisory Directors membership <sup>1)</sup>	Committee membership <sup>1)</sup>	Daily allowance <sup>3)</sup>	Total
			EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
		<b>2024</b>				
1.	Dr Robert Habeck	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
2.	Christian Lindner	1 Jan. – 7 Nov.	0.0	0.0	0.0	0.0
3.	Dr Jörg Kukies	7 Nov. – 31 Dec.	0.0	0.0	0.0	0.0
4.	Annalena Baerbock	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
5.	Katharina Beck	1 Jan. – 31 Dec.	5.1	1.2	0.6	6.9
6.	Dr André Berghegger	1 Jan. – 20 Feb.	0.9	0.3	0.0	1.2
7.	Volker Bouffier <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	1.2	0.2	6.5
8.	Dr Andreas Dressel <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
9.	Yasmin Fahimi	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
10.	Björn Fecker <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	1.2	0.0	6.3
11.	Robert Feiger	1 Jan. – 31 Dec.	5.1	0.6	0.4	6.1
12.	Tanja Gönner <sup>4)</sup>	1 Jan. – 31 Dec.	5.1	1.2	0.2	6.5
13.	Olav Gutting	22 Feb. – 31 Dec.	4.5	1.1	0.4	6.0
14.	Gerald Heere <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	1.8	0.4	7.3
15.	Prof. Dr Hans-Günter Henneke	1 Jan. – 31 Dec.	5.1	0.6	1.4	7.1
16.	Marion Höllinger	1 Jan. – 31 Dec.	5.1	2.5	0.0	7.6
17.	Verena Hubertz	1 Jan. – 31 Dec.	5.1	1.8	0.0	6.9
18.	Harald Hübner <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
19.	Dr Dirk Jandura	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
20.	Andrea Kocsis	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
21.	Stefan Körzell	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
22.	Ulrich Lange	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
23.	Steffi Lemke	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
24.	Rainer Neske	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
25.	Dr Marcus Optendrenk <sup>2), 4), 5)</sup>	1 Jan. – 31 Dec.	0.0	0.0	0.2	0.2
26.	Dr Bettina Orlopp	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
27.	Cem Özdemir	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
28.	Achim Post	1 Jan. – 22 Mar.	1.3	0.3	0.0	1.6
29.	Daniel Quinten <sup>4)</sup>	1 Jan. – 31 Dec.	5.1	1.2	0.8	7.1
30.	Prof. Dr Ulrich Reuter	1 Jan. – 31 Dec.	5.1	2.5	0.0	7.6
31.	Michael Richter <sup>2)</sup>	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
32.	Dr Thorsten Rudolph	11 Apr. – 31 Dec.	3.8	0.7	0.2	4.7
33.	Joachim Rukwied <sup>6)</sup>	1 Jan. – 31 Dec.	5.1	0.6	0.8	6.5
34.	Frank Schäffler	1 Jan. – 31 Dec.	5.1	1.2	0.8	7.1
35.	Jan Wenzel Schmidt	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
36.	Svenja Schulze	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
37.	Holger Schwannecke	1 Jan. – 31 Dec.	5.1	1.8	0.6	7.5
38.	Dr Martin Wansleben	1 Jan. – 31 Dec.	5.1	0.6	0.6	6.3
39.	Dr Kai H. Warnecke	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
40.	Dr Volker Wissing	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
<b>Total</b>			<b>148.2</b>	<b>27.2</b>	<b>13.2</b>	<b>188.6</b>

<sup>1)</sup> The amounts had not yet been paid out as of the reporting date 31 December 2024.

<sup>2)</sup> Amount governed by state law

<sup>3)</sup> Amounts for financial year 2024 until the date of assessment. Any later claims will be included in the next report.

<sup>4)</sup> Payments for meeting attendance for 2023

<sup>5)</sup> Member waived entitlement.

<sup>6)</sup> Payments for meeting attendance for 2021, 2022 and 2023

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

Members of the Board of Supervisory Directors did not receive remuneration in the reporting year for personal services provided.

