Start of the year press conference

Frankfurt am Main
28 January 2020
2019 – a successful year for promotion
Reporting on the promotional result and impact

Start of the year press conference
28 January 2020

Promotional result and impact

Press conference on annual results
04 February 2020

Business review
Business activities of KfW Group in 2019
Successful promotion year – promotional business volume grew to EUR 77.3 billion

Total business¹ (EUR in billions)

- Support for German export industry increases to EUR 22.1 billion
- Promotion of developing countries and emerging economies once again at record level
- Domestic promotional business builds up the priority funding areas with future relevance: venture capital for young companies, energy efficiency, climate action and housing construction

¹ 2019: adjusted by EUR 175 million for commitments in export and project finance with funding from KfW programme loans
Promotion of the Germany economy
Focus on key future issues - Course set for promotion in ongoing low-interest environment

Domestic business\(^1\) (EUR in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mittelstandsbank (SME Bank)</th>
<th>Private customers</th>
<th>Municipal and social infrastructure</th>
<th>Individual financing of banks/companies</th>
<th>KfW Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>47.6</td>
<td>19.5</td>
<td>16.9</td>
<td>4.0</td>
<td>0.1</td>
</tr>
<tr>
<td>2015</td>
<td>50.5</td>
<td>19.6</td>
<td>19.0</td>
<td>5.0</td>
<td>0.2</td>
</tr>
<tr>
<td>2016</td>
<td>55.1</td>
<td>20.6</td>
<td>23.1</td>
<td>4.1</td>
<td>3.9</td>
</tr>
<tr>
<td>2017</td>
<td>51.8</td>
<td>21.3</td>
<td>21.1</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>2018</td>
<td>46.0</td>
<td>17.2</td>
<td>19.1</td>
<td>6.0</td>
<td>3.4</td>
</tr>
<tr>
<td>2019</td>
<td>43.4</td>
<td>15.3</td>
<td>20.6</td>
<td>0.2</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Highlights

- Promotion of housing construction with high commitments
- Strong KfW Entrepreneur Loan for investments of SMEs, growth in Renewable Energies Programme
- Higher demand for financing for municipal and social infrastructure
- Venture capital finance set for growth
Baukindergeld: demand still high – 185,000 applications
Funding reaches target group – 62% of households with income < EUR 40,000

Number of committed Baukindergeld grants (cumulative, in thousands)

<table>
<thead>
<tr>
<th>Date</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/2018</td>
<td>15.1</td>
</tr>
<tr>
<td>12/2018</td>
<td>56.4</td>
</tr>
<tr>
<td>12/2019</td>
<td>185</td>
</tr>
</tbody>
</table>

Current breakdown by federal state

- NW: 15,070
- NI: 22,512
- HB: 1,483
- HH: 1,936
- SH: 7,849
- MV: 4,479
- BE: 2,833
- BB: 7,668
- SN: 8,706
- ST: 5,567
- TH: 4,933
- HE: 13,236
- RP: 11,099
- SL: 2,597
- BW: 24,875
- BY: 25,271

60% of applications from urban areas
The promotional loan in an environment of low interest rates

12/2019
Global loans Leasing and general funding of promotional institutions of the federal states

02/2020
- ERP Digitalisation and Innovation Loan
- Investment loan for municipal and social enterprises

03/2020
KfW climate action campaign for SMEs

04/2020
Direct municipal loans

10/2020
Technical provision in KfW systems for loans in on-lending business

Interim solution: grant for loans in on-lending business

Implementation of negative funding rate
Venture capital in large European industrial countries
Investments in Germany below EU average

Ratio venture capital investments/GDP
(Figures for 2018, by headquarters of portfolio companies)

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio venture capital investments/GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>0.088 %</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.077 %</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.075 %</td>
</tr>
<tr>
<td>France</td>
<td>0.064 %</td>
</tr>
<tr>
<td>EU</td>
<td>0.051 %</td>
</tr>
<tr>
<td>Germany</td>
<td>0.043 %</td>
</tr>
<tr>
<td>Spain</td>
<td>0.042 %</td>
</tr>
<tr>
<td>Italy</td>
<td>0.009 %</td>
</tr>
</tbody>
</table>

