

»» Corporate Governance Report 2014

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 are disclosed and explained on an annual basis. KfW is a public law institution under the Law Concerning KfW (KfW Law). The 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 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, further stipulates that KfW is subject to supervision by BaFin in collaboration with the Bundesbank. In implementing the relevant provisions regarding corporate governance under Sections 25c and 25d KWG, applicable effective 1 July 2014, KfW amended its bylaws, among other things creating the legally prescribed committees of the Board of Supervisory Directors as from when the amendments took force on 1 August 2014. The statements contained in the 2013 Corporate Governance Report apply *mutatis mutandis* up to such time.

Declaration of Compliance

The Executive Board and Board of Supervisory Directors of KfW hereby declare: “Since the last Declaration of Compliance issued on 10 April 2014, the recommendations of the PCGK, as adopted by the Federal Government on 1 July 2009, were and will be fulfilled to the extent applicable to KfW as a public law institution with the exception of the following recommendations.”

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 3.3.2 of the PCGK – only contain the option of including a policy excess. Exercise of the option is to be decided on in consultation with the Chairman of the Board of Supervisory Directors and his deputy.

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, whose composition 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 5.1.8 of the PCGK – make final decisions. This is done for reasons of practicality and efficiency.

– The **Presidial and Nomination Committee** takes final decisions in the following cases: It adopts measures dealing with important legal and administrative matters and can make urgent decisions in pressing matters. It also draws up job descriptions with candidate profiles for Executive Board positions and for appointments to the Board of Supervisory Directors; it grants approval for the distribution of responsibilities within the Executive Board and significant changes thereto, resolves the compensation system for the Executive Board, with the decision on the basic structure of the compensation system nonetheless remaining the responsibility of the Board of Supervisory Directors. The Presidial and Nomination Committee also accepts reports on Executive Board member conflicts of interest, in lieu of the Board of Supervisory Directors, in derogation of clause 4.4.3 of the PCGK. The Chairman of the Presidial and Nomination Committee approves secondary employment of Executive Board members instead of the Chairman of the Board of Supervisory Directors, in derogation of clause 4.4.4 of the PCGK.

– The **Risk and Credit Committee** takes final decisions on all financing requiring approval pursuant to the KfW Bylaws as well as on funding through the issue of bonds or taking out loans in foreign currencies and via swap transactions. 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 committee expertise.

Loans to board members

Pursuant to its bylaws, KfW may not grant individual loans to members of the Executive Board or Board of Supervisory Directors. For equal treatment reasons, this does not apply – in derogation of clause 3.4 of the PCGK – to utilisation of promotional loans made available under the KfW programmes. Due to standardisation of lending and the principle of on-lending through applicants' own banks, there is no danger of conflicts of interests concerning programme loans. The Board of Supervisory Directors must, however, be informed of programme loans granted to members of the Board of Supervisory Directors.

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 Chairman and Deputy Chairman of the Board of Supervisory Directors and discusses important issues concerning the management of the bank and strategy with them. The Chairman 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 planning, results of operations, risk assessment, risk management and financial position.

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. A schedule of responsibilities stipulates business responsibilities within the Executive Board. As of 1 August 2014, the Executive Board requires prior approval of the Presidial and Nomination Committee regarding significant changes to responsibility within the Executive Board.

Due to Dr Axel Nawrath's resignation from the KfW Executive Board and replacement by Dr Ingrid Hengster as Executive Board member effective 1 April 2014, as well as changes in the responsibilities with effect from 18 September 2014 and 11 November 2014, the KfW Executive Board members were responsible for the following departments during the reporting year:

- Dr Ulrich Schröder – Chief Executive Officer, Management Affairs and Communication, Group Development (including Central Project Management Office since 18 September 2014) and Economics, Internal Auditing, Compliance and Sustainability; since 11 November 2014 also Environmental Issues;
- Dr Günther Bräunig – Financial Markets, Human Resources, Legal Affairs and Central Services;
- Dr Norbert Kloppenburg – International Finance (Promotion of developing and transition countries, Export and project finance), including KfW Development Bank, DEG, and KfW IPEX-Bank;
- Dr Edeltraud Leibrock – Organisation and Consulting, Transaction Management; Information Technology (until 17 September 2014), and Central Services (since 18 September 2014);
- Bernd Loewen – Risk Management and Controlling, including Restructuring, Accounting, Portfolio Credit Service (until 17 September 2014) and Information Technology (since 18 September 2014);
- Dr Axel Nawrath – (until 31 March 2014) Domestic Finance (Mittelstandsbank, Kommunal- und Privatkundenbank/Kreditinstitute), Sales, New Business Credit Service; also Environmental Issues;

