



KfW

Press conference on annual results

31 March 2023



50 YEARS
OF SHAPING
THE FUTURE

Our 2022 balance sheet:
exceptional year characterised by
the war and its consequences –
normalisation of consolidated profit,
risk-bearing capacity strengthened
at a very high level



KfW Group 2022

An exceptional year

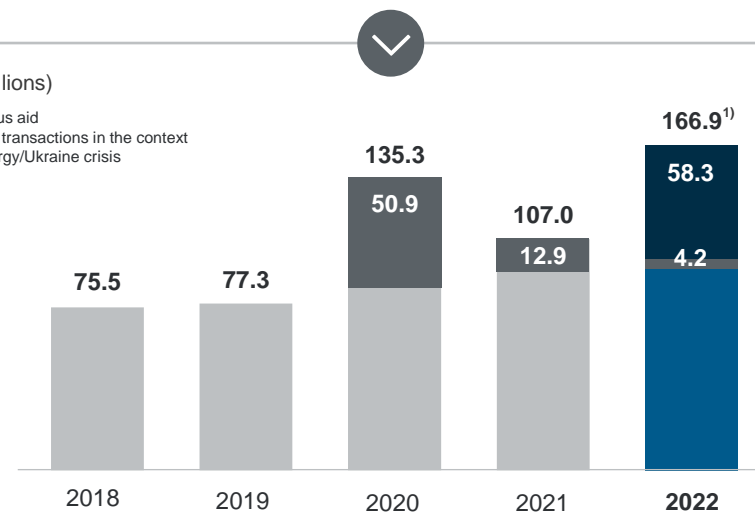


166.9¹⁾ billion euros

New business

(EUR in billions)

- Coronavirus aid
- Mandated transactions in the context of the energy/Ukraine crisis



136.1

Domestic promotional business

18.1

Export and project finance

12.6

Development finance

0.4

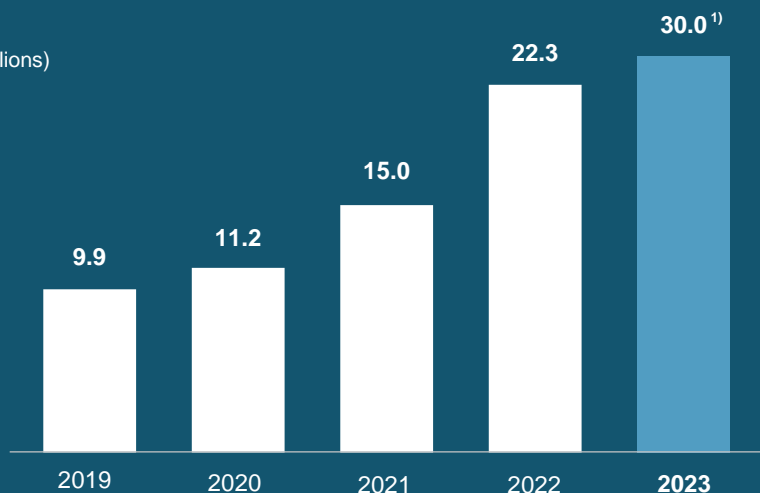
Financial markets

1) Consolidation of domestic promotional business programmes passed on through export and project finance

Promotion review as of 28/02/2023

Solid start to the year

(EUR in billions)



26.1
Domestic promotional business

3.7
Export and project finance

0.4
Development finance

0.1
Financial markets

1) Consolidation of domestic promotional business programmes passed on through export and project finance (02/2023: EUR 223 million (prior-year period: EUR 30 million))

30.0¹⁾ billion euros

Total business as of 28 Feb. 2022



SME promotion

56%²⁾



Environment & sustainability

40%³⁾



Securing the energy supply

€ 17.3bn⁴⁾

1) Consolidation of domestic promotional business programmes passed on through export and project finance (02/2023: EUR 223 million (prior-year period: EUR 30 million))

2) Adjusted SME quota 3) Adjusted environment quota 4) Transactions mandated by Federal Government

