



# »»» Start of the year press conference

Frankfurt am Main  
5 February 2018

**KFW**

## >>> KfW reporting

Start of the year press conference focusing on the promotional result and impact

Promotion review

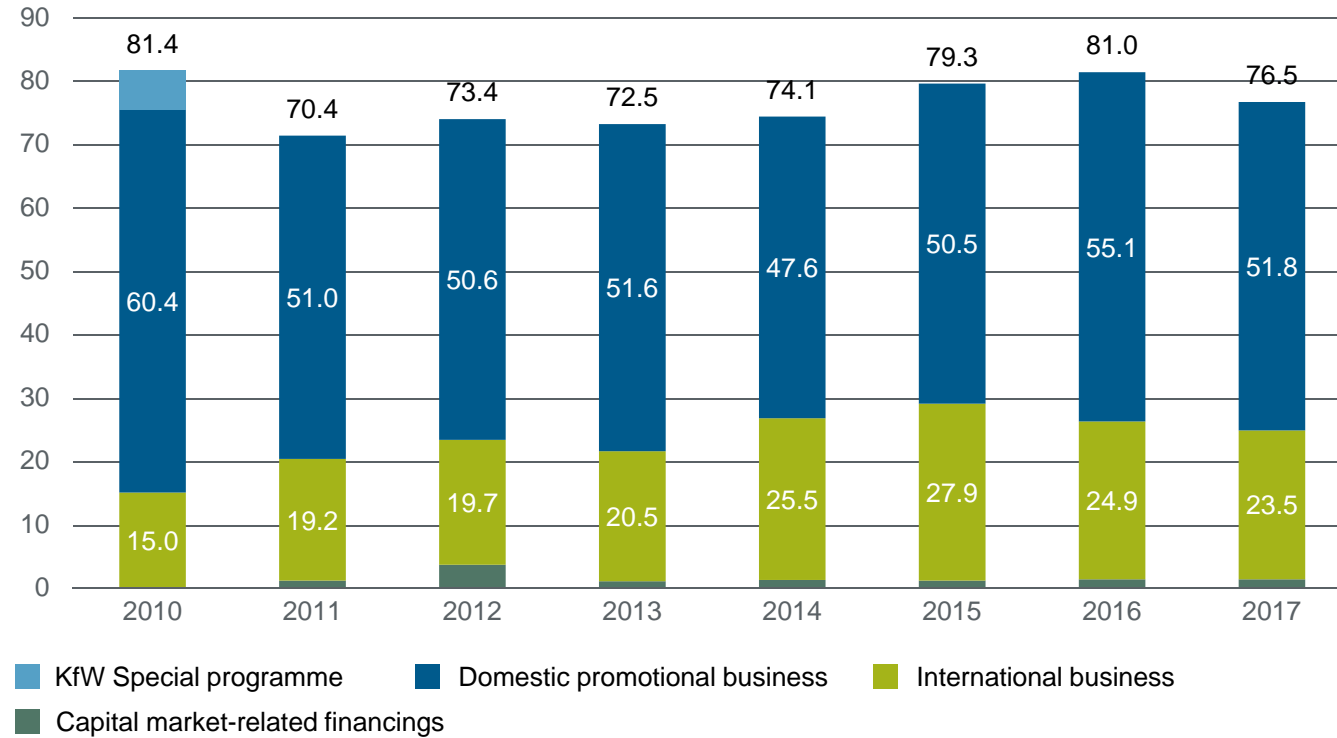
Sustainability review

Business review

# Business activities of KfW Group in 2017

KfW scales back financing volume slightly as planned

Total business<sup>1</sup> (EUR in billions)



<sup>1</sup> 2017: Adjusted by EUR XXX million for commitments in Export and project finance with refinancing from KfW programme loans.

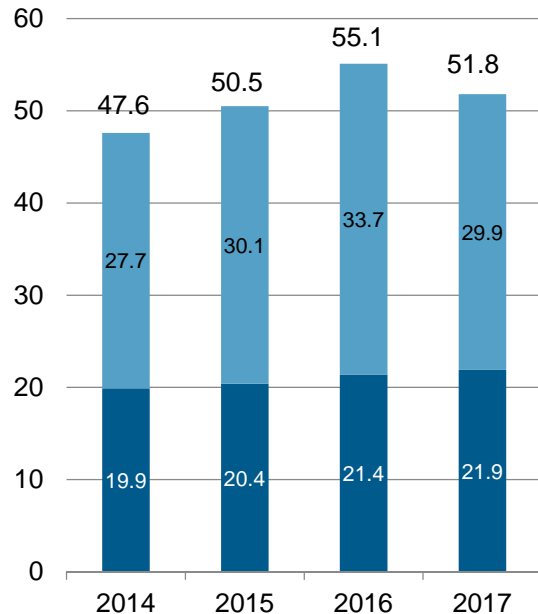
## Development of promotional business

- › Good and successful promotional year
- › Adjustment of promotion in line with economic development and the continued favourable financing environment as planned
- › Promotional business slightly down domestically and internationally
- › Special focus of domestic promotion on innovations, start-ups and corporate energy efficiency

