






»» KfW Press Material
Financial Markets 2018/2019


December 2018

KFW

>>> KfW's ratings

Financial & ESG Rating

| Financial Rating |  |  |  | KfW's AAA-Rating is based on its: <ul style="list-style-type: none"> • explicit government guarantee • high quality assets • good access to liquidity |
|-------------------|---|--|---|--|
| Long-term Rating | Aaa | AAA | AAA | |
| Outlook | stable | stable | stable | |
| Short-term Rating | P-1 | S-1+ | A-1+ | |

| ESG Rating |  |  |  |  |
|------------|---|--|---|---|
| Evaluation | Among the 2 best out of 30 assessed development banks | AAA: Leader in the green bond market as issuer and investor | "Prime": among the best-rated institutions in its peer group | No. 3 out of 343 listed and non-listed banks |

KfW's top ESG ratings
are assigned by independent rating agencies

»»» KfW's funding highlights in 2018 (as of December 3rd)



Overall Most Impressive SSA Funding Team



EUR 75-80bn

funding programme 2018, EUR 75.5bn raised ytd.

12

different currencies via 140 transactions. EUR 61%: largest share ever

73%

via 12 benchmark transactions (plus 6 taps): largest share ever. Investors seek liquidity.

EUR Benchmarks

dominate (EUR 37bn) despite QE tapering and low interest rates. Very high investor demand.

USD Global Bonds

KfW's excellent access to \$-market makes it the only non-US issuer able to do 3bn in 10s.

Green Bonds

EUR 1bn green bond completes the curve. SEK 5bn is the largest SEK green bond ever.

Sterling

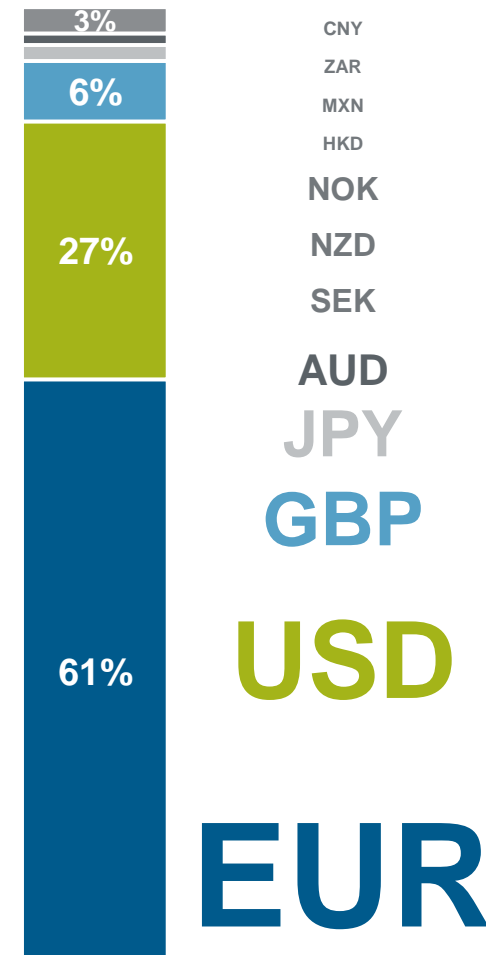
#3 funding currency despite Brexit discussions. KfW's largest GBP transaction ever: £ 1bn

AUD & Uridashi

KfW has been constantly among the top tier issuers in these markets for many years.

Forward Thinking

was the driver for KfW for the 1st Schuldschein ever of a FI via digital marketplace Debtvision.



»»» Landmark transactions in 2018

GBP 1bn 1.0% 2018/2022

- Issue size could be upsized due to the brisk investor demand
- In the **Sterling market, this was KfW's largest ever bond issue**
- Strong start to the year for KfW's Sterling arbitrage funding programme after having been the largest issuer in GBP in the Supra/Agency sector in 2017

EUR 5bn 0.375% 2018/2025

- **Largest orderbook size ever in KfW's EUR-Benchmark programme:** in excess of EUR 12.3bn with more than 150 investors
- Timing was spot-on and triggered impressive demand

USD 3bn 2.875% 2018/2028

- **First USD benchmark bond with a 10 year maturity after 3 years** completes KfW's benchmark curve
- KfW is the only non-US issuer able to issue such a large bond with 10 years maturity in 2018
- A very balanced distribution among the geographical regions and investor types

