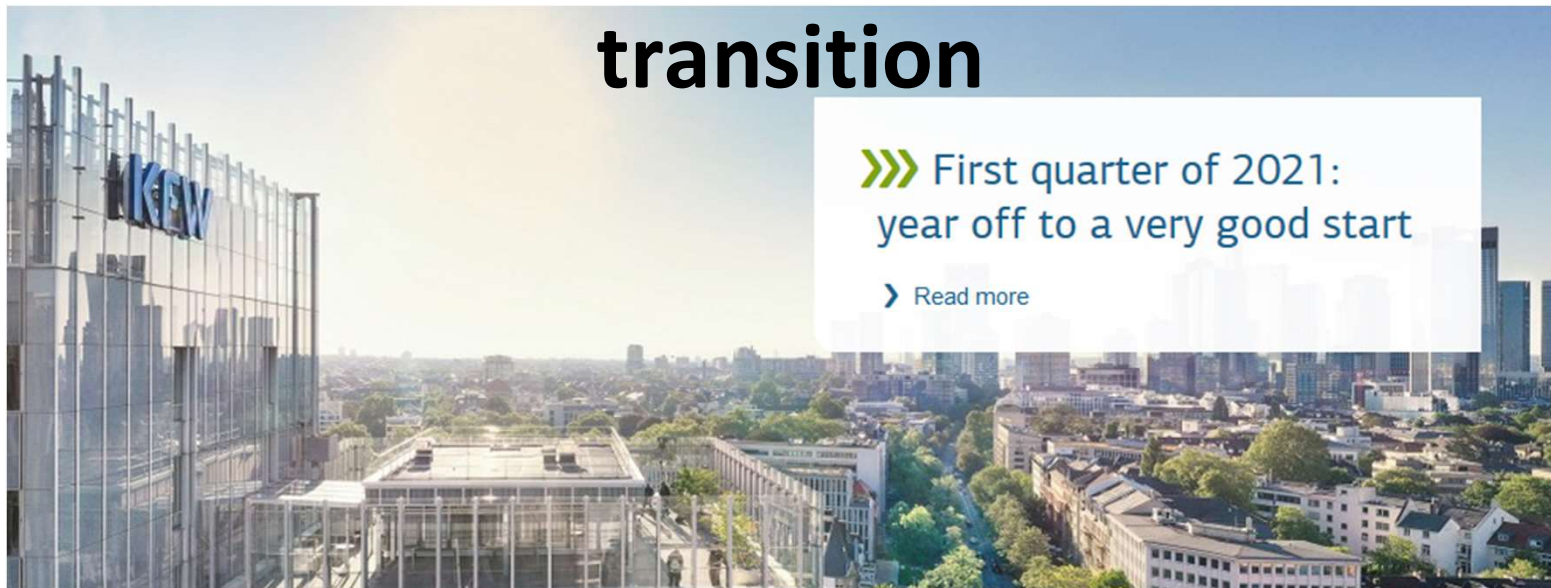


The KfW, a major actor for development and the ecological transition



Christoph Scherrer, Kassel University
Public financial intermediaries, actors of the ecological transition
Webinar - June 18 - 9:30am to 12pm

KfW in figures

135.3 billion

EUR commitment volume in 2020
(2019: EUR 77.3 billion)



KfW received more than 100,000 applications for KfW coronavirus aid by January 2021 – 99% of which have already been completely processed.



KfW's contribution to SDG 8 doubled to approx. EUR 70 billion



Championing SDG 5 in-house:
34.9% of management positions at KfW are held by women (2019: 33.5%)



KfW is contributing over EUR 40 billion to the achievement of SDGs 7 and 13.