Source: Invest Europe

Start of the year press conference / KfW/ Frankfurt am Main/ 28 January 2020
KfW Capital: more venture capital for young technology companies
2019: investment targets achieved, more planned expansion

Cumulative commitment volume ERP Venture Capital Fund Investments (EUR in millions)

- 1 year of KfW Capital proves: decision of the Federal Government was right
- Very high demand for VC investments in Germany
- 2019: 10 ERP VC fund investments with a volume of EUR 155 million
- Highly diversified overall portfolio: 34 VC funds
- 800 financed companies
- Further expansion: EUR 2 billion in 10 years
- Umbrella fund for growth capital

With support of the ERP Special Fund; all totals without HTGF I, II, III and coparion
Promotion of the German and European economy
KfW IPEX-Bank: 25% more commitments in export and project finance

Export and project finance (EUR in billions)

Highlights

- Support for the German and European economy in international competition is being expanded
- Volume of new commitments at record level; high share of bank refinancing under CIRR programmes
- Product and structuring expertise in high demand
- Two thirds of financings in syndicates, increasingly also as arranger and structurer of large financing transactions
- Priority area in energy and environment, climate commitment expanded
Promotion of developing countries and emerging economies

Development Bank: record figure of the previous year slightly exceeded, DEG: commitments stable at a high level

Development cooperation (EUR in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>KfW Development Bank</th>
<th>DEG</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>8.9</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>7.8</td>
<td>1.1</td>
</tr>
<tr>
<td>2016</td>
<td>8.9</td>
<td>1.6</td>
</tr>
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<tr>
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<td>10.6</td>
<td>1.9</td>
</tr>
<tr>
<td>2019</td>
<td>10.6</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Highlights

- Commitments in development finance at EUR 8.8 billion remain at record level
- 60% for projects in climate action and environmental protection
- DEG: at EUR 1.8 billion, commitments for private-sector investments in developing countries and emerging economies stay at the high level of the previous year
- EUR 1.1 billion of this total for SMEs
- Difficult market environment for exits
Capital market activities
Largest issuer in its peer group – record volume of EUR 80.6 billion

Funds raised via int. capital markets in 2019

- **Focus on green bonds**
  - Issue volume increased to EUR 8.1 billion

- **Top 3 currencies**
  - EUR 52%, USD 26%
  - GBP 13% at record high

- **EUR 75 billion**
  - Already more than 18% of planned volume reached

Promotional activities

- **Green bond portfolio**
  - EUR 325 million in new investments

- **ABS portfolio**
  - EUR 1.1 billion investments in SME securitisations
Promotion review
KfW financing with high promotional impact on climate protection, SMEs and strengthening Germany as a business location

- **Climate and Environmental Protection**
  - 38% Environmental Ratio:
    - The proportion of financings dedicated to climate and environmental protection is 38%.

- **Energy-Efficient Construction and Refurbishment**
  - 370,000 Energy-Efficient Housing Units:
    - Around 370,000 energy-efficient housing units constructed or refurbished.

- **SME Promotion**
  - 40%:
    - 40% of all financings benefit the SME sector.

- **Start-ups and SMEs**
  - 37,000 Start-ups and SMEs:
    - Direct support for around 37,000 start-ups and SMEs.

- **Education**
  - 83,000 People:
    - Promotion of studies or vocational and further training of 83,000 people in Germany.

- **Development Cooperation**
  - 8 Mt of CO₂e Savings per year:
    - Financements in developing countries and emerging economies reduced carbon emissions by 8 million tons per year.
DIGITALISATION
We shape and support the digital transformation – at the same time, KfW reinvents itself as a digital promotional bank.

SUSTAINABILITY
We are transforming KfW into the ‘sustainable bank of the future’ – because we want to play a pioneering role.