EUR 1bn 0.50% 2018/2026 green bond

- **Liquid bond issued to offer further maturities in KfW's green bonds**
- The order book grew to a final volume of EUR 3.3bn
- 90 individual investors participated in the deal with an increasing number of them focusing on SRI criteria

SEK 5bn 1.375% 2018/2028 green bond

- KfW issued the **largest SEK green bond ever** with a volume of SEK 5bn

JPY NIKKEI-linked Uridashi 2018/2021

- **Largest volume ever in such a KfW Uridashi transaction** (JPY 35.755bn)
- KfW bonds offered for retail investors in Japan

»»» KfW's capital markets funding: three pillar strategy

A well-structured range of products offers suitable opportunities for various investors' needs

2018 target
EUR 75-80bn

As per December 3, 2018: EUR 75.5bn

Benchmark Programmes

Large and liquid bonds in EUR and USD

At least 3, 5, 7 and 10 year benchmark maturities each year

Target benchmark sizes:

EUR 3 – 5 bn

USD 3 – 5 bn

EUR-taps up to a maximum volume of EUR 6bn



73%
18 transactions

Other Public Transactions

Large and liquid bonds

› in non-benchmark maturities with or without call option (EUR and USD)

› in strategic markets (GBP, AUD, SEK, JPY, CNH, NOK, CHF ...)

› in further currencies

Green Bonds

Other structured public bonds in various currencies



24%
78 transactions

Private Placements

Customized bonds for investor needs

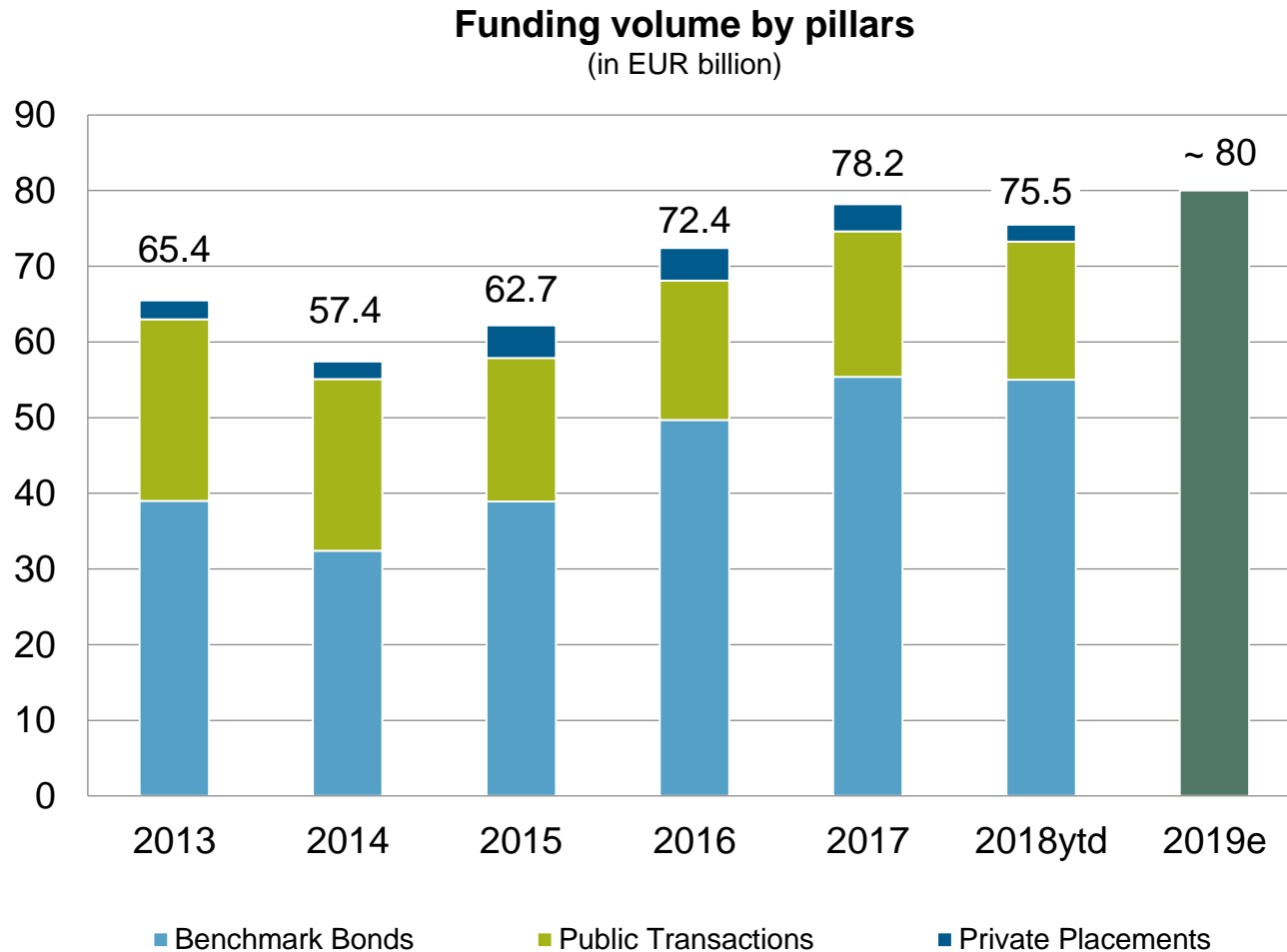
Flexible in currency, structure and maturity



