



»»» Start of the year press conference

Frankfurt am Main
13 February 2019

Bank aus Verantwortung

KFW

»»» KfW reporting

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

Promotion review

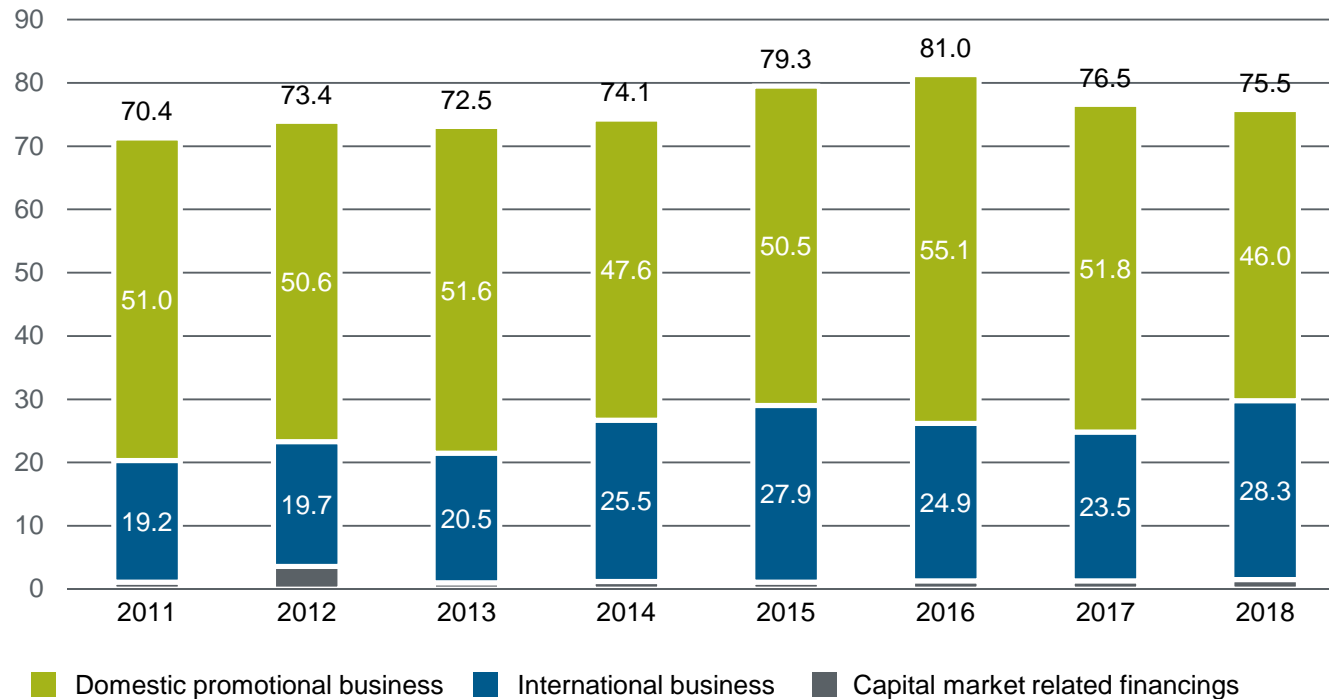
Sustainability review

Business review

Business activities of KfW Group in 2018

KfW adjusts domestic financing volume – international commitments set for growth

Total business¹ (EUR in billions)