– Dr Ingrid Hengster – (since 1 April 2014) Domestic Finance (Mittelstandsbank/Management, Kommunal- und Privatkundenbank/Kreditinstitute), Sales, New Business Credit Service; also Environmental Issues from 1 April 2014 to 10 November 2014.

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 Chairman of the Presidial and Nomination Committee without delay. Due to a potential conflict of interest that occurred and was disclosed in 2013, one Executive Board member refrained from participating in relevant decisions in 2014 until he stepped down. Executive Board members refrained from voting on resolutions in the event of potential conflicts of interest.

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. The remaining members are appointed by the German Bundestag, Bundesrat or Federal Government. The Federal Minister of Finance and the Federal Minister for Economic Affairs and Energy alternate on a yearly basis as Chairman of the Board of Supervisory Directors. The Chairman of the Board of Supervisory Directors in the reporting year was Federal Minister Sigmar Gabriel. There were two female members on the Board of Supervisory Directors during the reporting year.

No member of the Board of Supervisory Directors may have business or private dealings with KfW or its Executive Board members which are based on a substantial and more than temporary conflict of interests. Each member of the Board of Supervisory Directors informs the Chairman of the Board of Supervisory Directors or the relevant committee about conflicts of interest before a resolution is made. A member of the Board of Supervisory Directors temporarily stepped down until 3 June 2014 in order to avoid potential conflicts of interest. On some occasions during the reporting year; members of the Board of Supervisory Directors and its committees refrained from participating in resolutions due to conflicts of interest.

Eight 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

With effect from 1 August 2014, the Board of Supervisory Directors created four committees in accordance with Section 25d KWG in order to increase efficiency in performance of its duties. The committees are listed below. The statements contained in the 2013 Corporate Governance Report apply *mutatis mutandis* until such time.

The **Presidial and Nomination Committee** is responsible for all legal and administrative matters, as well as the bank's business and corporate policy matters; it also makes urgent decisions in pressing matters. The Presidial and Nomination Committee is also responsible for handling nominations. Moreover, it draws up job descriptions with candidate profiles for Executive Board positions and for appointments to the Board of Supervisory Directors. It identifies candidates to fill positions on the Executive Board and thus ensures with the Executive Board that long-term succession planning is in place for it. It can support the government bodies which make the appointments in selecting the individuals to be appointed to the Board of Supervisory Directors.

The **Remuneration Committee** deals with remuneration matters. It deals in particular with the appropriate structure of the compensation system for the KfW Executive Board and employees and advises the Presidial and Nomination Committee on remuneration of the Executive Board members.

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. The Risk and Credit Committee is also in charge of handling credit matters and the approval of KfW's fundraising and swap transactions.

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, determining the focus areas of the audit, and monitoring the prompt elimination of any deficiencies on the part of the Executive Board found by the auditor.

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 of the German Banking Act (*Kreditwesengesetz – “KWG”*) and is thus generally exempt from the direct application of banking supervision regulations with the exception of a few individual provisions. It has nonetheless thus far applied the relevant norms of the German Banking Act, particularly the Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement – “MaRisk”*) and the German Solvency Regulation (*Solvabilitätsverordnung – “SolV”*).

However, the KfW Regulation dated 20 September 2013 declares central banking supervisory provisions henceforth applicable by analogy to KfW, and subjects KfW to supervision by the German Federal Financial Supervisory Authority (BaFin) in collaboration with the Bundesbank regarding KfW’s compliance with these regulations. The KfW Regulation is being phased into effect by 1 January 2016. Pursuant to these regulations, BaFin has been entitled since 9 October 2013 to conduct regulatory inspections in collaboration with the Bundesbank. Sections 25c and 25d KWG with their corporate governance requirements became applicable to KfW effective 1 July 2014. The remaining provisions stipulated in the KfW Regulation will become applicable on 1 January 2016.