3%
44 transactions

>>> KfW well positioned in international debt markets

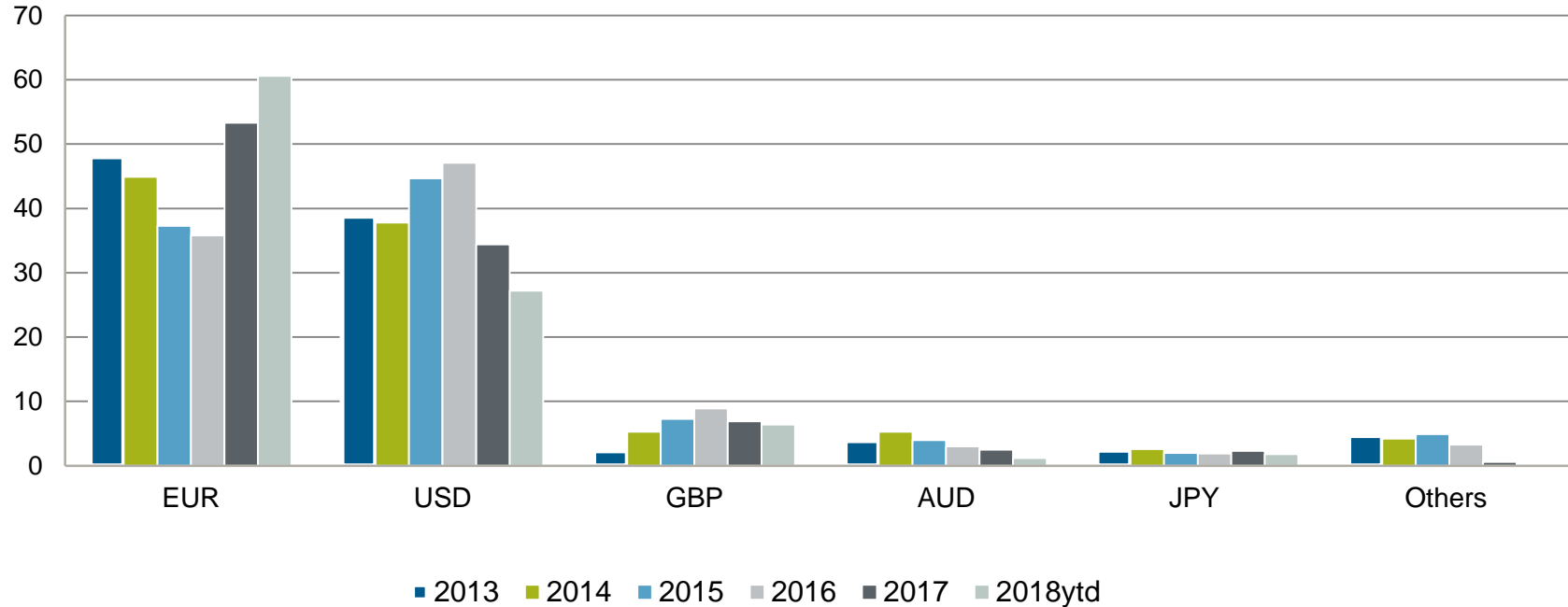
Funding volume for 2019 with approx. EUR 80 billion remains on a high level



>>> EUR – major funding currency in 2018

Development of currencies

Funding volume by currencies
(in %)



- › EUR is the major funding currency with a record-high issuance volume of EUR 45.7bn (2017: EUR 41.4bn) or 61% of KfW's total funding amount.
- › KfW raised EUR 37bn under its EUR benchmark programme – more than ever before.