Members of the Board of Supervisory Directors are also covered by a directors' and officers' liability insurance policy, which insures them against the risks of financial loss associated with their actions in their capacity as Supervisory Directors and by a supplemental legal expenses insurance policy and a contractual protection insurance policy. There are currently no deductibles agreed. KfW Supervisory Directors acting in that capacity are also protected by a special legal expenses group policy for employees covering criminal action brought against Supervisory Directors and by a group accident insurance policy.

#### **(70) Related party disclosures**

Transactions between KfW and related parties are concluded as part of operating activities. KfW Group's related parties in accordance with IAS 24 include its subsidiaries which are not consolidated for reasons of immateriality; joint ventures; associates; KfW shareholders (the Federal Republic of Germany (Federal Government) 80%; the federal states an aggregate 20%); interests held by the Federal Government over which it directly has significant influence; key management personnel and their family members; and entities over which this group of persons exercise control. As for the persons in the remuneration report, the persons in key positions are limited to the KfW Executive Board and the members of the Board of Supervisory Directors.

KfW has exercised the relief option in accordance with IAS 24.25 for government-related entities.

#### **Transactions with related parties**

The following overview displays the scope of the transactions with KfW shareholders, interests held by the Federal Government and group companies as related parties:

## Transactions with related parties

	31 Dec. 2025			31 Dec. 2024		
	Shareholders	Interests held by the Federal Government	Group companies	Shareholders	Interests held by the Federal Government	Group companies
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Assets</b>						
Cash reserves	0	19,535	0	0	26,522	0
<i>thereof Deutsche Bundesbank</i>	0	19,535	0	0	26,522	0
Financial assets at amortised cost	13,770	206	1	13,623	306	12
Loans and advances to customers/banks	11,578	206	1	10,850	306	12
Loans and advances	11,578	206	1	10,850	306	12
<i>thereof BAföG government loans</i>	9,968	0	0	9,242	0	0
Risk provisions for loans and advances to customers/banks	0	0	0	0	0	0
<i>Securities and investments</i>	2,191	0	0	2,773	0	0
Bonds	2,191	0	0	2,773	0	0
Financial assets at fair value	8,026	0	0	8,085	0	0
Loans and advances to customers/banks	8,026	0	0	8,085	0	0
Loans and advances	8,026	0	0	8,085	0	0
<i>thereof holding arrangements</i>	8,026	0	0	8,085	0	0
Other assets	682	0	0	634	0	0
<b>Liabilities and equity</b>						
Financial liabilities at amortised cost	4,546	12,580	79	4,662	20,859	74
Liabilities to customers/banks	4,546	12,580	79	4,662	20,859	74
<i>thereof holding arrangements</i>	1,026	0	0	327	0	0
<i>thereof German Finance Agency</i>	0	12,580	0	0	20,859	0
Financial liabilities at fair value	0	0	0	0	0	0
Other derivatives – FVM	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0
<b>Off-balance sheet transactions</b>						
Loan commitments, financial guarantees and other commitments granted	12,764	10	2	11,713	85	2
<i>thereof BAföG government loans</i>	11,746	0	0	10,768	0	0
Loan commitments, financial guarantees and other commitments received	114,592	500	0	138,136	0	0

## Transactions with related parties

	31 Dec. 2025			31 Dec. 2024		
	Shareholders	Interests held by the Federal Government	Group companies	Shareholders	Interests held by the Federal Government	Group companies
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>Income and expenses</b>						
Interest income	416	398	3	509	1,570	5
<i>thereof Deutsche Bundesbank</i>	0	390	0	0	1,565	0
<i>thereof German Finance Agency</i>	0	0	0	0	1	0
Interest expense	50	43	2	58	261	4
<i>thereof German Finance Agency</i>	0	43	0	0	261	0
<i>Net interest income</i>	366	355	1	451	1,309	1
Net gains/losses from risk provisions	0	0	0	0	0	0
Commission income	613	0	0	622	0	0
Commission expense	0	0	0	0	0	0
Net commission income	613	0	0	622	0	0
Net gains/ losses from hedge accounting	25	-305	0	74	-598	0
Net gains/losses from other financial instruments at fair value through profit or loss	-2	0	0	18	0	3
<i>thereof holding arrangements</i>	-2	0	0	18	0	0
Net other operating income or loss	0	0	1	0	0	1