The group companies KfW IPEX-Bank GmbH and DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) are, on the other hand, credit institutions within the meaning of the KWG. KfW IPEX-Bank GmbH is subject to the provisions of the KWG in full, while for DEG, certain restrictions apply.

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 the group companies KfW IPEX-Bank GmbH 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. Using the 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 unique 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

The success of KfW Group is largely based on the confidence its shareholders, customers, business partners, employees and the general public place in its efficiency and above all in its integrity. This confidence rests not least on the implementation of and compliance with relevant statutory, supervisory and internal regulations and other relevant laws and rules. Compliance at KfW includes, in particular, measures to comply with data protection regulations and securities compliance as well as measures for the prevention of money laundering, terrorism financing and other criminal activities. There are therefore binding rules and procedures that influence the day-to-day implementation of values and the corporate culture, which are continually updated to reflect the current law as well as market requirements. Compliance’s responsibilities also include coordinating complete fulfilment of the requirements of the KWG (as applicable under the KfW Regulation) as well as the central function for compliance in accordance with MaRisk. Regular training sessions on compliance and anti-money laundering are held for KfW’s employees. E-learning programmes are also 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 (*Bundesrechnungshof*) appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for financial year 2014 on 24 April 2014. The appointment was based on the proposal made by KfW’s Board of Supervisory Directors on 10 April 2014. The Audit Committee prepared this recommendation. The bank and the auditor agreed that the Chairman of the Audit Committee would be informed without delay of any potential grounds for bias or disqualification discovered during the audit that were not immediately rectified. It was furthermore agreed that the auditor would immediately inform the Audit Committee Chairman about any qualifying remarks or potential misstatements in the Declaration of Compliance with the PCGK. A declaration of auditor independence was obtained.

Efficiency review of the Board of Supervisory Directors

The Board of Supervisory Directors has regularly reviewed the efficiency of its activities. A two-year frequency was set for the efficiency review; the last was performed in 2013. Since the applicability of Section 25d (11) KWG since 1 July 2014, the Presidial and Nomination Committee is required to evaluate both the Board of Supervisory Directors and Executive Board on an annual basis. Both evaluations are to be formed in mid-2015 for the first time and to be repeated every year.

Compensation report

The compensation report describes the basic structure of the remuneration plan for members of the Executive Board and Board of Supervisory Directors; it also discloses the remuneration of the individual members.

Overview of total compensation of members of the Executive Board and Board of Supervisory Directors

	2014	2013	Change
	EUR in thousands	EUR in thousands	EUR in thousands
Members of the Executive Board	4,217.7	3,866.8	350.9
Former members of the Executive Board and their surviving dependants	4,141.1	3,954.8	186.3
Members of the Board of Supervisory Directors	180.2	172.7	7.5
Total	8,539.0	7,994.3	544.7

Compensation of the Executive Board

The compensation 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. The individual contracts contain adjustments.

Components of compensation

One Executive Board member who was appointed to the Executive Board prior to June 2009 and who stepped down in 2014 received compensation on a pro rata basis in 2014, paid out in equal monthly sums; that member also received a fixed end-of-year bonus, paid annually upon approval of the financial statements by the Board of Supervisory Directors; the last payment will be made in 2015 on a pro rata basis for 2014. The remaining Executive Board members receive fixed monetary compensation paid in equal monthly sums.

The compensation of the Chief Executive Officer is an exception; based on an agreed set of annual targets, he receives a variable end-of-year bonus in addition to his fixed salary. This will be at least EUR 175,571 for financial year 2014. This minimum bonus payment does not apply if KfW's net income for a financial year is insufficient to ensure allocation to the statutory reserves. The annual targets agreed for financial year 2014 comprise promotional, economic and regulatory targets with a 60% quantitative to 40% qualitative weighting. A cap on the end-of-year bonus has been agreed.

The following table shows total compensation, broken down into fixed and, where applicable, variable components and other forms of compensation, as well as additions to pension provisions for the individual members of the Executive Board.