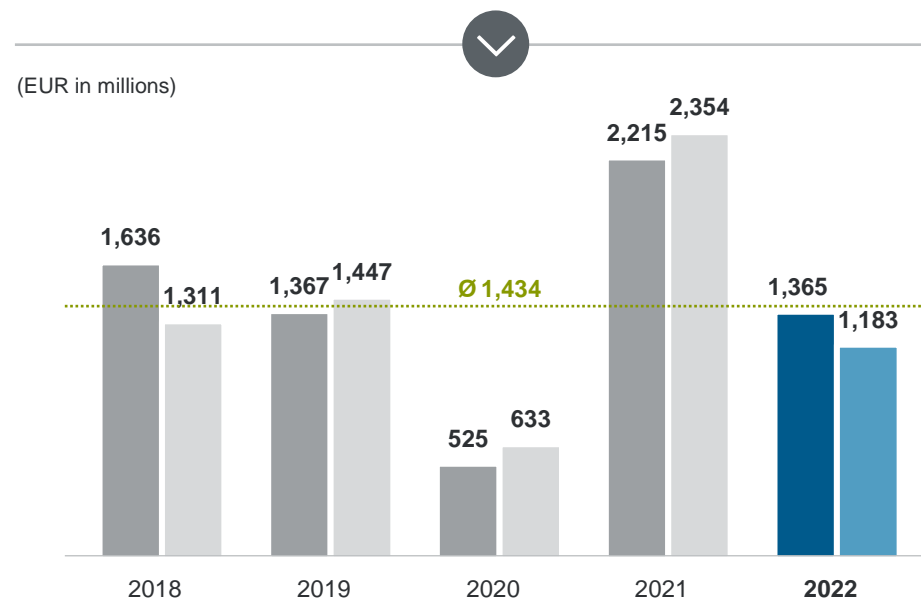
Consolidated profit 2022

Good result around the average of the last five years



1.37 billion euros

Consolidated profit



Robust consolidated profit despite multiple crises following the previous year, which benefited from coronavirus catch-up effects

■ After IFRS effects

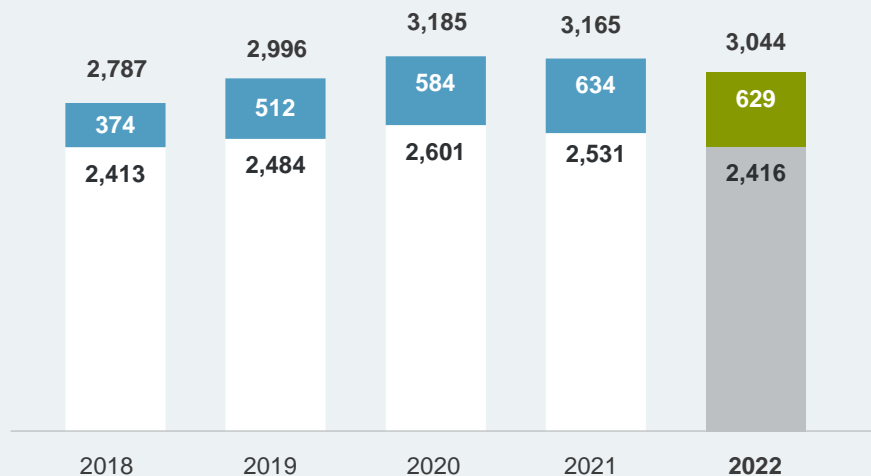
■ Before IFRS effects

Operating result

Slight decline due to lower interest income

Net interest and commission income (before promotional expense)

(EUR in millions)