Development of promotional business

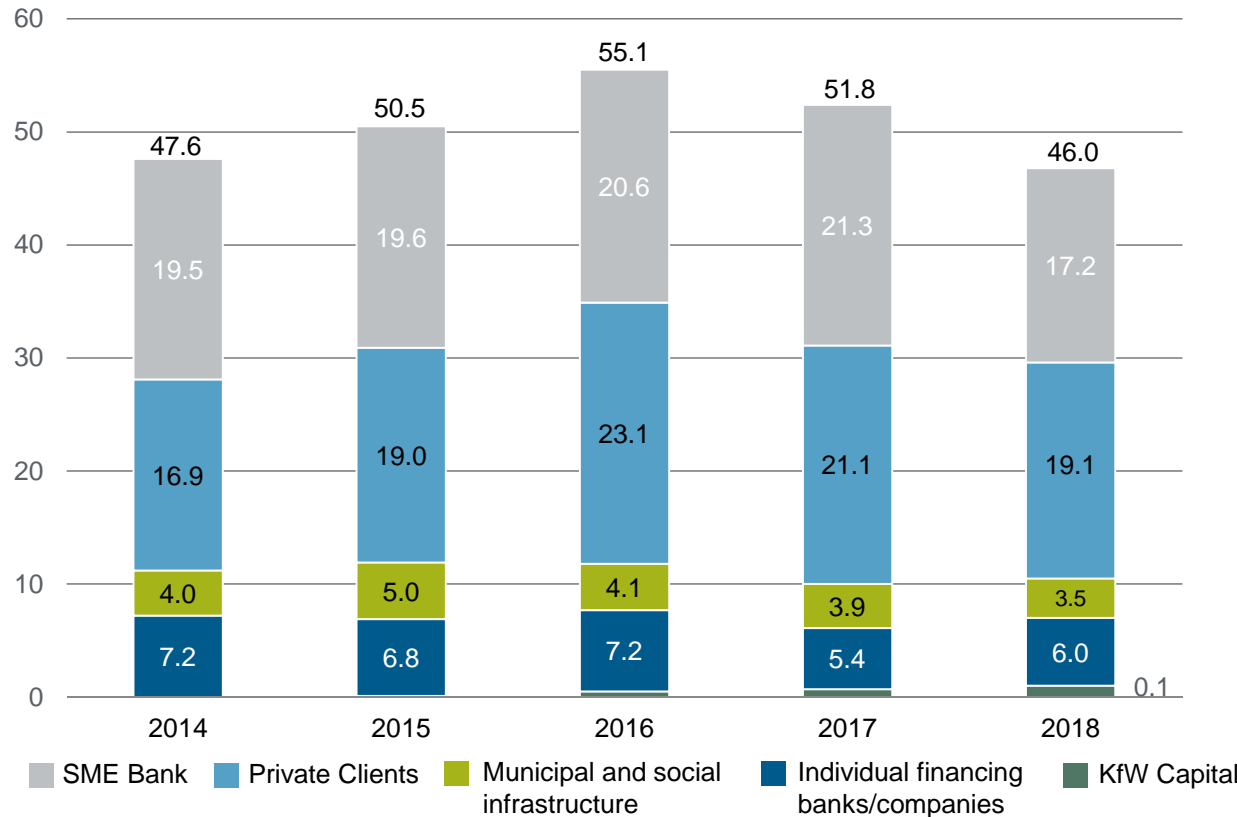
- 2018 was a successful year for promotion
- 20% increase in international commitments
- New domestic commitments scaled back
- Special focus of domestic promotion on innovation, start-ups and residential construction

¹ 2018: Adjusted by EUR 245 million for commitments in Export and project finance with refinancing from KfW programme loans.

Business activities of KfW Group in 2018

Focus on programmes with particular relevance to the future

Domestic business¹ (EUR in billions)



Highlights

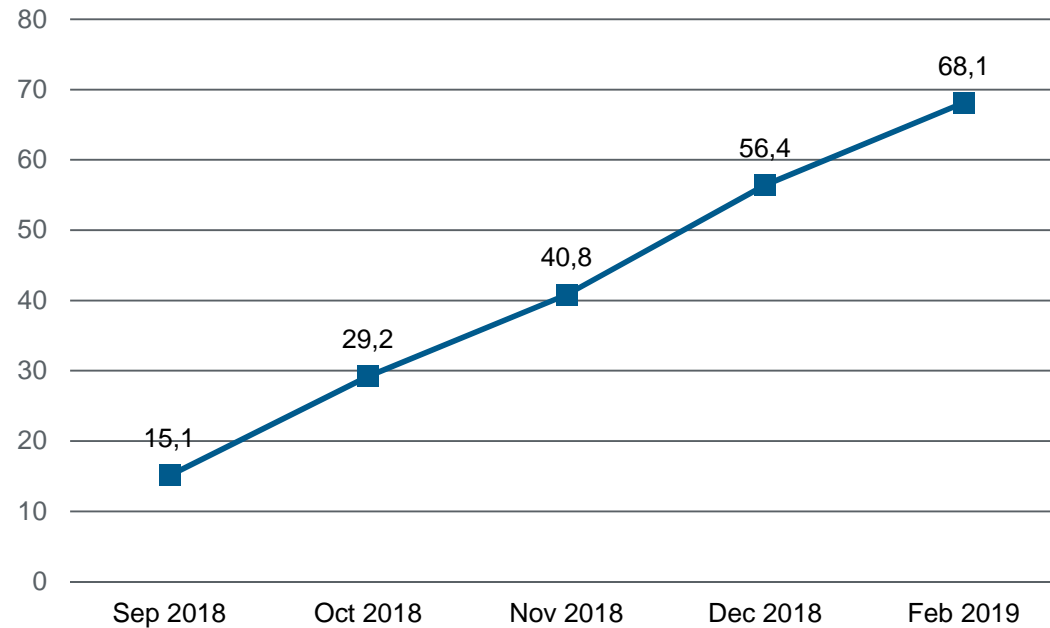
- ERP Digitalisation and Innovation Loan creates impetus for innovative SMEs
- KfW Capital successfully founded and launched
- Strong start-up financing and launch of start-up platform
- High demand for new Baukindergeld help-to-buy scheme