Responsibilities

The Executive and Nomination Committee has discussed the Executive Board compensation 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 Executive and Nomination Committee is advised on these

Annual compensation of the Executive Board and additions to pension provisions in financial years 2014 and 2013¹⁾

	Salary ²⁾		Variable compensation		Other compensation		Total		Additions to pension provisions	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	EUR in thousands		EUR in thousands		EUR in thousands		EUR in thousands		EUR in thousands	
Dr Ulrich Schröder (Chief Executive Officer)	707.3	698.6	269.0	260.0	80.7	81.9	1,057.0	1,040.5	1,454.7	421.7
Dr Günther Bräunig	634.7 ⁴⁾	518.8	0.0	0.0	37.1	30.2	671.8	549.0	2,155.2	477.7
Dr Ingrid Hengster ³⁾	373.5	0.0	0.0	0.0	26.2	0.0	399.7	0.0	690.6	0.0
Dr Norbert Kloppenburg	634.7 ⁴⁾	518.8	0.0	0.0	43.6	42.3	678.3	561.1	2,169.6	479.8
Dr Edeltraud Leibrock	525.3	518.8	0.0	0.0	52.7	51.4	578.0	570.2	810.9	293.2
Bernd Loewen	535.2	508.1	0.0	0.0	35.6	46.0	570.8	554.1	1,189.7	392.0
Dr Axel Nawrath ³⁾	237.2 ⁵⁾	491.5	0.0	0.0	24.9	100.4	262.1	591.9	4,403.5 ⁶⁾	553.8
Total	3,647.9	3,254.6	269.0	260.0	300.8	352.2	4,217.7	3,866.8	12,874.2	2,618.2

¹⁾ Amounts in the table are subject to rounding differences.

²⁾ The discount rate for pension provisions decreased during the year under review due to the trend in long-term interest rates on the capital market from 3.30% (31 December 2013) to 1.75% (31 December 2014), resulting in greater additions to provisions. This also applies to the pension provisions for Executive Board members.

³⁾ Dr Ingrid Hengster since 1 April 2014; Dr Axel Nawrath until 31 March 2014.

⁴⁾ Includes an anniversary bonus in accordance with KfW's general company policy.

⁵⁾ Includes a fixed end-of-year bonus.

⁶⁾ Includes additions to provisions to cover an early retirement benefit.

matters by the Remuneration Committee, which in turn considers the results of certain analyses of the recently established Risk and Credit Committee regarding the incentive effects of the compensation systems. 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 compensation system. The information in the 2013 Corporate Governance Report applied *mutatis mutandis* up to the amendment of the bylaws effective 1 August 2014.

The Executive and Nomination Committee discussed compensation issues on numerous occasions during the reporting year, most recently in its meeting of 11 December 2014.

Fringe benefits

Other compensation largely comprises fringe benefits. Executive Board members are entitled to a company car with a driver for business and private use. Executive Board members reimburse KfW for using a company car with a driver for private purposes in accordance with the applicable tax regulations. They are reimbursed under tax regulations for the cost of maintaining a secondary residence 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. There currently is no excess. KfW Executive Board members acting in their management capacity are also protected by a special legal expenses group policy for employees covering criminal action.

No compensation 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 compensation 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.

Moreover, the fringe benefits contain the cost of security systems at Executive Board members' residences; these benefits are not recognised as other compensation but as Non-personnel expenses.

The 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 such treatment is not contractually agreed.

There were no loans by KfW to any members of the Executive Board in 2014.

No Executive Board member was granted or promised any benefits by a third party during the past financial year with

a view to his or her position as a member of the KfW Executive Board.

Pension benefits and termination benefits

In accordance with Article 1 (3) of the KfW Bylaws, the appointment of an Executive Board member should not generally extend beyond reaching the legal age of retirement. The Chief Executive Officer is exempt from this provision; he will be slightly above the statutory retirement age at the end of his current period of office on 31 December 2017. Upon reaching the age of 65 or statutory retirement age and the expiry of their Executive Board contract, Executive Board members are entitled to claim pension payments. Executive Board members whose service contracts were signed before 2013 may retire early at their own request upon turning 63. Pension benefits 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 Federal Public Corporate Governance Code was 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 Federal Public Corporate Governance Code. In other words, payments to these Executive Board members 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, whichever is lower.