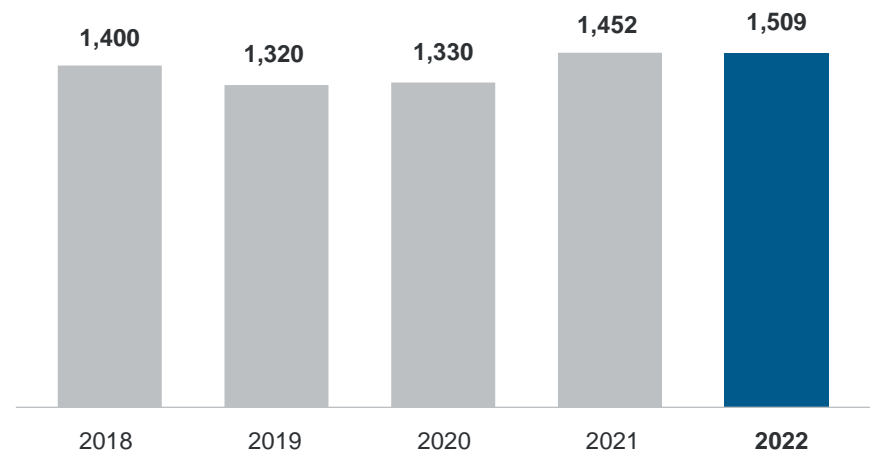


Earnings contributions from interest and commission stable overall

Net interest income Net commission income

Administrative expense (before promotional expense)

(EUR in millions)



Moderate increase with strong increase in tasks

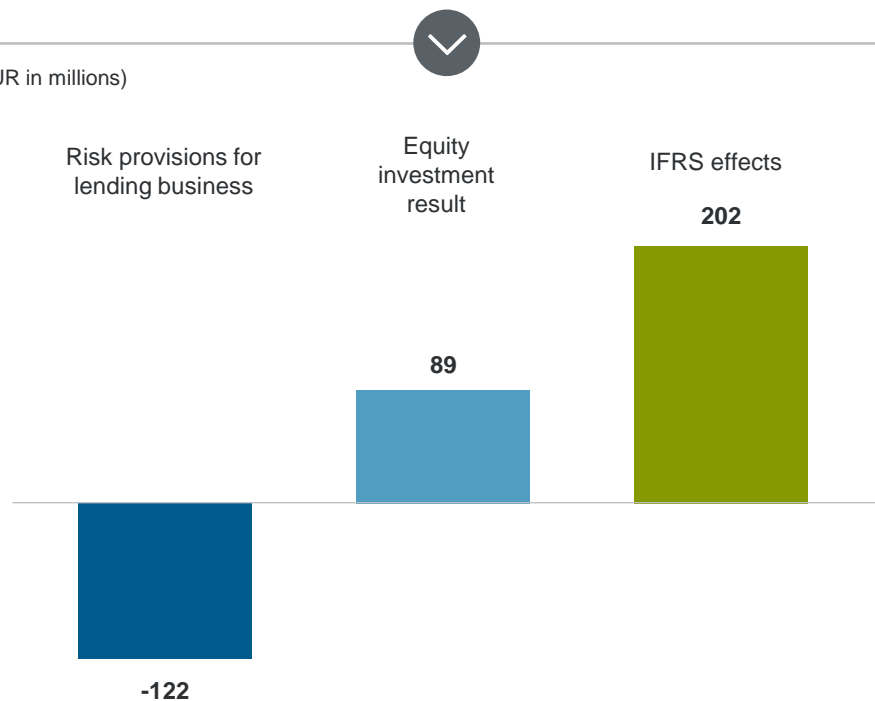
Valuation result

marked by the war against Ukraine



2022 result

(EUR in millions)

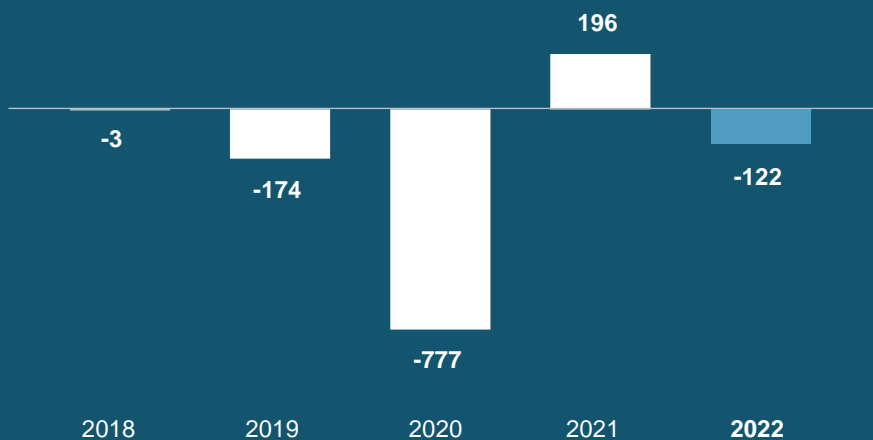


Russia-Ukraine war and its effects are putting a strain on the loan and equity investment portfolio

