

A decorative horizontal bar is positioned above the title. It features a blue-to-green gradient with a white dotted pattern on the right side.

Digitization of KfW Funding

May 2024

The following information does not constitute an offer or an invitation to subscribe to or to purchase securities, nor is it meant to serve as a basis for any kind of obligation, contractual or otherwise. The securities mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.

Digitization and Innovation at KfW Financial Markets



KfW is one of the largest and most active issuers of bonds and short-term debt instruments and one of the most intensive users of **cross-currency swaps**



Efficient processes and a **high degree of automation** in the **issuance** of securities are of strategic interest to KfW and its stakeholders



KfW is pursuing **different digitization and innovation initiatives** to drive the implementation of pilot projects, gain experience, learn lessons, and **support the development of the overall market**



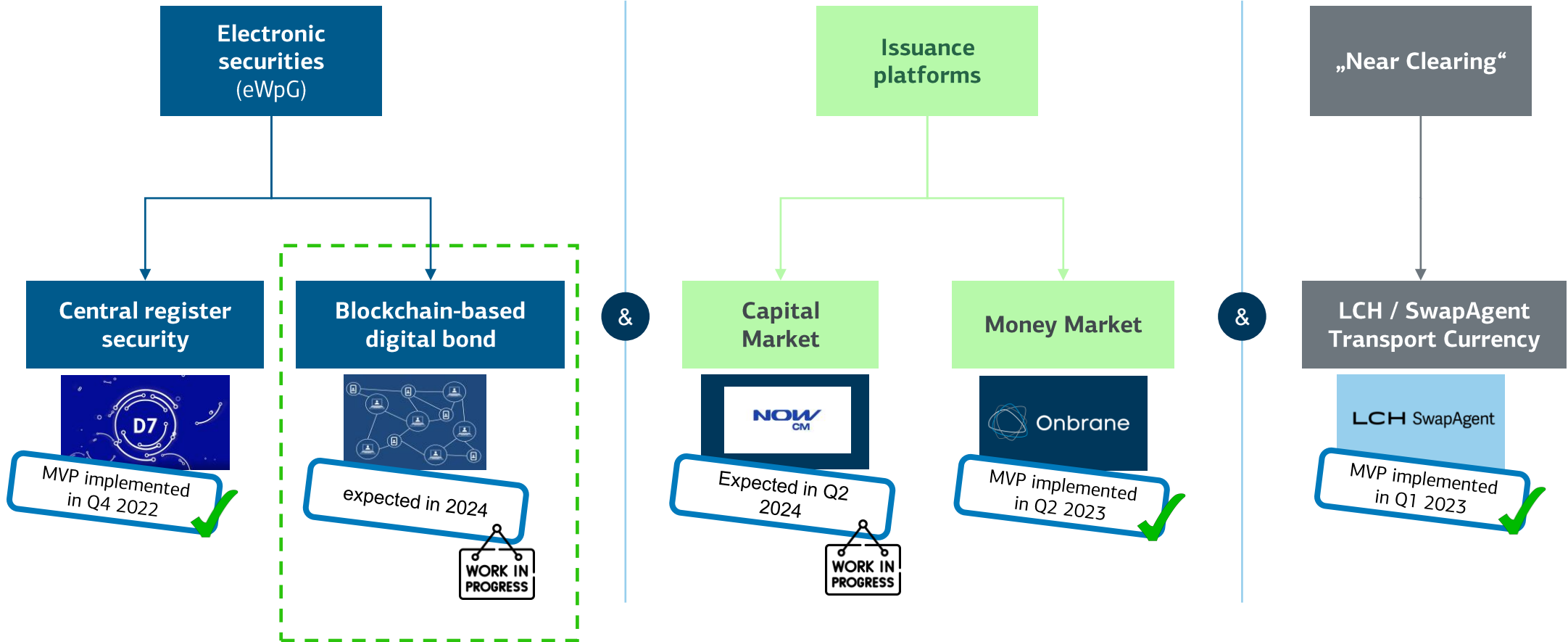
Different digitization initiatives **focus on different strands of the overall issuance process** and provide a solution for every step of the issuance process



Overall strategic goals: Increasing the **efficiency** of processes, lowering **costs**, achieving a high degree of **automation**