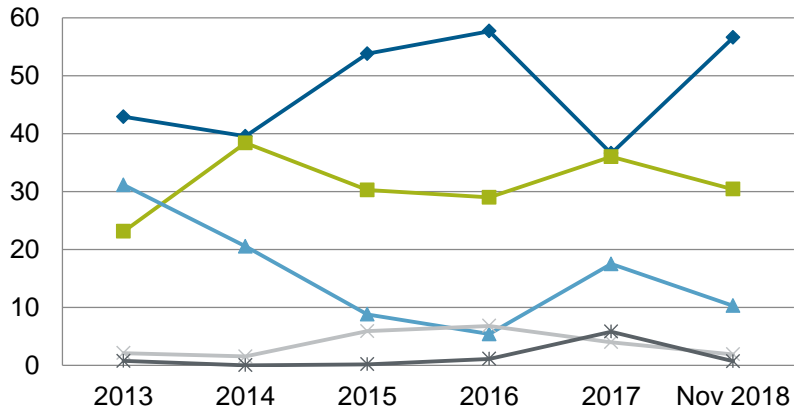
>>> KfW's global investor base

Exceptional yield environment shapes investor distribution

EUR: European Asset Managers on the rise



Geographic Distribution (in %)

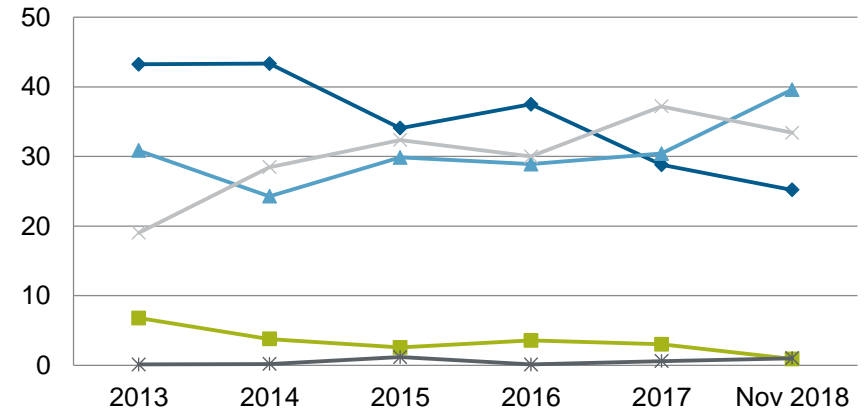


Europe ex Germany Germany Asia Americas Other

USD: Europe gaining importance

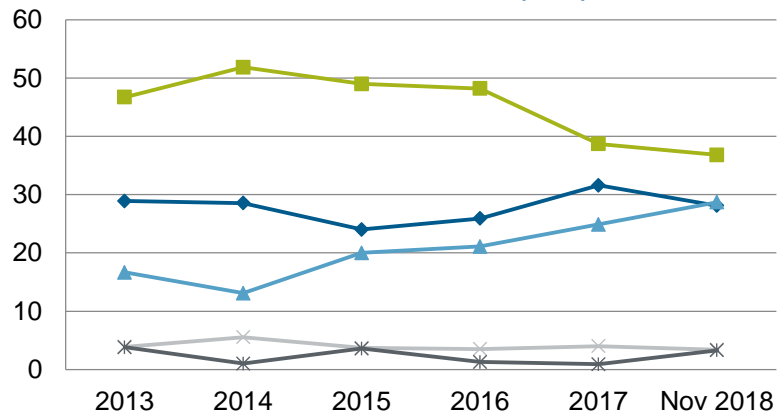


Geographic Distribution (in %)