Negative effects from the Russia-Ukraine war

Risk provisions for lending business

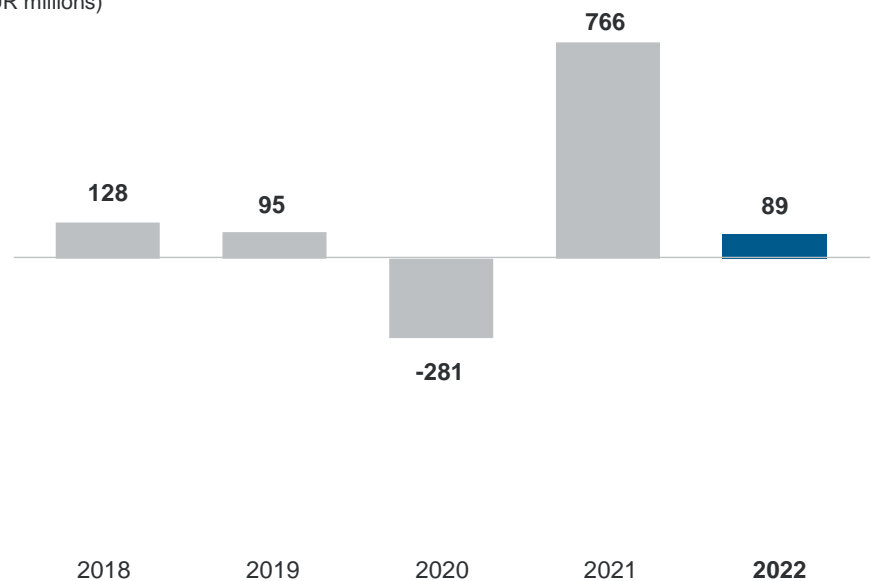
(EUR in millions)



Moderate risk provisioning requirement despite the challenging macroeconomic environment

Equity investment portfolio

(EUR millions)



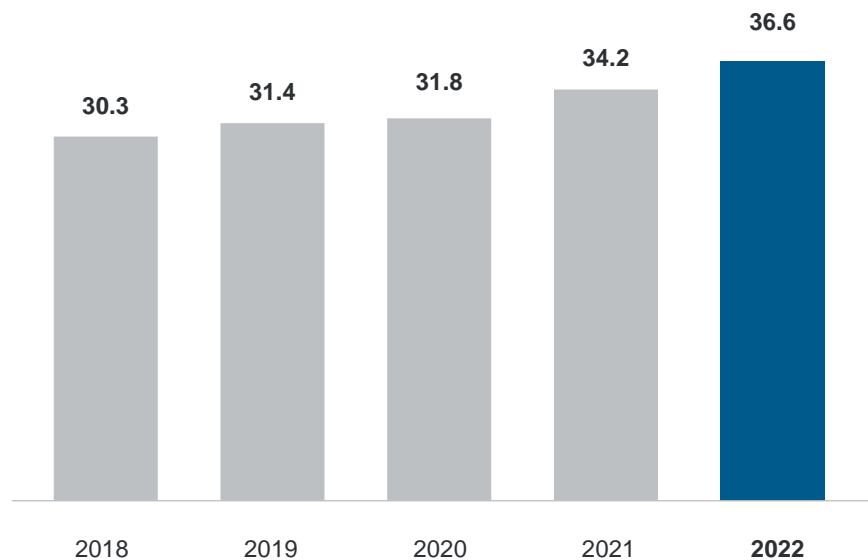
Significant **decline in investment income**, in particular as a result of crisis-related pressures in KfW Development Bank's and DEG's portfolio

Increase in equity



Equity

(EUR in billions)