Executive Board contracts which were concluded before 2010 generally provided for early retirement benefits after two terms on the Board, regardless of age and even in the case that KfW did not extend the Executive Board contract. For Executive Board members reappointed to the Executive Board since 2010, any early retirement benefit entitlements were grandfathered by converting them into claims with a time limit. Moreover, Executive Board members are entitled to pension benefits if their employment relationship ends due to permanent disability.

The full pension benefit totals 70% of the pensionable remuneration. The pensionable remuneration is 70% of the last remuneration. The pension benefit – with the exception of the Chief Executive Officer – normally amounts to 70% of the full entitlement upon initial appointment and increases by 3 percentage points for every year of service completed, and in one case by 2.5 percentage points.

The Executive Board contracts contain additional individual provisions, in particular concerning vesting of pension benefits.

Pension payments to former Executive Board members or their surviving dependants were as follows in 2014 and 2013:

Pension payments to former Executive Board members or their surviving dependants

	Head-count 2014	EUR in thous- ands 2014	Head- count 2013	EUR in thous- ands 2013
Former members of the Executive Board	19	3,260.6	18	3,164.1
Surviving dependants	11	880.5	11	790.7
Total	30	4,141.1	29	3,954.8

Pension payments were initiated for one person in 2014.

Provisions in the amount of EUR 69,100.9 thousand had been set up at the end of the financial year 2014 for pension obligations to former members of the Executive Board and their surviving dependants (previous year: EUR 55,384.2 thousand).

No loans were granted to former Executive Board members or their surviving dependants in financial year 2014.

Compensation of members of the Board of Supervisory Directors

The amount of compensation for 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 for members of the Federal Government who are members of the Board of Supervisory Directors pursuant to Article 7 (1) No. 1 and No. 2 of the KfW Law was set to EUR 0.

For the reporting year, compensation for other members of the Board of Supervisory Directors pursuant to Article 7 (1) Nos. 3-6 of the KfW Law amounted to EUR 5.1 thousand p.a.; compensation for sitting on a committee of the Board of Supervisory Directors was a standard amount of EUR 0.6 thousand p.a. for each member. Committee chairs received no special compensation. Compensation is provided on a pro rata basis for joining the Board of Supervisory Directors during the year.

Upon request a daily allowance (EUR 0.2 thousand per meeting day) is paid and travelling expenses (including VAT) are reimbursed.

The following table provides details on the compensation paid to the Board of Supervisory Directors in financial year 2014: all amounts are shown net in thousands of euros. Travelling expenses are reimbursed upon submission of receipts and are not taken into account in the table.

Compensation of members of the Board of Supervisory Directors for the financial year 2014