## Transactions with shareholders

Any transactions with the Federal Government and the federal states in financial year 2025 are covered by the rules and regulations set forth in the KfW Law. This also includes guarantees received for operations in which the Federal Republic of Germany has a state interest and for which the Federal Government has mandated KfW (mandated transactions in accordance with Article 2 (4) of the KfW Law).

Transactions with the Federal Government are, as a rule, offset by countertrade transactions with a third party. They do not constitute transactions within the meaning of IAS 24. For this reason, the treatment under IAS 24 is exclusively limited to business relationships with the Federal Government.

Securities and investments contains notes from the liquidity portfolio. These are exclusively bonds issued by the federal states.

As regards holding arrangements, see “Accounting policies” in section (7).

Under Other assets, KfW reports claims for reimbursement from the Federal Government in connection with the agency agreements.

In addition to holding arrangements, the liabilities primarily include Federal Government funds relating to short-term emergency aid for gas and heat and for interest grants.

The group holds guarantees from the shareholders mainly in connection with support in developing the network infrastructure as part of the energy transition, stabilisation measures through liquidity assistance for businesses during the coronavirus pandemic, the market funds business of the business sector KfW Development Bank, export, project and real estate financing, assistance to Greece, and measures to support the energy sector and promote research and development in the aviation sector.

There were also agency agreements between the Federal Government and KfW, which are reflected in Net commission income, in particular. See the information provided in the Notes on “Net commission income” and “Trust activities”.

#### Transactions with interests held by the Federal Government

The liabilities to the German Finance Agency include promissory note loans to refinance support services in the context of the COVID-19 pandemic and energy providers. These promissory note loans are hedged against interest risk by means of a micro hedge. This resulted in the hedge result reported under the Net gains/losses from hedge accounting item.

#### Transactions with group companies

Liabilities to customers/banks resulted from transactions with a subsidiary not included in the consolidated financial statements.

#### Transactions with key persons

The business relationships between KfW and the members of the Executive Board and of the Board of Supervisory Directors are primarily determined by the KfW Bylaws and by applying the principles of the Federal Public Corporate Governance Code. KfW primarily provides direct loans under its promotional mandate, such as in the area of education financing, and disbursed grants of minor significance. The conditions and prices reflect market conditions or are concluded in accordance with KfW’s general conditions for its loan programmes open to the general public.

#### (71) Auditor’s fees

	2025	2024
	EUR in thousands	EUR in thousands
Audit	7,118	6,888
Other attestation services	2,199	1,910
<b>Total</b>	<b>9,317</b>	<b>8,798</b>

The audit fees include reversals of provisions for the 2024 audit of EUR 22,000 (previous year: EUR 80,000) and additional expense for other attestation services in 2024 of EUR 55,000 (previous year: reversal of provisions of EUR 15,000). Moreover, a fee of EUR 122,000 (previous year: EUR 124,000) was incurred internationally for network companies of the auditor for audit services and of EUR 7,000 (previous year: EUR 7,000) for other attestation services.

## **(72) Disclosures on unconsolidated structured entities**

The group's unconsolidated structured entities within the meaning of IFRS 12 relate to the following business sectors:

### **Structured entities in the business sector Financial markets**

KfW makes investments in asset-backed securities and asset-backed commercial paper transactions as part of liquidity management. Moreover, the business sector Financial markets manages an existing portfolio to which no further investments will be added.

As of 31 December 2025, the carrying amount of the positions held totalled EUR 7.3 billion (31 Dec. 2024: EUR 6.8 billion).