AFRICA
We are promoting stable development and partnerships – because Africa needs prospects.
Climate Action Programme 2030:
“KfW is being developed into a sustainable promotional bank to support the transformation of economy sectors and of the financial market for a GHG-neutral future.“

- Energy sector
- Buildings
- Transport
- Industry
Roadmap Sustainable Finance
Focus on social, ecological and economic aspects

2019

Formulation of a new sustainability mission statement and adoption of an exclusion list

Mapping of KfW's commitments to the 17 SDGs

Climate Action Programme 2030

2020

Concept for managing KfW Group according to sustainability criteria

Start of the year press conference / KfW Frankfurt am Main / 28 January 2020
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 reinvent ourselves as
DIGITAL PROMOTIONAL BANK

We promote the
DIGITAL TRANSFORMATION

Competences  Technologies  Promotional approaches and programmes
Start-up platform successfully established as place-to-go for entrepreneurs

Initiative of BMWI and KfW doubles access figures

- 80,000 visitors per month, + 100% compared to January 2019
- 80,000 registered users since launch
- 500 registered partners (banks, Chambers of Industry and Commerce, LFI, business development, etc.)
- 4 of 5 stars Ø evaluation of platform and partners
Improving digital education for children in Germany
KfW initiative: first TUMO learning centre in Berlin

TUMO Center for Creative Technologies
– KfW brings innovative educational learning concept from Armenia to Germany
– Free and nationwide
– Pupils learn programming, animation, robotics and more after school
– Franchise agreement with TUMO signed on 21 January
– KfW is financing equipment and rental cost for the next five years
– Intended as a role model
Commitments in Africa: current portfolio of around EUR 23 billion

FC, DEG and KfW IPEX-Bank have been active in Africa with great commitment for a long time already

- Broad support of the Federal Government’s initiatives for Africa
- Support of the German and European economy even in countries with difficult banking conditions
- KfW Development Bank: 43% of all new commitments for Africa: EUR 2.9bn
- DEG: new commitments for Africa of EUR 322 million
- KfW IPEX-Bank: new commitments for Africa of EUR 432 million
Four new financing products for Africa
Promoting economic development on the rapidly growing continent

<table>
<thead>
<tr>
<th>KfW Development Bank: Africa Grow</th>
</tr>
</thead>
<tbody>
<tr>
<td>– New umbrella fund since November 2019 with fund manager Allianz Global Investors</td>
</tr>
<tr>
<td>– Financing for African private equity and venture capital funds</td>
</tr>
<tr>
<td>– Goal: to finance 150 innovative SMEs and start-ups in reform-oriented African countries by 2030</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KfW Development Bank: ecobusiness Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Established in 2014 as a fund for “green loans” in Latin America; by now loans totalling EUR 500 million</td>
</tr>
<tr>
<td>– Expanded to Africa as a model of success: EUR 18 million</td>
</tr>
<tr>
<td>– Goal: to support companies that replace conventional production methods by sustainable approaches or already operate sustainably</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DEG: Africa Connect</th>
</tr>
</thead>
<tbody>
<tr>
<td>– New product since summer 2019 for investments of European companies in Africa</td>
</tr>
<tr>
<td>– Already more than 100 enquiries, 20 of which were followed up as promising</td>
</tr>
<tr>
<td>– Goal: to support European companies with long-term interests in Africa that create positive added value at local level</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KfW IPEX-Bank:</th>
</tr>
</thead>
<tbody>
<tr>
<td>– New loan programme to promote high-volume German exports to Africa from 2020</td>
</tr>
<tr>
<td>– Through all credit institutes that also have access to Hermes cover</td>
</tr>
<tr>
<td>– KfW contributes many years of experience as mandatory of the Federal Republic of Germany (BMWi)</td>
</tr>
<tr>
<td>– Goal: to foster economic cooperation with Africa</td>
</tr>
</tbody>
</table>
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Nanna Heitmann/ MAGNUM PHOTOS

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Thank you for listening