No.	Name	Dates of membership	Board of Supervisory Directors membership ¹⁾	Committee membership ¹⁾	Daily allowance	Total
			EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
		2014				
1	Sigmar Gabriel	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
2	Dr Wolfgang Schäuble	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
3	Norbert Barthle	31 Jan.–31 Dec.	5.1	0.8	0.6	6.5
4	Jan Bettink	1 Jan.–31 Dec.	5.1	1.0	0.0	6.1
5	Anton F. Börner	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
6	Hans-Dieter Brenner	18 June–31 Dec.	3.0	0.3	0.6	3.9
7	Frank Bsirske	1 Jan.–31 Dec.	5.1	0.0	0.0	5.1
8	Jens Bullerjahn ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
9	Alexander Dobrindt	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
10	Georg Fahrenschon	1 Jan.–31 Dec.	5.1	2.0	0.4	7.5
11	Robert Feiger	8 Jan.–31 Dec.	5.1	0.3	0.8	6.2
12	Klaus-Peter Flosbach	1 Feb.–31 Dec.	4.7	0.5	0.8	6.0
13	Dr Hans-Peter Friedrich	1 Jan.–17 Feb.	0.0	0.0	0.0	0.0
14	Hubertus Heil	1 Jan.–31 Dec.	5.1	1.5	0.6	7.2
15	Dr Barbara Hendricks	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
16	Prof. Dr Hans-Günter Henneke	1 Jan.–31 Dec.	5.1	0.0	0.4	5.5
17	Reiner Hoffmann	18 June–31 Dec.	3.0	0.5	0.0	3.5
18	Gerhard Hofmann	1 Jan.–31 Dec.	5.1	1.0	0.0	6.1
19	Bartholomäus Kalb	31 Jan.–31 Dec.	5.1	0.5	0.8	6.4
20	Dr Markus Kerber ³⁾	1 Jan.–31 Dec.	3.0	0.6	0.0	3.6
21	Stefan Körzell	1 July–31 Dec.	2.6	0.5	0.4	3.5
22	Dr h. c. Jürgen Koppelin	1 Jan.–31 Dec.	5.1	0.5	0.6	6.2
23	Dr Gesine Löttsch	1 Jan.–31 Dec.	5.1	1.1	0.6	6.8
24	Claus Matecki	1 Jan.–30 June	2.6	0.0	0.2	2.8
25	Dr Michael Meister ⁴⁾	1 Jan.–31 Jan.	0.0	0.0	0.0	0.0
26	Dr Gerd Müller	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
27	Dr Ulrich Nußbaum ²⁾	1 Jan.–10 Dec.	5.1	0.6	0.0	5.7
28	Joachim Rukwied	1 Jan.–31 Dec.	5.1	0.5	0.6	6.2
29	Dr Nils Schmid ²⁾	1 Jan.–31 Dec.	5.1	0.5	0.0	5.6
30	Christian Schmidt	17 Feb.–31 Dec.	0.0	0.0	0.0	0.0
31	Andreas Schmitz	1 Jan.–31 Dec.	5.1	2.0	1.0	8.1
32	Carsten Schneider	31 Jan.–31 Dec.	5.1	1.0	0.8	6.9
33	Peter-Jürgen Schneider ²⁾	1 Jan.–31 Dec.	5.1	0.0	0.6	5.7
34	Holger Schwannecke	1 Jan.–31 Dec.	5.1	1.5	0.6	7.2
35	Erwin Sellering ²⁾	1 Jan.–31 Dec.	5.1	0.8	0.0	5.9
36	Dr Markus Söder ²⁾	1 Jan.–31 Dec.	5.1	0.8	0.0	5.9
37	Michael Sommer	1 Jan.–15 May	2.1	0.3	0.0	2.4
38	Dr Frank-Walter Steinmeier	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
39	Dr Norbert Walter-Borjans ²⁾	1 Jan.–31 Dec.	5.1	0.5	0.0	5.6
40	Dr Martin Wansleben	1 Jan.–31 Dec.	5.1	0.5	0.0	5.6
41	Dr Kai H. Warnecke	1 Jan.–31 Dec.	5.1	0.0	0.0	5.1
Total			148.5	21.3	10.4	180.2

¹⁾ The amounts had not yet been paid out as of the reporting date of 31 December 2014.

²⁾ Amount governed by state law.

³⁾ This seat was in abeyance until 2 June 2014 inclusive.

⁴⁾ No compensation drawn since 16 December 2013.

Compensation of members of the Board of Supervisory Directors for the financial year 2013