### **Structured entities in the business sector Individualfinanzierung & Öffentliche Kunden (Customised Finance & Public Clients)**

As part of a mandated transactions, KfW is providing assistance, on behalf of the Federal Government, in developing a national hydrogen core network. The funds made available in this context are secured in full by a federal guarantee.

As of 31 December 2025, the carrying amount of the positions held totalled EUR 24.0 billion (31 Dec. 2024: EUR 24.0 billion).

### **Structured entities in the business sector Export and project finance**

Tailored leasing/financing concepts are structured via property leasing companies, primarily in the "Aviation and Rail" and "Maritime Industries" sector departments. A separate entity is created for each transaction, with the group participating as the lender. In the case of some of these business partners, the sponsoring banks act as managers of trust companies, but in the majority of cases, these business partners are set up as separate legal entities. The group provides loans to these companies, generally together with other credit institutions. KfW also has credit relationships with some structured entities as market participants in the commodities financing business, where the group supports these customers with pre-export financing structures.

As of 31 December 2025, the carrying amount of the positions held totalled EUR 1.1 billion (31 Dec. 2024: EUR 1.5 billion).

### **Structured entities in the business sector DEG**

As a finance and advisory institution, DEG provides support within its development mandate in line with its business activity guidelines. DEG's mandate is to promote the development of the private sector of a) developing countries, b) central and eastern European countries and New Independent States (NIS), and c) other countries approved by its shareholder KfW in agreement with the Federal Government. In certain isolated cases this is undertaken via investments in structured entities in the form of equity investments and loans. In accordance with the applied risk principles, the risk of loss is limited to the volume invested or committed.

As of 31 December 2025, the carrying amount of the positions held totalled EUR 0.4 billion (31 Dec. 2024: EUR 0.4 billion).

The following table shows the carrying amounts of assets relating to unconsolidated structured entities and the maximum possible loss that could result from these exposures.

#### Maximum risk of loss as of 31 December 2025

	Loans and advances to customers	Securities and investments	Other assets	Contingent liabilities; irrevocable loan commitments
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Carrying amount	1,429	7,452	1	23,966
Risk and other provisions	12	0	0	0
<b>Max. risk of loss</b>	<b>1,417<sup>1)</sup></b>	<b>7,452</b>	<b>1</b>	<b>23,965<sup>2)</sup></b>

#### Maximum risk of loss as of 31 December 2024

	Loans and advances to customers	Securities and investments	Other assets	Contingent liabilities; irrevocable loan commitments
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Carrying amount	1,535	6,908	1	24,273
Risk and other provisions	18	0	0	0
<b>Max. risk of loss</b>	<b>1,517<sup>1)</sup></b>	<b>6,908</b>	<b>1</b>	<b>24,273<sup>2)</sup></b>

<sup>1), 2)</sup> The hydrogen core network mandated transaction results in loans and advances to customers of EUR 176 million of as 31 December 2025 (31 Dec. 2024: EUR 4 million). Irrevocable loan commitments include available funds of EUR 23,828 million (EUR 23,996 million).

There is no risk of loss due to the federal guarantee. The company operating in the context of the mandated transaction was ranked as a structured entity for the first time in 2025; the prior-year figures have been adjusted accordingly.

The maximum risk of loss is equal to the nominal amount for credit lines, (financial) guarantees and other liquidity facilities minus the provisions for credit risks recognised in the statement of financial position. The maximum risk of loss relating to the group's investments is their carrying amount (net). The maximum risk of loss does not include effects from the group's hedging instruments used to reduce the maximum risk of loss.

No support is provided to structured entities in the group beyond the respective financing.

In exceptional cases, the group acts as sponsor for structured entities in which it holds shares purely on a trust basis on behalf of the Federal Government. The risk of these structured entities lies exclusively with the Federal Government. In such cases, the group is considered the sponsor of the structured entities because the entities were initiated and/or structured by the group on behalf of the Federal Government.

