



»»» “Green Bonds – Made by KfW”

Allocation Report: Use of proceeds of 2020 Green Bond issuances

March 2021

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“Green Bonds – Made by KfW”

As one of the world's largest financiers of climate action and environmental protection, 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”.

The KfW loan programme “Renewable Energies – Standard” provides financings for the construction, expansion and acquisition of plants generating power or heat from renewable energy sources. The 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.

KfW received several awards honouring KfW's Green Bond activities under its current Green Bond Framework:

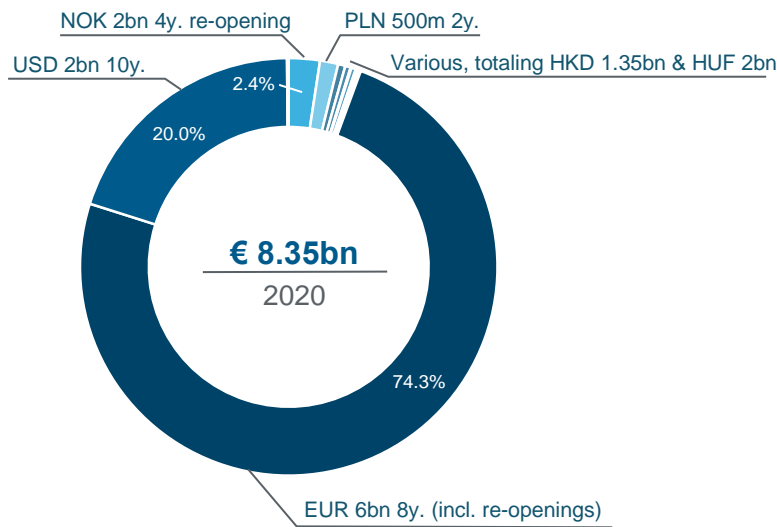
<p>Best Overall Issuer Best ESG Bond Issuer (2nd place)</p>	
<p>Largest Development Bank Green Bond Deal 2019</p>	
<p>Best ESG Bond Issuer (2nd place)</p>	
<p>Most Impressive Gov't or Gov't Agency Green/SRI Bond Issuer Overall Most Impressive Green/SRI Bond Issuer (2nd place) Best-Designed Green/SRI Debt Framework (2nd place) Best Green/SRI Issuer for Post-Deal or Impact Reporting (2nd place) EMEA Green/SRI Bond Deal of the Year (3rd place)</p>	

Issuances 2020

In 2020, KfW issued 14 “Green Bonds – Made by KfW” in six currencies. The issuances comprise eleven new lines as well as one re-opening of the 2019 NOK Green Bonds and two re-openings of the 2020 EUR Green Bonds. **Net proceeds from the 2020 issuances amount to an equivalent of approximately EUR 8,350 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 2020 issuances are **8.1 years** and, thus, in line with the KfW Green Bond Framework does not exceed the average duration of the cumulated loan commitments under the eligible loan programmes of the preceding year (8.7 years).

In 2020, “Green Bonds – Made by KfW” contributed to a record level of 12.6% of KfW's total funding programme on debt capital markets.

Net proceeds of 2020 Green Bonds – Made by KfW



Inaugural issuances in PLN and HUF expanded KfW's set of green bond currencies.

Use of Proceeds 2020

An amount equal to the net proceeds from KfW's Green Bonds issued in 2020 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-efficient Construction").

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 form a portfolio that is 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 of projects will be made over the lifetime of the Green Bonds (so-called non-dynamic portfolio approach).

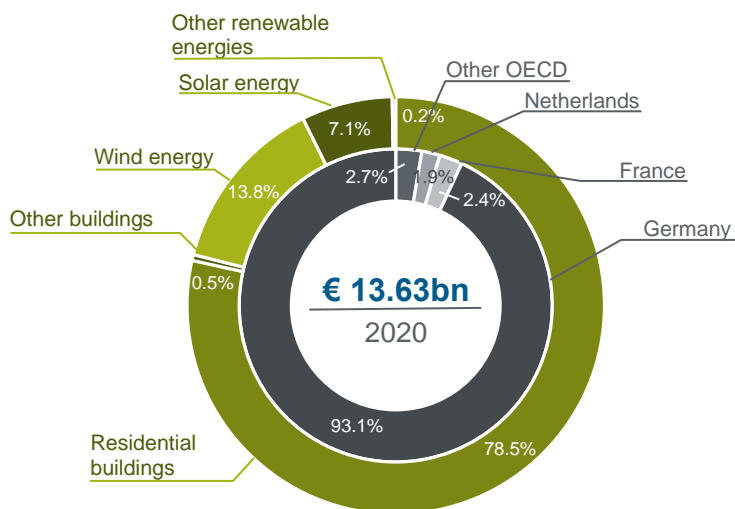
Requests for disbursements for eligible green projects between 1 January and 31 December 2020 amounted to EUR 13,633 million and thus exceeded the net proceeds of 2020's Green Bonds, which amounted to EUR 8,350 million, by EUR 5,283 million. At year-end 2020, the net proceeds of 2020's Green Bonds were **fully allocated**.