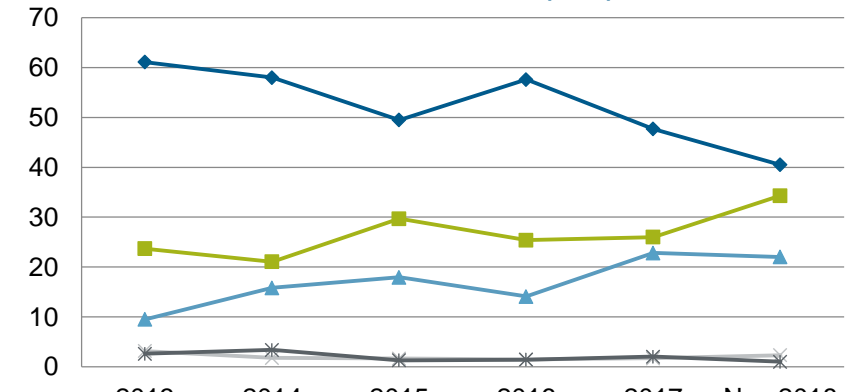
Asia MEA Europe Americas Other

Investor Distribution (in %)



Central Banks Banks Asset Man. Ins. & Pension Other

Investor Distribution (in %)



Central Banks Banks Asset Man. Ins. & Pension Other

All distributions based on allocation

Green Bonds – Made by KfW

Highlights of KfW's green bonds



Net proceeds from the issuance are used for financing projects for the power generation from wind, water, photovoltaics and biomass under KfW's loan programme "Renewable Energies - Standard"

2018: 4 bonds amounting to EUR 1.6bn

Green bonds outstanding: EUR 14.5bn; int'l market share of 3-4%

EUR, USD, AUD, GBP and SEK with potentially more currencies to come

Comparable to other KfW bonds regarding structure, pricing, rating

KfW green bonds contribute to the UN's SDG "Affordable and Clean Energy" and "Climate Action".



1. Environmental and social impact

- Estimated **GHG reduction of 800 tons⁽¹⁾ p.a. per EUR 1 million** green bond investment
- Creation and protection of jobs
- Reduction of energy imports to Germany and fossil burning costs
- Environmental impact evaluated by an independent external research institution (since 2014 ZSW⁽²⁾)



2. High credibility

- Independent 2nd opinion for KfW's Green Bonds by CICERO⁽³⁾
- Green Bond rating "b+" by oekom
- KfW is among global ESG leaders
- Excellent credit quality, large size



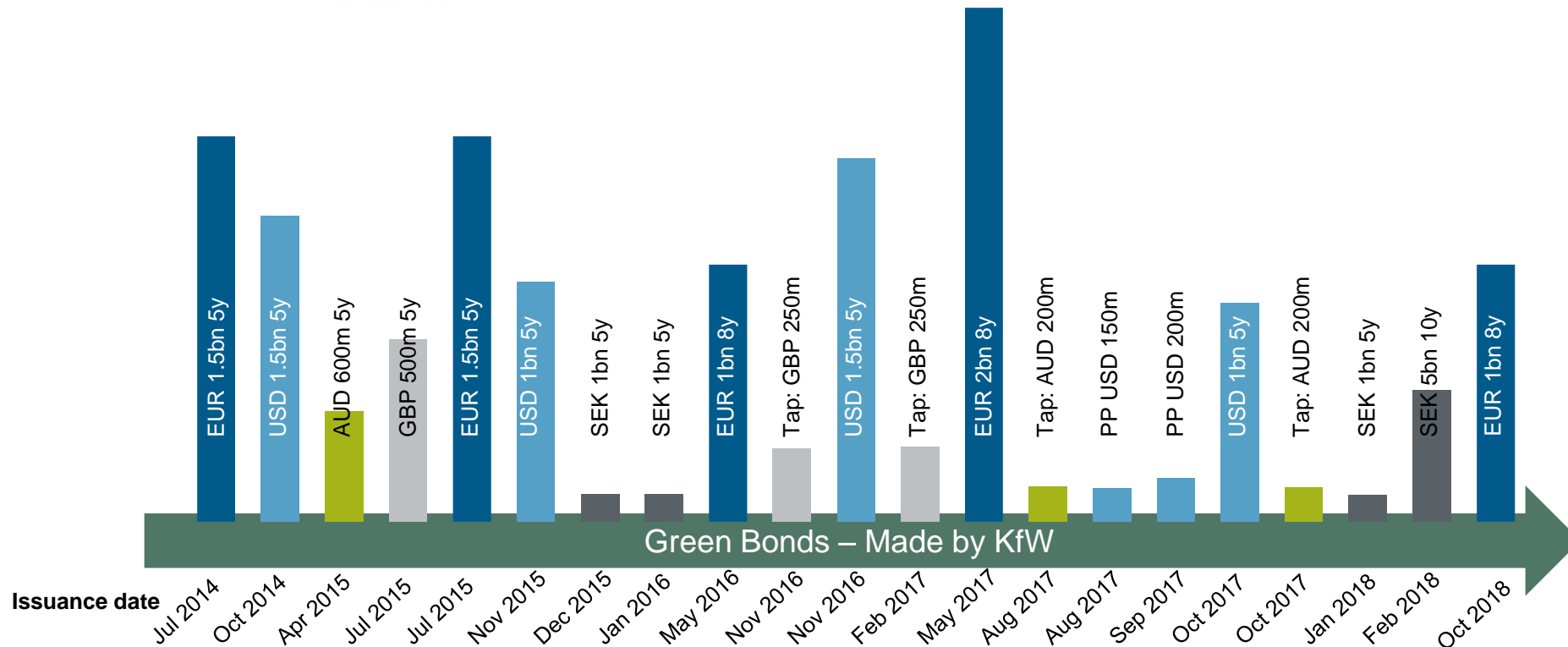
Cicero graded KfW Green Bonds as „dark green“ which is the best grade achievable