**(73) Disclosures on shareholdings****Subsidiaries included in the consolidated financial statements**

Name/registered office	Share held	Equity (IFRS)	Equity (IFRS)
		as of 31 Dec. 2025	as of 31 Dec. 2024
	%	EUR in millions	EUR in millions
KfW IPEX-Bank GmbH, Frankfurt am Main	100.0	4,793	5,079
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne	100.0	3,189	3,155
KfW IPEX-Beteiligungsholding GmbH, Frankfurt am Main	100.0	4,115	3,321
Interkonnektor GmbH, Frankfurt am Main, Germany	100.0	41	38
KfW Capital GmbH & Co. KG, Frankfurt am Main, Germany	100.0	1,728	1,234
KfW IPEX-Bank Asia Ltd., Singapore	100.0	14	14

**Associates included in the consolidated financial statements using the equity method**

Name/registered office	Share held	Equity	Equity
		as of 30 Sept. 2025	as of 30 Sept. 2024
	%	EUR in millions	EUR in millions
Green for Growth Fund, Southeast Europe S. A., Luxembourg	10.4	739	744
coparion GmbH & Co. KG, Cologne	16.4	249	342

Name/registered office	Share held	Equity	Equity
		as of 31 Dec. 2025	as of 31 Dec. 2024
	%	EUR in millions	EUR in millions
DC Nordseekabel GmbH und Co. KG, Bayreuth	50.0	685	727

Green for Growth Fund, Southeast Europe S.A. (GGF) has been included in the consolidated financial statements using the equity method since 2010. GGF is a fund to promote SME and private household investment in energy efficiency and renewable energy in the Western Balkans and Turkey (business sector KfW Development Bank).

DC Nordseekabel GmbH und Co. KG (DC Nordseekabel) was accounted for using the equity method, as a joint venture of Interkonnektor GmbH (Nordseekabel-Projekt NordLink in the business sector Export and project finance), for the first time in financial year 2015. The NordLink project is one of the major projects in the European energy sector and represents an investment volume of around EUR 1.5 to 2 billion. As it will primarily serve as a conduit for renewably sourced energy, the underwater cable will play an important role in the success of Germany's energy transition. Norwegian state-owned power grid operator Statnett, KfW and the transmission systems operator TenneT, which is responsible for the German territory of the North Sea, concluded a cooperation agreement in February 2015 to construct an underwater cable between Germany and Norway. The NordLink project will be realised by a syndicate in which Statnett and DC Nordseekabel each hold a 50% stake. KfW – via its subsidiary Interkonnektor GmbH – and TenneT each hold a 50% stake in DC Nordseekabel, which is responsible for construction and obtaining permits in Germany.

coparion GmbH & Co. KG (coparion; business sector KfW Capital) as an associated company was accounted for using the equity method for the first time in financial year 2016. This co-investment fund by KfW and the German Federal Ministry for Economic Affairs and Energy (BMWE) participated in young technology companies by offering venture capital, together with private lead investors, and is now in the divestment phase.

### Entities not included in the consolidated financial statements

Six subsidiaries, one joint venture, and five associated companies of minor significance to the presentation of the net assets, financial and earnings position of KfW Group have not been consolidated. Instead, they are shown in the statement of financial position under Securities and investments. These companies account for approximately 0.03% of KfW Group's total assets.