78.9% of all requests for disbursement were related to projects in the category of **energy efficiency** (78.5% residential buildings; 0.5% other buildings), while **21.1%** were related to projects in the category of **renewable energies** (13.8% wind energy; 7.1% solar energy; 0.1% biogas/biomass systems; 0.1% hydropower, heat/waste heat and other technologies).

93.1% of the funds were invested in projects located in **Germany**. The remainder of the projects is located in **France (2.4%)**, **the Netherlands (1.9%)**, **Sweden (1.3%)**, **Spain (0.4%)**, **Poland (0.4%)**, **Finland (0.3%)**, **Italy (0.2%)**, and **the United Kingdom (0.03%)**.

A strong demand for KfW's loan programmes which are linked to "Green Bonds – Made by KfW", especially from retail clients for residential buildings in Germany, enabled KfW to issue a record volume of EUR 8.35 billion in Green Bonds in 2020.




Requests for disbursements under the eligible loan programmes



Environmental and Social Impact

The environmental and social impact of projects linked to the 2020 „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 at the latest. The report, which will also include information on the methodology and underlying assumptions, will be made available on www.kfw.de/green-bonds at that time.

Based on impact data already evaluated for the two underlying loan programmes, each provided by independent research agencies, for the years 2014 to 2018, KfW **estimates** the environmental and social impact of its 2020 Green Bonds as follows (based on a **pro-rata share of financing**):

<p>The EUR 8,350 million net proceeds of KfW's 2020 Green Bond issuances contribute to the prevention of approx. 1.49 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 1,085 MW_{el} (0.13 MW_{el} per EUR 1 million) annually, which deliver additional annual renewable energy generation of an estimate of 2.12 million MWh (254 MWh per EUR 1 million).</p>	
<p>Additionally, the projects contribute to annual estimated energy savings of 72.641 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 its Green Bonds create and/or secure more than 100,000 jobs per annum. This equals 12 jobs (person years) per EUR 1 million invested in “Green Bonds – Made by KfW”.

Details on the determination of the estimated values are available on KfW's website at www.kfw.de/green-bonds. The actual environmental and social impact to be calculated can differ from these estimates.

All projects linked to the 2020 „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).

In 2020, KfW's new financing commitments contributing to SDG 7, SDG 11 and SDG 13, respectively each increased by more than 50%.



Summary

Green Bonds – Made by KfW / Issuances and re-openings 2020

ISIN	Coupon p.a.	Maturity	Volume in millions	Net proceeds in millions EUR	As of 31.12.2020		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 MWel	Number of jobs created and/or preserved in person years
XS2046690827	1.25%	28 Aug 2023	NOK 2,000	201	100%	0%	78.9%	21.1%	93.1%	6.9%	178	8.7	254	0.13	12
XS2102388837	1.70%	17 Jan 2022	PLN 500	118	100%	0%									
XS2115141678	1.695%	11 Feb 2021	HKD 400	47	100%	0%									
XS2116410882	1.69%	12 Feb 2021	HKD 300	35	100%	0%									
XS2125044755	0.90%	26 Feb 2022	HUF 2,000	6	100%	0%									
XS2134408538	0.65%	13 Mar 2021	HKD 250	28	100%	0%									
XS2203818542	0.38%	14 Jul 2021	HKD 100	11	100%	0%									
XS2205083236	0.40%	15 Jul 2021	HKD 100	11	100%	0%									
XS2206344850	0.405%	16 Jul 2021	HKD 100	11	100%	0%									
XS2209794408	0.00%	15 Sep 2028	EUR 3,000	3,098	100%	0%									
US500769JG03 *	0.75%	30 Sep 2030	USD 2,000	1,668	100%	0%									
XS2209794408	0.00%	15 Sep 2028	EUR 1,000	1,037	100%	0%									
XS2250016180	0.075%	28 Oct 2021	HKD 100	11	100%	0%									
XS2209794408	0.00%	15 Sep 2028	EUR 2,000	2,067	100%	0%									
				8,350	100%	0%									

For reference only: Previous years with issuances still outstanding at year-end 2020. Data speak as of year-end of the respective year and have not been reviewed thereafter:

	Net proceeds in millions EUR	Net proceeds		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 MWel	Number of jobs created and/or preserved in person years
Total issuances "Green Bonds – Made by KfW" 2019	8,103	100%	0%	79%	21%	90%	10%	178	8.7	254	0.13	12
Total issuances "Green Bonds – Made by KfW" 2018	1,605	100%	0%	-	100%	47%	53%	986	-	1,322	0.69	14
Total issuances "Green Bonds – Made by KfW" 2017	3,702	100%	0%	-	100%	73%	27%	953	-	1,421	0.67	14
Total issuances "Green Bonds – Made by KfW" 2016	2,805	100%	0%	-	100%	79%	21%	794	-	952	0.63	16

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

* SEC registered global bond.

** Impact data for the years 2014 - 2018 are evaluated by independent research agencies. Impact data for the years 2019 and 2020 are estimates based on impact data from the years 2014 - 2018. Current and future impact might be different. Environmental and social impact of projects financed in 2019 and 2020 will be published in 2022 at the latest.

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