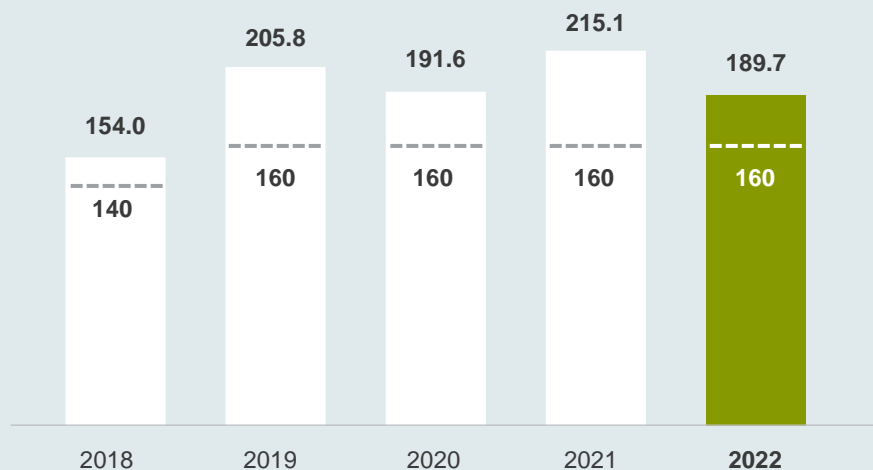
Significant strengthening of equity through **consolidated profit** and interest rate-related **relief in pension provisions**

Risk-bearing capacity

as of 31 Dec. 2022

Economic risk-bearing capacity*

(as of 31 Dec. in %)



Adjustments mainly due to increased capital requirements for market price and equity investment risks



Economic coverage ratio

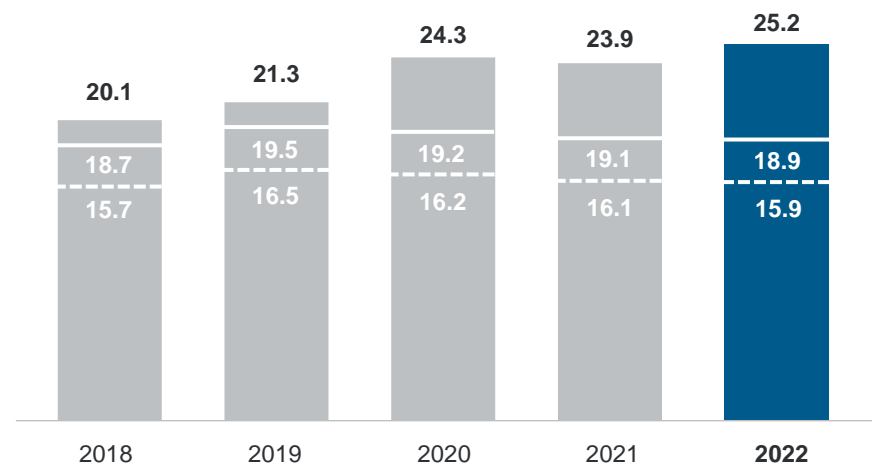
* Solvency level: 99.90%



Risk strategy target

Normative risk-bearing capacity

(as of 31 Dec. in %)



Increase year-on-year, in particular due to **postponed recognition of earnings** from the first half of 2022 and second half of 2021 as well as to **the interest-related valuation effect with regard to pension obligations**.



Total capital ratio

Overall capital requirement incl. management buffer of 3%
Overall capital requirement

Total assets

Moderate increase of EUR 3.9 billion

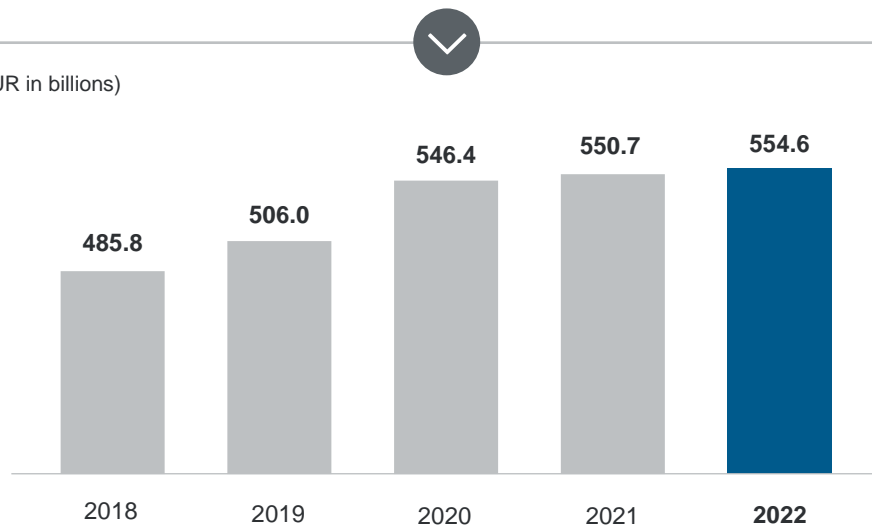


554.6

billion euros

Total assets 2022

(EUR in billions)