### List of KfW Group shareholdings as of 31 December 2025

No.	Name	Place	Capital share in %	CC <sup>1)</sup>	Exchange rate EUR 1.00 = CU as of 31 Dec. 2025 <sup>2)</sup>	Equity in TCU <sup>2), 3)</sup>	Net income in TCU <sup>2), 3)</sup>
<b>KfW shareholdings</b>							
<b>A. Fully consolidated subsidiaries included in the consolidated financial statements</b>							
1	DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH	Cologne	100.0	EUR	1.00	2,561,669	-17,344
2	Interkonnektor GmbH	Frankfurt am Main	100.0	EUR	1.00	38,498	-15,944
3	KfW Beteiligungsholding GmbH	Frankfurt am Main	100.0	EUR	1.00	2,888,975	571,630
4	KfW Capital GmbH & Co. KG	Frankfurt am Main	100.0	EUR	1.00	1,117,101	0
<b>B. Subsidiaries not included in the consolidated financial statements</b>							
5	Finanzierungs- und Beratungsgesellschaft mbH	Berlin	100.0	EUR	1.00	6,072	288
6	tbg Technologie-Beteiligungsgesellschaft mbH	Bonn	100.0	EUR	1.00	81,761	3,411
<b>C. Other shareholdings (only capital shares totalling at least 20%)</b>							
7	Berliner Energieagentur GmbH	Berlin	25.0	EUR	1.00	6,613	-989
<b>Shareholdings of KfW IPEX-Bank GmbH</b>							
<b>A. Fully consolidated subsidiaries included in the consolidated financial statements</b>							
1	KfW IPEX-Bank Asia Ltd.	Singapore, Singapore	100.0	SGD	1.51	19,980	1,864
<b>B. Subsidiaries not included in the consolidated financial statements</b>							
2	KfW Bankengruppe Representações Ltda.	São Paulo, Brazil	50.0	BRL	6.44	953	926

## List of KfW Group shareholdings as of 31 December 2025

No.	Name	Place	Capital share in %	CC <sup>1)</sup>	Exchange rate EUR 1.00 = CU as of 31 Dec. 2025 <sup>2)</sup>	Equity in TCU <sup>2), 3)</sup>	Net income in TCU <sup>2), 3)</sup>
<b>Shareholdings of KfW Beteiligungsholding GmbH</b>							
<b>A. Fully consolidated subsidiaries included in the consolidated financial statements</b>							
1	KfW IPEX-Bank GmbH	Frankfurt am Main	100.0	EUR	1.00	3,529,335	0
<b>Shareholdings of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH</b>							
<b>A. Subsidiaries not included in the consolidated financial statements</b>							
1	DEG Impact GmbH	Cologne	100.0	EUR	1.00	4,053	399
2	DEG Impact GmbH	Cologne	100.0	EUR	1.00	3,000	454
3	KfW Bankengruppe Representações Ltda.	São Paulo, Brazil	50.0	BRL	6.44	953	926
<b>B. Other shareholdings (only capital shares totalling at least 20%)</b>							
4	Ace Power Embilipitiya Pvt Ltd.	Colombo, Sri Lanka	26.0	LKR	363.64	4,025,462	-250,325
5	ADP Enterprises W.L.L.	Manama, Bahrain	23.3	BHD	0.44	207,021	-22,398
6	ADP II Holding 11 S.à.r.l.	Luxembourg, Luxembourg	22.2	USD	1.18	55,529	22
7	AEP China Hydro Ltd.	Ebène CyberCity, Mauritius	30.2	USD	1.18	292	-104
8	AfricInvest III – SPV 1	Port Louis, Mauritius	21.8	EUR	1.00	57,138	5,564
9	Agrofundos Brasil VI Fundo de Investimento em Participações Multiestratégia	São Paulo, Brazil	29.9	BRL	6.44	34,768	5,998
10	AO Bucharagips	Kogon, Uzbekistan	24.9	UZS	14,099.78	132,739,977	101,408,574
11	Apis Growth 2 Ltd.	Ebène CyberCity, Mauritius	25.6	USD	1.18	37,197	-1,165
12	CGFT Capital Pooling GmbH & Co. KG	Berlin, Germany	40.0	EUR	1.00	43	-3
13	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd.	Rizhao, China	41.0	CNY	8.23	120,021	-36,016
14	Grand Bremner Corp Pte. Ltd.	Singapore, Singapore	23.3	USD	1.18	61,227	-1,631
15	Greater Pacific Capital MIV Ltd.	George Town, Cayman Islands	26.7	USD	1.18	42,039	12,124
16	Knauf Gips Buchara OOO	Bukhara, Uzbekistan	24.9	UZS	14,099.78	557,319,702	115,339,037
17	Knauf Gypsum Philippines Inc.,	Calaca, Philippines	25.0	PHP	69.27	1,739,717	90,801
18	Landsberg Investments LLC	Wilmington, New Castle, USA	52.9	USD	1.18	<sup>4)</sup>	<sup>4)</sup>
19	MC II Pasta Ltd.	Ta' Xbiex, Malta	32.2	EUR	1.00	6,475	-1,343
20	Metier Retailability en Commandite Partnership	Dunkeld, South Africa	22.1	ZAR	19.44	830,435	-167,967
21	Novel Sky Global Limited	Road Town, British Virgin Islands	25.0	USD	1.18	<sup>4)</sup>	<sup>4)</sup>
22	OAO Belgips	Minsk, Belarus	50.0	BYN	3.45	32,351	-612
23	Onstar Galaxy SPV Pte. Ltd.	Singapore, Singapore	33.1	USD	1.18	37,293	-1,640