# Business activities of KfW Group in 2017

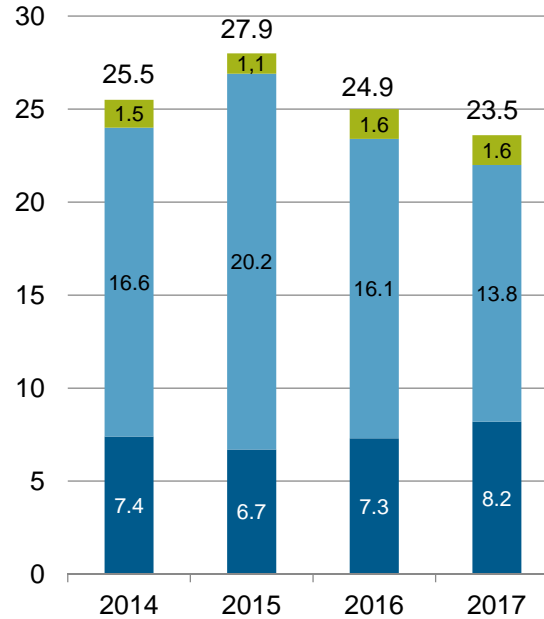
SME ratio 44% / International financing: over EUR 1 billion for projects related to refugees

## Domestic business (EUR in billions)



■ Kommunal- und Privatkundenbank  
■ Mittelstandsbank

## International business (EUR in billions)



■ DEG    ■ IPEX  
■ KfW Development Bank

## Highlights

### Domestic

- › Mittelstandsbank business sector exceeds high level of previous year
- › Very successful introduction of ERP digitalisation and innovation loans

### International

- › Significant increase in commitments in Financial Cooperation
- › IPEX operates in a tough competitive market environment – numerous syndicate financings
- › DEG repeats last year's solid result

# »»» Promotion review

KfW promotion for diverse target groups and projects

## Commitments of EUR 76.5 billion in 2017

### Start-ups and SMEs

Direct support of approx. **52,000 start-ups and SMEs** in Germany

### Education

Funding for study or training programmes for **100,000 people** in Germany

### Energy-efficient Construction and refurbishment

Support for the construction or refurbishment of approx. **400,000 energy-efficient homes**

### Renewables

EUR 6.8 billion to expand **renewable energy sources** globally

### Infrastructure

Financing of **2,630 municipal projects** for public infrastructure

### Export and project finance

Support for the German export industry in **273 projects and measures**

### Development cooperation

Improvement to living conditions in developing countries and emerging economies with **470 projects**

### Venture capital

**EUR 127 million** for VC; expansion of the KfW VC investment business

# »»» Sustainability review

Integrated approach: sustainability in KfW's business and banking operations

Top sustainability ratings: Sustainalytics no. 1, imug top 3, Oekom Research top 8

## Green finance

01/2017–12/2017

43% of new commitments of KfW Group  
(2010: 31%)

## KfW largest promotional bank

for renewables & energy efficiency in the world  
(Bloomberg)

## Environmental and social impact assessments advanced

## Sustainable capital market presence

- › Green bonds
- › Liquidity management

**Sustainability report** aligned with EU CSR Directive

**Equal opportunities plan** 2016–2019 with 4 primary objectives, including further increase of percentage of women in management and senior positions

KfW: 100% certified **green electricity** – all owned and rented buildings and external data centre (rest carbon-neutral)

Lower **per capita paper consumption** through digitalisation  
(incl. online annual report, paperless credit processes)

# »»» Outlook 2018

## Focus on projects with important promotional impact

### Sustainability

- › Strengthen KfW as a sustainable promotional bank by intensifying "green" financing
- › Develop "Sustainable Finance Roadmap"
- › Further expand sustainability expertise and national and international positioning

### Venture capital

- › New political mandate: expand capital offer for high-growth, technology-oriented companies
- › Pool venture capital offers to form new KfW investment subsidiary

### Europe

- › Use KfW's national promotional strength with effect in and for Europe: support for the European idea
- › Strengthen German-French partnership
- › Actively support the discussion about European development cooperation

### Development cooperation

- › More challenges brought about by migration and combating the causes of refugee movements in addition to existing issues
- › Increasing budget funds – growth in the development cooperation business area

# »»» Outlook 2018

## Advancing modernisation of KfW and KfW promotion

### Digitalisation

Promote digital transformation of promotional business and KfW itself

- › Products: promotion industry 4.0, blockchain approaches
- › Customer access: strengthen KfW platforms
- › Operation: digitalisation, processes, cloud use

### Modernisation of KfW

- › Important progress in large project portfolio
- › Measures after payment transaction incident: systematic elimination of weaknesses at all levels (organisation, processes, systems)

### Regulations / supervision

- › Implement a roadmap for regulation issues
- › Develop solutions for the regulations of tomorrow (Basel III/Basel IV) arising from application of the German Banking Act (KWG) since 2016



# »»» KfW capital market activities

Focus on liquidity and sustainability

## Funding 2017

### Capital market

- › Funds raised: EUR 78 billion
- › 145 transactions in 10 different currencies
- › Considerable increase in EUR share (53%). Share of USD dropped to 35% (2016: 47%)
- › Funding requirements in 2018 at EUR 70 to 75 billion

## “Green Bonds – made by KfW”

Every investment of  
**EUR 1 million results in \***

**800 tonnes**

fewer greenhouse gas p.a.

**EUR 69,000**

in savings of energy imports  
and costs for fossil fuels

**22 jobs**

created or secured p.a.

**EUR 94,000**

fewer external costs p.a.

## Promotional activities 2017

### Green bond portfolio

- › Volume is currently around EUR 900 million
- › Target volume raised to EUR 2 billion
- › Planning for new investments 2018: approx. EUR 300 million

### ABS portfolio

- › EUR 1.2 billion in ABS and ABCP investments for the benefit of the SME sector
- › Planned new investment in 2018 approx. EUR 1.0 billion

\* Average of the promotion years 2010-2014; based on the evaluation of the Centre for Solar Energy and Hydrogen Research Baden-Württemberg (ZSW) and internal calculations. Current values may deviate.

# Business review

## Outlook



- › 2017 annual results once again positive, but below the previous year's figure as expected



- › Press conference on annual results 12 April 2018

»»» Thank you  
for your attention.