



»»» “Green Bonds – Made by KfW”

Allocation Report: Use of proceeds of 2019 Green Bond issuances

March 2020

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“Green Bonds – Made by KfW”

As one of the world's largest financiers of renewable energy, KfW endeavours to make an active contribution to climate protection through its capital market activities. KfW, since 2014, has been actively supporting the green bond market as an issuer of "Green Bonds - Made by KfW". In 2019, responding to growing investor demand, KfW expanded its Green Bond framework. Up until this point, net proceeds from KfW's Green Bonds were dedicated exclusively to the financing of projects under the 'Renewable Energy – Standard' promotional programme. However, since 2019, such net proceeds are also dedicated to the financing of energy-efficient new buildings under the promotional programme "Energy-efficient construction". Thus, a second standardized promotional programme which makes a clearly measurable contribution to climate action and generates substantial volumes is funded through "Green Bonds – Made by KfW".

KfW loan programme "Renewable Energies – Standard" provides financings for the construction, expansion and acquisition of plants generating power or heat from renewable energy sources. KfW loan programme "Energy-efficient Construction" provides financing for the construction of new energy-efficient residential buildings in Germany. These new constructions are required to use at least 25% less primary energy compared to buildings meeting the requirements of the current German energy saving ordinance for new constructions.

In 2019, KfW received several awards honouring KfW's Green Bond activities:

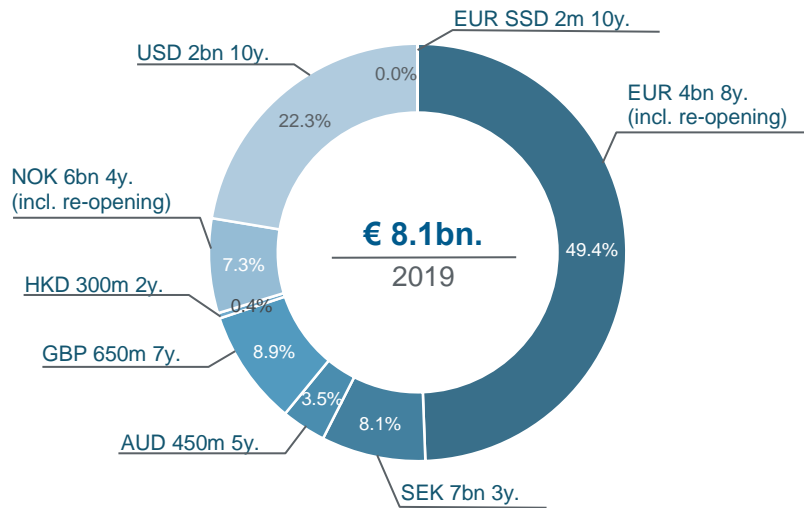
<p>Most Impressive Government or Government Agency Green/SRI Bond Issuer</p> <p>Overall Most Impressive Green/SRI Bond Issuer (2nd place)</p> <p>Best-Designed Green/SRI Debt Framework (2nd place)</p> <p>Best Green/SRI Issuer for Post-Deal or Impact Reporting (2nd place)</p> <p>EMEA Green/SRI Bond Deal of the Year (3rd place)</p>	
<p>Best ESG Bond Issuer (2nd place)</p>	

Issuances 2019

In 2019, KfW issued nine “Green Bonds – Made by KfW” in seven currencies and one green promissory note loan. The issuances comprise seven new lines as well as re-openings of the 2019 EUR and NOK Green Bonds. **Net proceeds from the 2019 issuances amount to an equivalent of approximately EUR 8,104 million.** Proceeds in foreign currency are converted into euro at the ECB's reference exchange rate on the pricing date of the respective issuance. Average years to maturity based on net proceeds of 2019 issuances are 8.0 years.

In 2019, “Green Bonds – Made by KfW” contributed to 10% of KfW's total funding programme on debt capital markets.

Net proceeds of 2019 Green Bonds – Made by KfW



By consequently expanding the diversification of its Green Bonds in terms of currencies and offering additional maturities, KfW is broadening its green investor base.

Use of Proceeds 2019

An amount equal to the net proceeds from KfW's Green Bonds issued in 2019 was fully invested in **projects mitigating climate change** in the categories of **renewable energies** (KfW loan programme "Renewable Energies - Standard") and **energy efficiency** (KfW loan programme "Energy Efficiency – Standard").

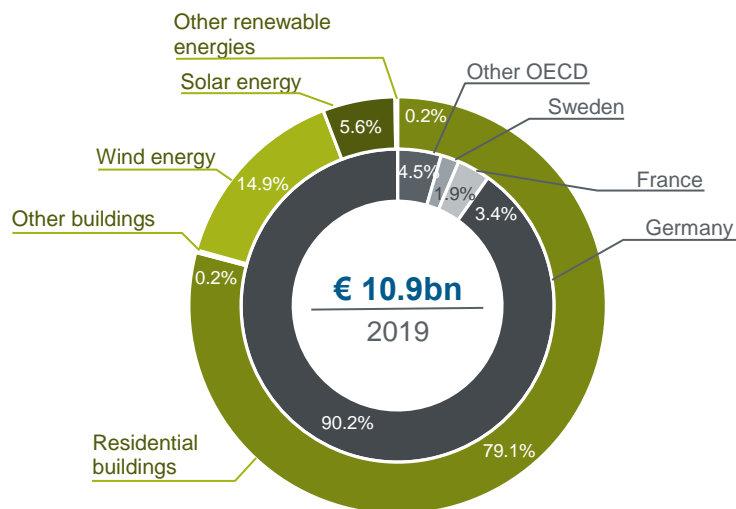
Net proceeds are linked to disbursements on a portfolio basis for each calendar year, meaning that all disbursements requested under the eligible loan programmes in one calendar year as a whole are linked to the portfolio of cumulated Green Bond net proceeds of the same calendar year. Both portfolios are fixed by the end of the year, no exchange will be made with projects over the lifetime of the Green Bonds (so-called non-dynamic portfolio approach).