⁽¹⁾ Average value for 2012-2016 based on ZSW evaluated numbers. Current and future impact might differ

⁽²⁾ ZSW: Center for Solar Energy and Hydrogen Research Baden-Württemberg ⁽³⁾ CICERO: Center for International Climate and Environmental Research Oslo

Green Bonds – Made by KfW

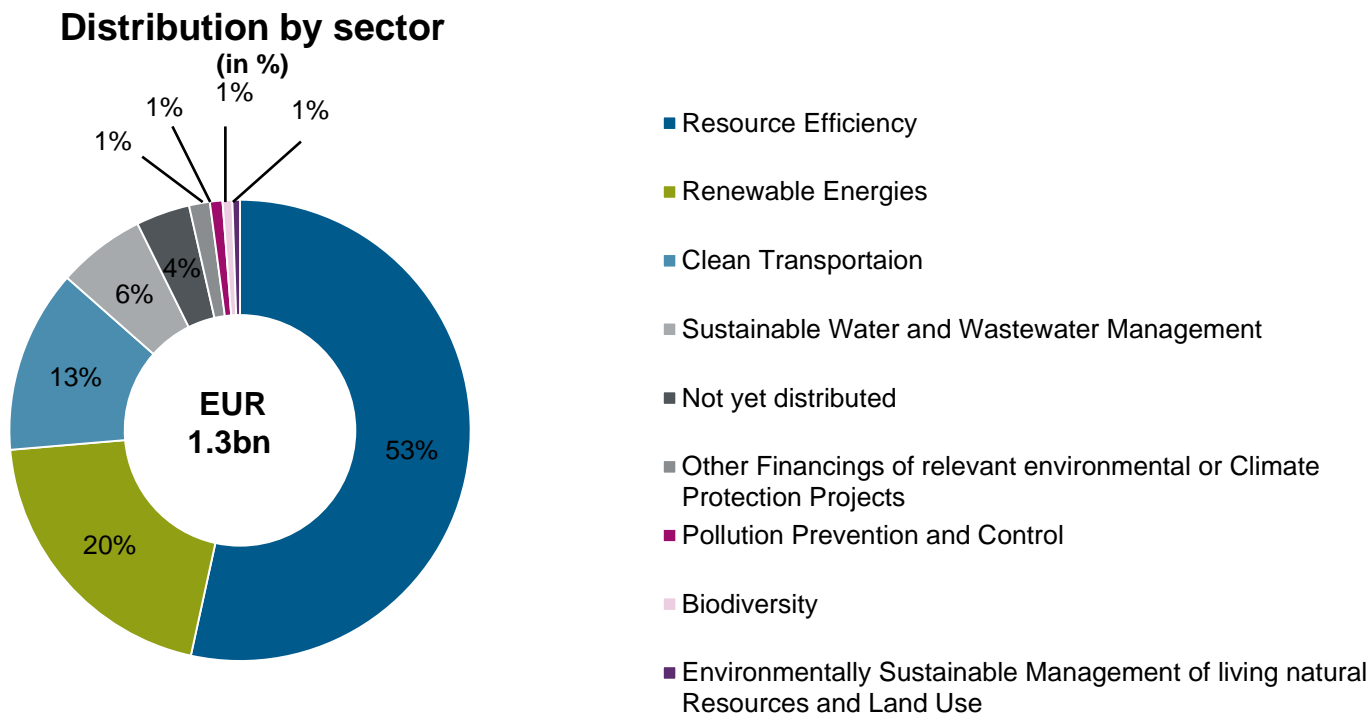
Overview on all KfW Green Bonds issued



Outstanding green bond volume: **EUR 14.5bn**

>>> KfW Green Bond Portfolio

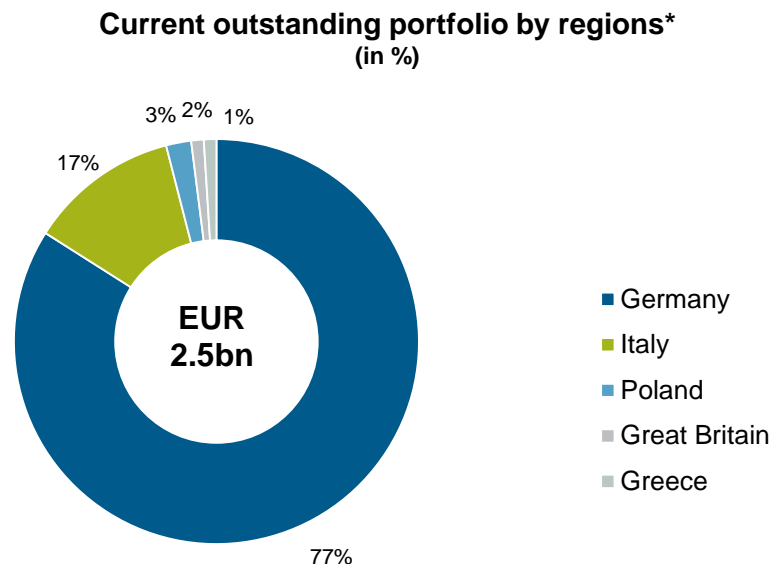
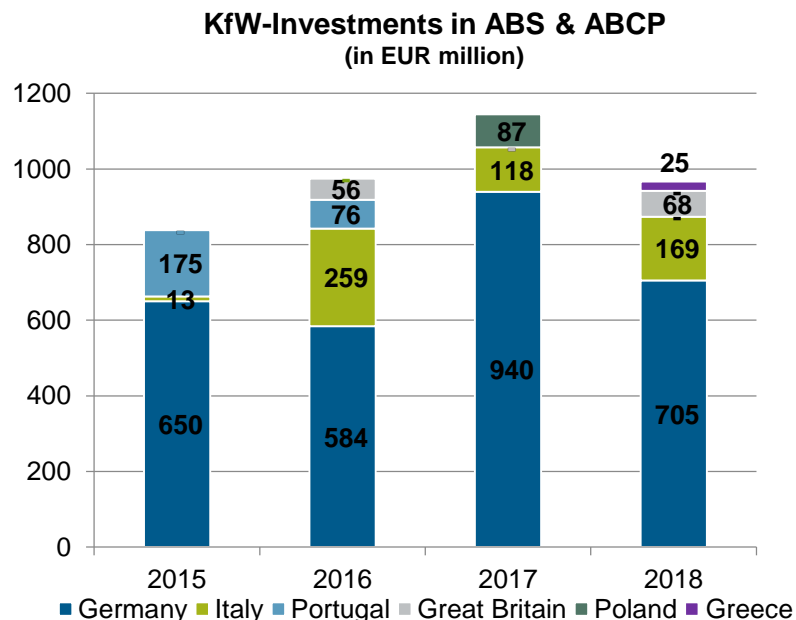
Ongoing investments for KfW's Green Bond Portfolio



- › KfW's Green Bond portfolio: target volume of the portfolio is EUR 2bn
- › In 2018 13 new investments with a total investment amount of EUR 365m
- › KfW's Green Bond Portfolio reached a total volume of EUR 1.3bn ytd

Activities in securitisation

KfW investments in ABS & ABCP for promotional SME financing (2015-2018ytd)



* as of November 30, 2018

- › KfW investments since 2015 in Germany and Europe amount to roughly EUR 4bn, thereof transactions in the context of ENSI (EIF-NPIs Securitisation Initiative): EUR 1.14bn
- › Current outstanding portfolio of SME securitisations: about EUR 2.5bn
- › KfW investments in 2018: EUR 1.0bn

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