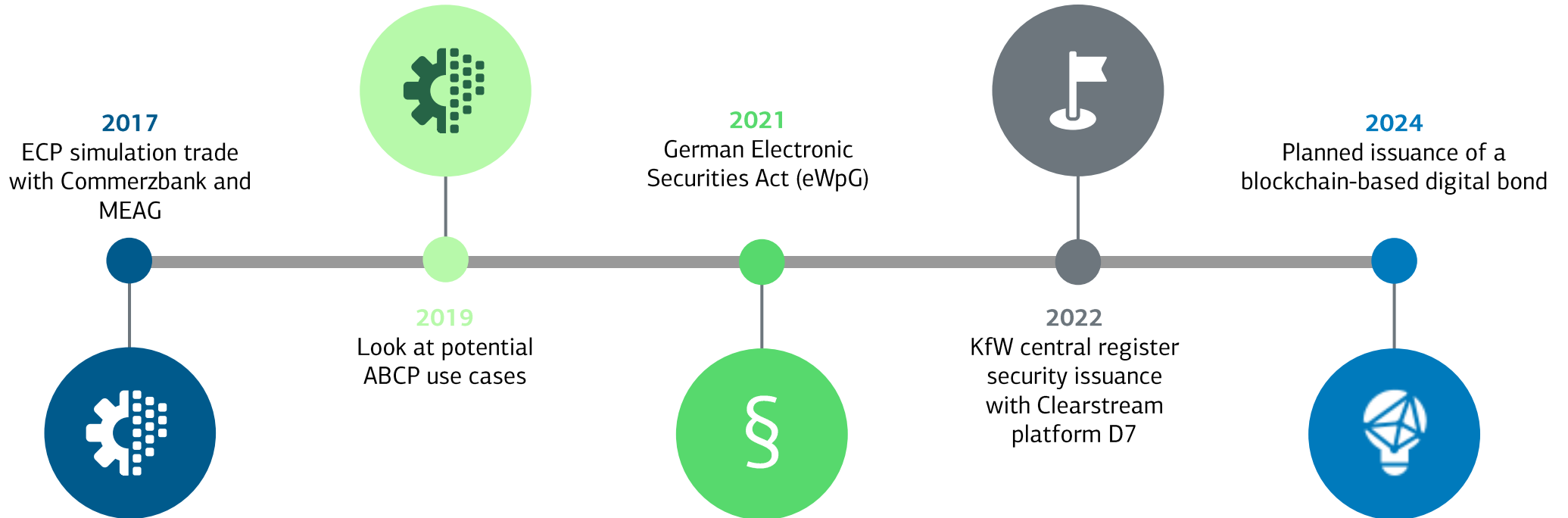
Digitization and Innovation Initiatives at KfW Treasury

Multitrack approach on the way to straight-through-processing (STP)



KfW und Tokenisierung

KfW-Meilensteine und weichenstellende Marktentwicklungen



Digital bond issuance of KfW

Use case enables learning journey for end-to-end view of the issuance process on DLT

Use case motivation

- **Learning journey** for end-to-end view of the issuance process on DLT
- Strengthening of the **European financial market** and **European capital markets union**
- Currently high **dynamics in the field of tokenization efforts** on the international money and capital markets, e. g. EIB, Siemens, World Bank
- Use case strengthens KfW's role as **innovation hub** and **enabler**
- Use case with **clear contribution to KfW group strategy**, in particular "Digitalization and Innovation" sector
- Opportunity to **develop scalable solutions** through current regulatory framework, possibly EU DLT pilot regime



KfW use case

- Testing of the possibility of issuing a **tokenized bond** in the form of a **crypto security** compliant to the **German Electronic Securities Act**
- Conceptualizing the potential bond issuance together with a **dealer/bookrunner consortium** (KfW → dealer/bookrunner → investors)
- Accompaniment of the bond issuance with **workshops/learning sessions** to reach out to several parties and, in addition, give investors the best chance to participate
- **Exploration of new parties and roles** involved and how they could be integrated into the existing KfW landscape, e. g.
 - crypto securities registrar („Kryptowertpapierregisterführer“)
 - crypto custodian
 - usage of smart contracts
 - potentially new trading venues → secondary market liquidity
 - participating in the DLT network, e. g. running own nodes