No.	Name	Dates of membership	Board of Supervisory Directors membership ¹⁾	Committee membership ¹⁾	Daily allowance	Total
			EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
		2013				
1	Dr Wolfgang Schäuble	1 Jan.–31 Dec.	0.0	0.0	0.0	0.0
2	Dr Philipp Rösler	1 Jan.–17 Dec.	0.0	0.0	0.0	0.0
3	Sigmar Gabriel	17 Dec.–31 Dec.	0.0	0.0	0.0	0.0
4	Ilse Aigner	1 Jan.–30 Sept.	0.0	0.0	0.0	0.0
5	Peter Altmaier	1 Jan.–17 Dec.	0.0	0.0	0.0	0.0
6	Norbert Barthle	1 Jan.–31 Dec.	5.1	1.2	0.4	6.7
7	Jan Bettink	1 Jan.–31 Dec.	5.1	1.2	0.0	6.3
8	Anton F. Börner	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
9	Volker Bouffier ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
10	Frank Bsirske	1 Jan.–31 Dec.	5.1	0.0	0.0	5.1
11	Jens Bullerjahn ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
12	Alexander Dobrindt	17 Dec.–31 Dec.	0.0	0.0	0.0	0.0
13	Ingeborg Esser	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
14	Georg Fahrenschoen	1 Jan.–31 Dec.	5.1	1.8	0.0	6.9
15	Dr Hans-Peter Friedrich	30 Sept.–31 Dec.	0.0	0.0	0.0	0.0
16	Hubertus Heil	1 Jan.–31 Dec.	5.1	1.2	0.2	6.5
17	Dr Barbara Hendricks	17 Dec.–31 Dec.	0.0	0.0	0.0	0.0
18	Prof. Dr Hans-Günter Henneke	1 Jan.–31 Dec.	5.1	0.0	0.6	5.7
19	Gerhard Hofmann	1 Jan.–31 Dec.	5.1	1.2	0.0	6.3
20	Bartholomäus Kalb	1 Jan.–31 Dec.	5.1	0.6	0.8	6.5
21	Dr Markus Kerber ³⁾	1 Jan.–31 Dec.	1.7	0.2	0.0	1.9
22	Dr h. c. Jürgen Koppelin	1 Jan.–31 Dec.	5.1	0.6	0.6	6.3
23	Dr Gesine Löttsch	1 Jan.–31 Dec.	5.1	0.6	0.6	6.3
24	Claus Matecki	1 Jan.–31 Dec.	5.1	0.0	0.6	5.7
25	Dr Michael Meister ⁴⁾	1 Jan.–31 Dec.	4.9	0.6	0.6	6.1
26	Franz-Josef Möllenberg	1 Jan.–31 Dec.	5.1	1.2	0.4	6.7
27	Dr Gerd Müller	17 Dec.–31 Dec.	0.0	0.0	0.0	0.0
28	Dirk Niebel	1 Jan.–17 Dec.	0.0	0.0	0.0	0.0
29	Dr Ulrich Nußbaum ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
30	Dr Peter Ramsauer	1 Jan.–17 Dec.	0.0	0.0	0.0	0.0
31	Joachim Rukwied	1 Jan.–31 Dec.	5.1	0.6	0.8	6.5
32	Dr Nils Schmid ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.4	6.1
33	Andreas Schmitz	1 Jan.–31 Dec.	5.1	1.8	0.4	7.3
34	Carsten Schneider	1 Jan.–31 Dec.	5.1	1.2	0.8	7.1
35	Holger Schwannecke	1 Jan.–31 Dec.	5.1	1.2	0.6	6.9
36	Erwin Sellering ²⁾	1 Jan.–31 Dec.	5.1	0.0	0.0	5.1
37	Dr Markus Söder ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
38	Michael Sommer	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
39	Dr Frank-Walter Steinmeier	17 Dec.–31 Dec.	0.0	0.0	0.0	0.0
40	Dr Norbert Walter-Borjans ²⁾	1 Jan.–31 Dec.	5.1	0.6	0.0	5.7
41	Dr Martin Wansleben	1 Jan.–31 Dec.	5.1	0.0	0.0	5.1
42	Dr Guido Westerwelle	1 Jan.–17 Dec.	0.0	0.0	0.0	0.0
Total			144.3	20.6	7.8	172.7

¹⁾ The amounts had not yet been paid out as of the reporting date of 31 December 2013.

²⁾ Amount governed by state law.

³⁾ This seat has been in abeyance since 19 April 2013.

⁴⁾ No compensation drawn since 16 December 2013.

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

Members of the Board of Supervisory Directors received no compensation in the reporting year for personal services provided.

No direct loans were granted to members of the Board of Supervisory Directors in the reporting year.

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. There is currently no excess here either. KfW's Supervisory Directors acting in that capacity are also protected by a special legal expenses group policy for employees covering criminal action and by a group accident insurance policy.

Frankfurt am Main, 14 April 2015

The Executive Board

The Board of Supervisory Directors