¹ Realignment of domestic business in 2018, retroactively calculated back to 2016 and 2017

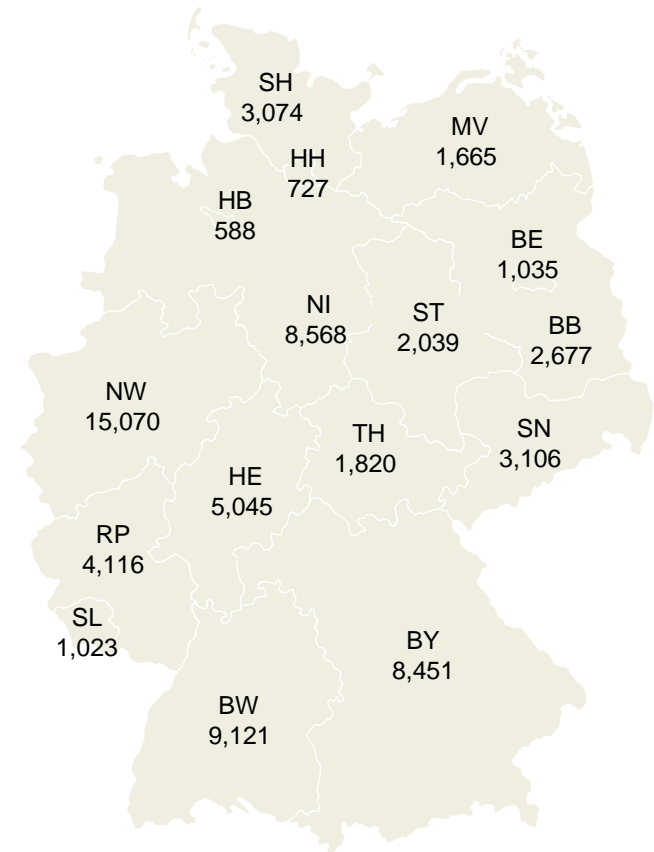
»» Baukindergeld – successful start for help-to-buy scheme

High demand for funding which helps families acquire residential property they live in – 56,000 families with around 100,000 children benefit already in 2018

Number of committed Baukindergeld grants (cumulative, in thousands)