+24.9

Lending business

+13.8

Liquidity held

-32.8

Fair value derivatives /
hedge accounting

-1.9

Others

A person is shown in profile, looking through a pair of black binoculars. The scene is backlit by a bright sun, creating a strong lens flare and a warm, golden glow. The sky is a clear, light blue. The person's face is partially in shadow, and their hands are visible holding the binoculars. The overall mood is one of looking forward or searching for something.

2023: the environment
remains challenging

Economic environment

“A black eye, not a crash”



Economic outlook Germany 2023

Underlying conditions

- **Current situation:** the natural gas shortage is likely to be averted but the braking effect of monetary policy is increasing
- **Inhibitors:** energy prices and purchasing power shock, war-related uncertainty, interest rate rise, weak global economy
- **Drivers:** clarification of business expectations, decreasing material bottlenecks, robust labour market



Growth and inflation

- **Real GDP:** -0.3% (adjusted for fluctuating working days: -0.1%)
- **Harmonised consumer price index:** +5.8%
- **Downward risks:** escalation of the war in Ukraine, relationship with China, even more persistent inflation
- **Opportunities:** reduction of investment backlog and stable private finances

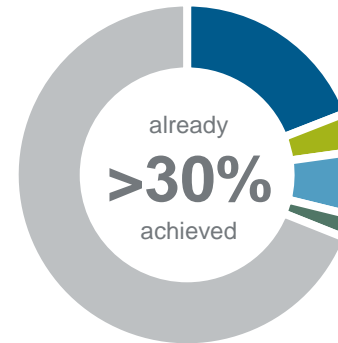
Capital market activities

2022: Record funding volume of around EUR 90 billion with a focus in the EUR market



80–85 billion euros

Planned funding volume in 2023
of which ≥ EUR 10 billion via Green Bonds



Last updated: 15 March 2023

KfW Benchmark Programme

62%

Other public bonds

19%

Green Bonds – Made by KfW

11%

Private placements

8%



7 currencies

Broad diversification across currencies and instruments



EUR 24 billion

Additional Economic Stabilisation Fund resources for mandated energy transactions



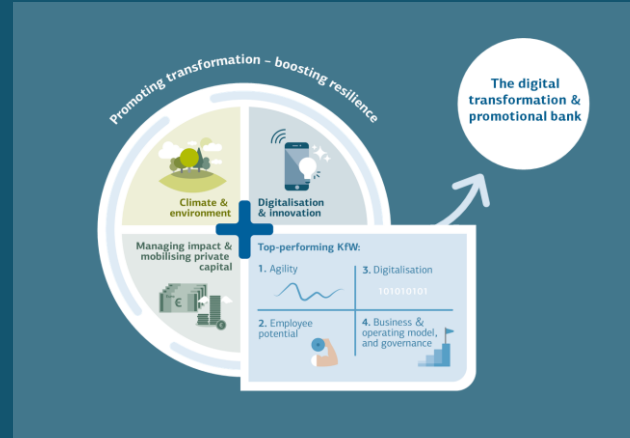
Digitalisation

Active role in the area of digitalisation on the capital market

75 years of KfW – Starting point to our transformation agenda



In the year of our 75th anniversary we emphasise **our obligation and responsibility for shaping the future of the economy and society.**



In order to complete the necessary transformation in this decade of decision, we set up our **KfW plus transformation agenda.**



“KfW is a market-based instrument. It is intended to be the lever with which we mobilise the knowledge available in our society and in our economic system, in the interest of this society’s future opportunities.

And you have the full support of the German Federal Government.”

Christian Lindner,
Chair of the Board of Supervisory Directors
and Federal Minister of Finance



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