## List of KfW Group shareholdings as of 31 December 2025

No.	Name	Place	Capital share in %	CC <sup>1)</sup>	Exchange rate EUR 1.00 = CU as of 31 Dec. 2025 <sup>2)</sup>	Equity in TCU <sup>2), 3)</sup>	Net income in TCU <sup>2), 3)</sup>
<b>Shareholdings of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH</b>							
<b>B. Other shareholdings (only capital shares totalling at least 20%)</b>							
24	Osmanthus II Cayman Investment, L.P.	Grand Cayman, Cayman Islands	100.0	USD	1.18	18,593	4,812
25	Stratus SCP Fleet Fundo de Investimento em Participações – Multiestratégia	São Paulo, Brazil	39.7	BRL	6.44	97,996	14,451
26	Thebes B.V.	Cairo, Egypt	38.7	EGP	56.03	2,341,246	551,810
27	TOO Isi Gips Inder	Inderborskiy, Kazakhstan	40.0	KZT	595.97	1,377,788	99,207
28	TOO Knauf Gips Kapchagay Enterprise with DEG participation	Kapchagay, Kazakhstan	40.0	KZT	595.97	16,578,872	6,756,013
29	Vietnam Opportunity Fund II PTE. Ltd.	Singapore, Singapore	32.0	USD	1.18	48,525	2,324
30	Whitlam Holding PTE. Ltd.	Singapore, Singapore	38.7	USD	1.18	38,702	-10,143
31	Worldwide Group, Inc	Charlestown, Saint Kitts and Nevis	33.4	USD	1.18	33,528	2,609
32	wpd Duqueco S.p.A.	Santiago, Chile	24.5	CLP	1,057.84	32,903	1,277
33	wpd Malleco S.p.A.	Santiago, Chile	24.5	CLP	1,057.84	101,593	-5,123
34	wpd Negrete S.p.A.	Santiago, Chile	24.5	CLP	1,057.84	13,052	-740
<b>Shareholdings of Interkonnektor GmbH</b>							
<b>A. Joint ventures included in the consolidated financial statements</b>							
1	DC Nordseekabel GmbH & Co. KG	Bayreuth	50.0	EUR	1.00	684,527	27,165
<b>B. Joint ventures not included in the consolidated financial statements</b>							
2	DC Nordseekabel Beteiligungs GmbH	Bayreuth	50.0	EUR	1.00	78	3
<b>Shareholdings of KfW Capital GmbH &amp; Co. KG</b>							
<b>A. Subsidiaries not included in the consolidated financial statements</b>							
1	KfW Capital Verwaltungs GmbH	Frankfurt am Main	100.0	EUR	1.00	42	1

<sup>1)</sup> ISO currency code

<sup>2)</sup> CU = currency units in local currency; TCU = thousand currency units in local currency

<sup>3)</sup> Financial statements prepared in accordance with local financial reporting framework

<sup>4)</sup> No current annual financial statements are available.