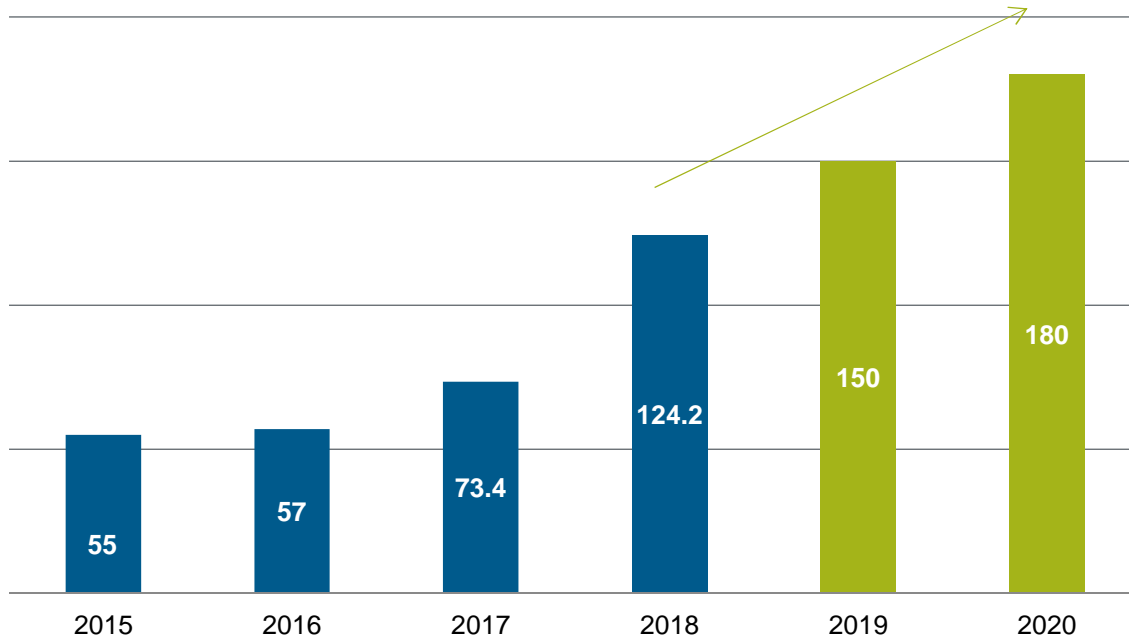
Current breakdown by federal state



»» KfW Capital: successfully launched in October

After four months: first investment commitments, full pipeline

Commitment volume “ERP-VC fund investment”
(since the programme started + outlook, EUR in millions)



With support from the ERP Special Fund; all amounts without HTGF I,II,III and coparion

2018 highlights

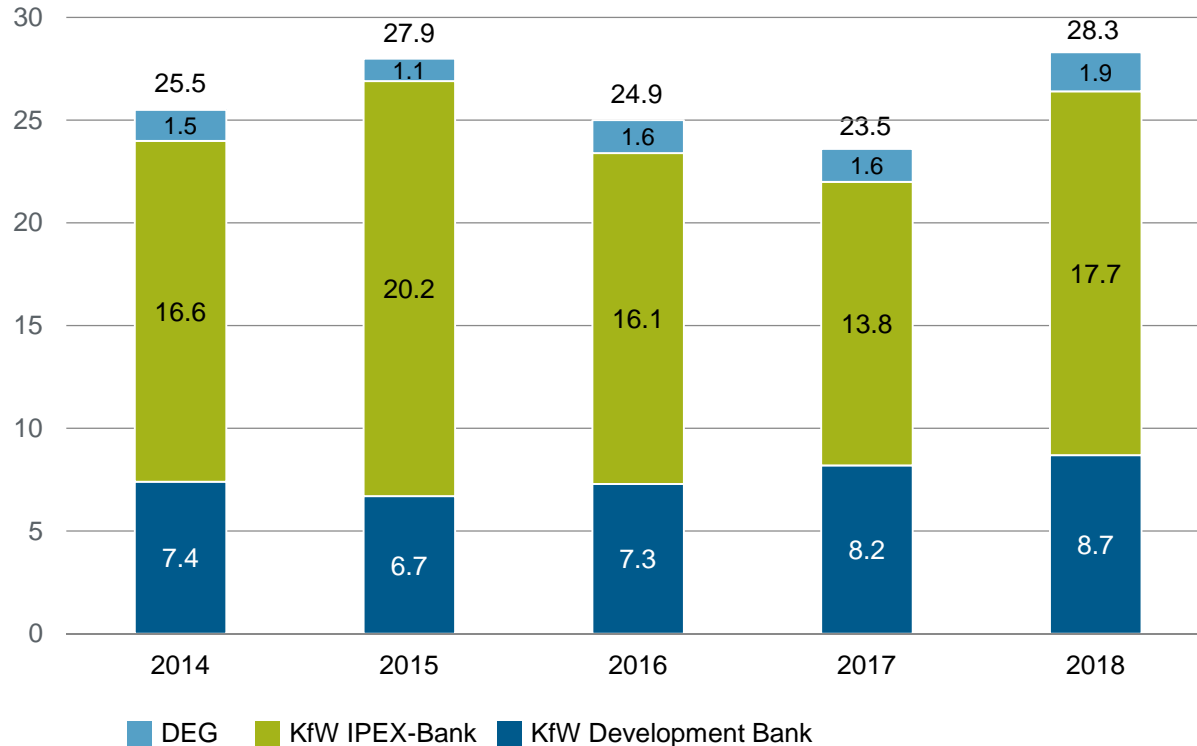
New subsidiary as a sustainable investor on the market