Requests for disbursements for eligible green projects between 1 January and 31 December 2019 amounted to EUR 10,886 million and thus exceeded the net proceeds of 2019's Green Bonds, which amounted to EUR 8,104 million, by EUR 2,782 million. At year-end 2019, the net proceeds of 2019's Green Bonds were **fully allocated**.

79.3% of all requests for disbursement were related to projects in the category of energy efficiency (79.1% residential buildings; 0.2% other buildings), while 20.7% were related to projects in the category of renewable energies (14.9% wind energy; 5.6% solar energy; 0.2% hydropower; 0.03% biogas/biomass systems, heat/waste heat and other technologies).

90.2% of the funds were invested in projects located in **Germany**. The remainder of the projects is located in **France (3.4%), Sweden (1.9%), the Netherlands (1.3%), Ireland (0.9%), Japan (0.6%), Italy (0.6%), Spain (0.5%), Denmark (0.3%) and Finland (0.2%)**.




Requests for disbursements under the eligible loan programmes



Environmental and Social Impact

The environmental and social impact of projects linked to the 2019 „Green Bonds – Made by KfW“ will be evaluated by an independent research agency based on data delivered to KfW at the time of the respective loan application. KfW expects to publish this information in an Impact Report in 2022. The report will be made available on www.kfw.de/green-bonds at that time.

Based on programme impact data already evaluated by an independent research agency and internal calculations for KfW Green Bonds issued in the years 2014 to 2016, KfW **estimates** the environmental and social impact of its 2019 Green Bonds as follows (based on a **pro-rata share of financing**):

<p>The EUR 8,104 million net proceeds of KfW’s 2019 Green Bond issuances contribute to the prevention of approx. 1.44 million tons of GHG emissions (CO₂-equivalents) per annum. This equals a prevention of 178 tons of CO₂-equivalents per EUR 1 million invested in “Green Bonds – Made by KfW”.</p>	
<p>The eligible projects generate a capacity of renewable energy added of an estimate 1,041 MW_{el} (0.13 MW_{el} per EUR 1 million) annually, which deliver additional annual renewable energy generation of an estimate of 2.06 million MWh (254 MWh per EUR 1 million).</p>	
<p>Additionally, the projects contribute to annual estimated energy savings of 70.509 MWh. Thus, an investment of EUR 1 million in “Green Bonds – Made by KfW” leads to energy savings of 8.7 MWh annually.</p>	

Furthermore, KfW estimates that the proceeds of the green bonds create and/or secure more than 97,800 jobs per annum. This equals 12 jobs (person years) per EUR 1 million invested in “Green Bonds – Made by KfW”.

The actual environmental and social impact to be calculated can differ from these estimates.

All projects linked to the 2019 „Green Bonds – Made by KfW“ contribute to at least one of the United Nations’ Sustainable Development Goals (SDG). The three SDGs defined in KfW’s Green Bond framework are: Affordable and Clean Energy (SDG 7), Sustainable Cities and Communities (SDG 11) and Climate Action (SDG 13).



Summary 2019

Green Bonds – Made by KfW / Issuances and re-openings 2019

ISIN	Coupon p.a.	Maturity	Volume in millions	Net Proceeds in millions EUR	As of 31.12.2019		Distribution by energy type		Distribution by region		Estimated environmental and social impact per € 1 million ** (based on pro-rata financing of projects)				
					allocated	to be allocated	Energy efficiency	Renewable energy	Germany	Other OECD	Annual GHG emissions reduced/avoided in tons CO ₂ e	Annual final energy savings in MWh	Annual renewable electricity generation in MWh	Renewable energy capacity added in MWeI	Number of jobs created and/or preserved in person years
SSD010000904	0.59%	31. Jan. 2029	EUR 2	2	100%	0%	79.3%	20.7%	90.2%	9.8%	178	8.7	254	0.13	12
XS1999841445	0.01%	5. May 2027	EUR 4,000	4,006	100%	0%									
XS2007223709	0.125%	3. Jun 2022	SEK 7,000	657	100%	0%									
AU3CB0265239	1.50%	24. Jul 2024	AUD 450	281	100%	0%									
XS2034715305	0.875%	15. Sep 2026	GBP 650	722	100%	0%									
XS2036670607	1.79%	6. Aug 2021	HKD 300	34	100%	0%									
XS2046690827	1.25%	28. Aug 2023	NOK 6,000	594	100%	0%									
US500769JD71 *	1.75%	14. Sep 2029	USD 2,000	1,807	100%	0%									
				8,104	100%	0%	79.3%	20.7%	90.2%	9.8%	178	8.7	254	0.13	12

Net proceeds in foreign currencies were converted into EUR at the ECB's exchange rate on the respective pricing date.

* SEC registered global bond.

** Estimates are based on programme impact 2014 - 2016. Current and future impact might be different. Environmental and social impact of projects financed in 2019 will be published in 2022.

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