## (74) Events after the balance sheet date

On 28 February 2026, Israel and the USA commenced air strikes on targets in Iran. This was followed by air attacks from Iran on Israel and other targets in the region. Based on the current perspective, KfW does not expect any significant direct or indirect impacts from the conflict on its net assets, financial and earnings position. It is not really possible to give a reliable forecast of the overall impact on the net assets, financial and earnings position at present, given the dynamic development, particularly concerning uncertain further escalation or de-escalation steps of the military conflict in the region. KfW will continue to closely monitor the development of the conflict and the consequences for KfW's business.

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

Frankfurt am Main/Germany, 3 March 2026

KfW  
The Executive Board



**Stefan B. Wintels**  
(Chief Executive Officer)



**Melanie Kehr**



**Christiane Laibach**



**Bernd Loewen**



**Dr Stefan Peiß**



# Attestations

Responsibility statement	328
Independent auditor's report	329

# Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial and earnings position of KfW Group, and the combined management report conveys a fair review of the development and performance of the business and the position of KfW Group, together with a description of the principal risks and rewards associated with the expected development of KfW Group.

Frankfurt am Main/Germany, 3 March 2026

KfW  
The Executive Board



**Stefan B. Wintels**  
(Chief Executive Officer)



**Melanie Kehr**



**Christiane Laibach**



**Bernd Loewen**



**Dr Stefan Peiß**

# Independent auditor's report

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

## **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT**

### **Audit Opinions**

We have audited the consolidated financial statements of Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany, and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2025, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the parent and the group of Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2025. 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 to Section 289e, Section 315b and Section 315c German German Commercial Code (HGB), which is referred to in the section "Non-financial statement" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2025 and of its financial performance for the financial year from 1 January to 31 December 2025, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated 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 contents of the combined non-financial report of KfW as the parent company and the group in accordance with Section 289b to Section 289e, Section 315b and Section 315c HGB referred to above.

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 consolidated financial statements and of the combined management report.

### **Basis for the Audit Opinions**

We conducted our audit of the consolidated 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 Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the combined management report.

## Other Information

The executive directors and/or the board of supervisory directors are responsible for the other information. The other information comprises

- the report of the board of supervisory directors which is expected to be presented to us after the date of this auditor's report,
- the separate combined non-financial report of KfW as the parent company and the group in accordance with Section 289b to Section 289e, Section 315b and Section 315c HGB, which is referred to in the section "Non-financial statement" of the combined management report,
- the corporate governance report, which also includes the "Declaration of compliance", which is referred to in the section "Declaration of compliance" of the combined management report and which is expected to be presented to us only after the date of this auditor's report,
- the executive directors' confirmation in accordance with Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the disclosures in 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 consolidated 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 consolidated financial statements, with the audited content of the disclosures in 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 Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Group's position and, in all material respects, is consistent with the consolidated 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 consolidated 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 consolidated 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 consolidated 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 control.
- obtain an understanding of internal control relevant to the audit of the consolidated 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 internal control or these arrangements and measures of the Group.
- 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 Group'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 consolidated 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 Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group'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 Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB**

#### **Audit Opinion**

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated 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 d84b219d35845ae59119cd011f5c50d1959786cdd1bb28c8b25e72593b576c48, 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 assurance work only covers the conversion of the information contained in the consolidated 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 consolidated 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 assurance opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2025 contained in the "Report on the Audit of the Consolidated 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 assurance work on the electronic reproductions of the consolidated 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 Assurance Standard: Assurance Work the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibilities in this context are further described in the “Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

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

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal control 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.

### **Group 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 assurance work. 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 assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance 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 balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

**OTHER MATTER – USE OF THE AUDITOR’S REPORT**

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the assured ESEF documents. The consolidated 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 consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

Frankfurt am Main/Germany, 5 March 2026

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

Signed:

Prof. Dr Carl-Friedrich Leuschner  
Wirtschaftsprüfer  
(German Public Auditor)

Signed:

Christian Schweitzer  
Wirtschaftsprüfer  
(German Public Auditor)

## **Imprint**

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