- EUR 2 billion in the next ten years
- Better access to capital for innovative technology companies in Germany
- Acquisition of more private investors for VC finance

Business activities of KfW Group in 2018

29% more commitments in export and project financing

International business (EUR in billions)



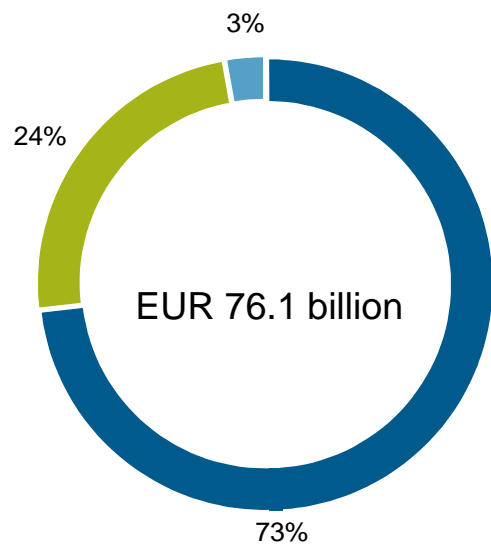
Highlights

- KfW IPEX-Bank frequently finances in consortia in a highly competitive market environment – with a focus on energy and the environment
- FC: historically highest commitments, particularly for North Africa and the Middle East
- DEG committed a record volume for investments of private enterprises in developing countries and emerging economies

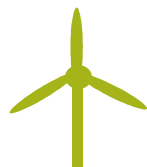
Capital market activities

Good year – both in refinancing as well as in asset management

Funds raised via international capital markets in 2018



- Benchmark bonds
- Other public bonds
- Private placements



4 Green Bonds
EUR 1.6 billion volume



At 61%
largest non-governmental issuer on the euro market



Approx. EUR 80 billion
Fund raising via int. capital markets planned for 2019

Investments by KfW

ABS portfolio

EUR 1.1 billion new investments in SME securitisations

Green bond portfolio

EUR 365 million in new investments

Regulation

2018: the year of regulation – key milestones reached



2018

- Establishment of the “Regulatory Roadmap” as a central steering instrument for regulatory issues
- Implementation of findings from section 44 of the German Banking Act (KWG) inspections, in particular with regard to IT, IR and OpRisk inspections



Outlook

- 2019: Focus on reporting
- Preparation for follow-up inspections
- Implementation of banking supervisory requirements for IT (BAIT)

»»» Promotion review & sustainability review

Conclusion 2018: successful and effective promotional year

SME quota
41%

Commitments of EUR 75.5 billion

Environmental quota
40%

Top sustainability ratings

Energy-efficient construction and refurbishment

Support for around **365,000 energy-efficient housing units**

Education

Funding for 93,000 students and people in vocational training and further education

Sustainable capital market activities

- Top marks for PRI assessment 2018
- Significant supporter of the green bond market

Sustainability in operations

- Sustainability organisationally integrated into the corporate strategy
- Sustainability rating now included in strategic targets

FC projects related to refugees

Food supplies, job creation etc.: **EUR 1.1 billion** for 12 million people

Infrastructure

2,130 commitments to municipalities and municipal enterprises for public infrastructure

Equality

- Percentage of women in management positions at KfW: 33%
- Ratio of part-time employees around 27%

Sustainability and financing

- New sustainability statement
- Analysis of additional steering options for stronger SDG & climate relevance

»»» Agenda 2019: three major issues

KfW is taking on responsibility

Sustainability

We are turning KfW into the sustainable bank of the future – because we want to play a pioneering role

Digitalisation

We are supporting and shaping the digital structural transformation - at the same time, KfW reinvents itself as a digital promotional bank

Africa

We are promoting stable development and partnerships – because the continent of Africa needs prospects

Alignment of KfW with sustainability principles

Special responsibility to lead by example

Our starting point: 40% of KfW's new commitments already contribute to environmental and climate protection

Our goal

KfW:
Sustainable bank of the future

Our work programme

Step 1: New sustainability mission statement with reference to Paris climate targets and UN Sustainable Development Goals (SDGs)



Step 2: Prototype for group-wide mapping of commitments to SDGs



Step 3: Development of additional steering options for the business



Step 4: Inclusion of ESG and climate risks in risk management.



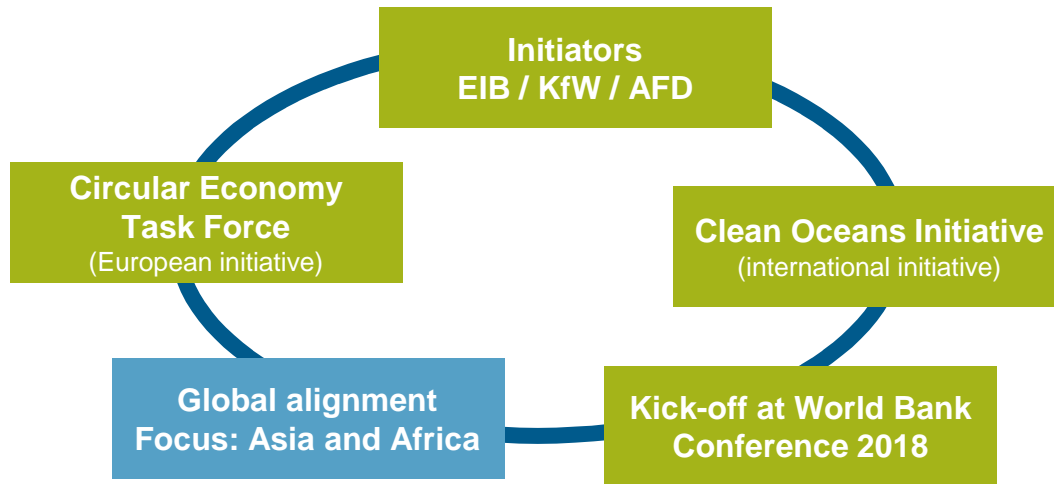
Step 5: Stronger dialogue with stakeholders



»» Clean Oceans Initiative

KfW, EIB and Agence Française de Développement join forces

- Goal: to promote resource-efficient business practices and reduce marine litter (plastic pollution)
- Planned commitments until 2023: EUR 2.0 billion
- Currently EUR 148 million in KfW commitments



»»» Digitalisation @KfW is a process – we think a step ahead when it comes to promotion

Meeting customer requirements for digital funding channels and funding instruments

We are reinventing ourselves as a digital promotional bank

We are promoting the digital structural transformation

Expertise

Technology

New funding approaches and programmes

»»» 2018: EUR 4 billion in new commitments for Africa – EUR 18 billion portfolio

Support for Africa continues to increase – growing importance in international business

■ Promotion of stable development and partnership

Challenges and opportunities:

- Population to double by 2050
- Investment gap estimated to be USD 3.3 trillion by 2040
- Development of good governance
- Poverty alleviation
- High potential for economic development
- Growing middle class with purchasing power

**2018 commitments
FC: EUR 2.9 billion**

Overall portfolio:
EUR 14 billion

**2018 commitments
KfW IPEX-Bank:
EUR 600 million**

Overall portfolio:
EUR 2 billion

**2018 commitments
DEG: EUR 438 million**

Overall portfolio:
EUR 2 billion

»» 2019: Further expansion of commitment in Africa

FC: Continuation of broad support for the German Federal Government's Africa initiatives

- Compact with Africa
- Reform partnerships
- Special initiative for training and employment

Support of the German and European economy even in countries with difficult banking conditions

- Funding for German and European small and medium-sized enterprises and their African partners
- Specific programmes for German and African companies
- Competent structuring of financing, e.g. through the use of cover instruments from state and private credit insurance companies

>>> Challenges

Growth prospects in Germany and worldwide are sluggish



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»»» Thank you
for listening