7,610

Employees working at KfW Group
at the end of 2020
(2019: 6,934)



For poverty alleviation and health: nearly 50% increase in contribution to SDG 1 and over 20% increase in contribution to SDG 3 in 2020

Germany's 5 biggest banks

	Balance 2019	Profits 2020
Deutsche Bank	1,350 billion	1,021 million
DZ Bank (Coop-central)	519 billion	1,455 million
KfW group	486 billion	600 million
Commerzbank	482 billion	Loss
Unicredit (HVB)	267 billion	1,072 million

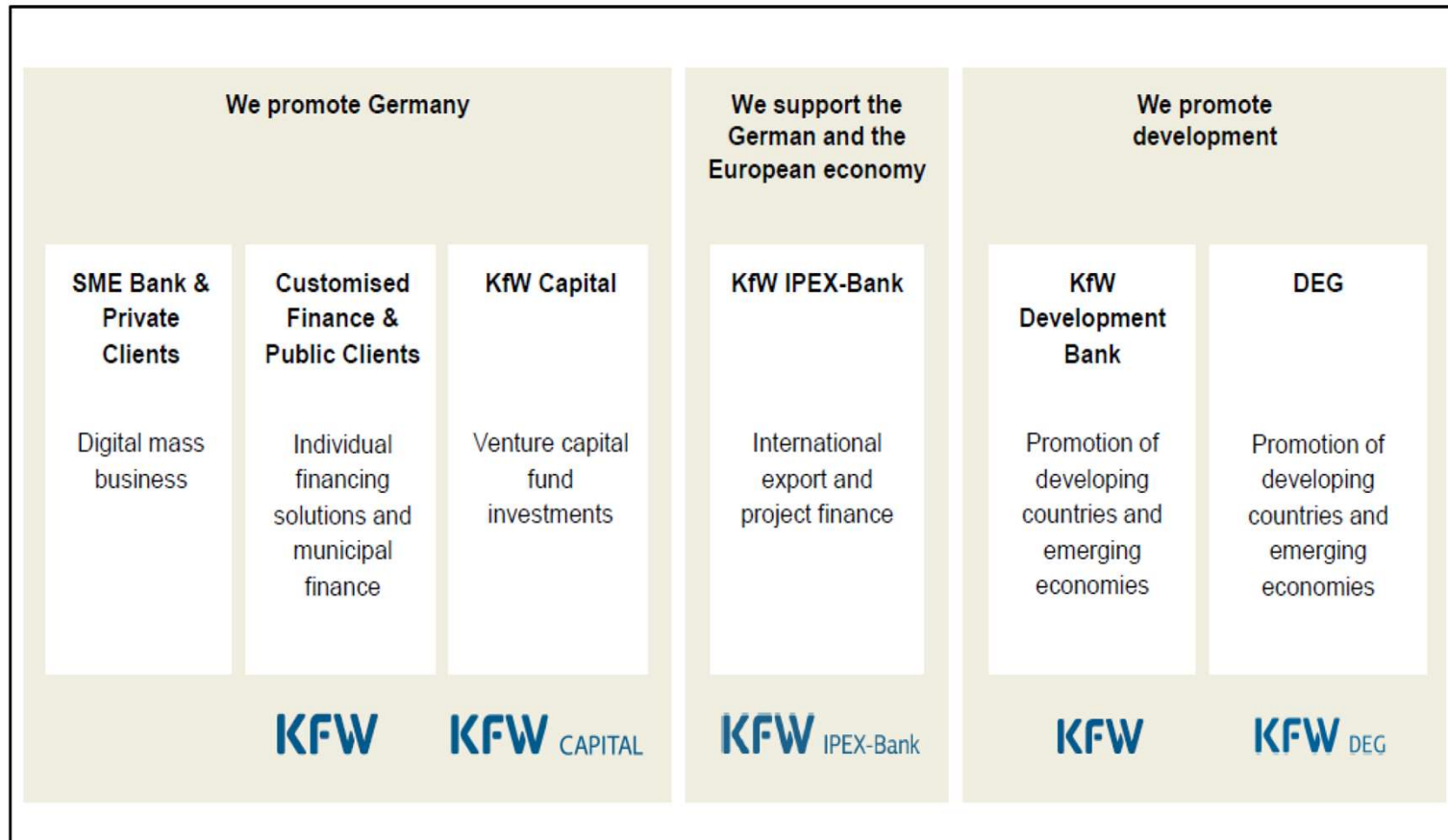
<https://www.mobilebanking.de/magazin/banken-ranking-die-groessten-banken-deutschlands.html>

<https://finanz-szene.de/banking/welche-deutsche-bank-macht-wie-viel-gewinn-das-ranking/>

Key corporate figures for KfW Group

	2016	2017	2018	2019	2020
Operating result after valuation (before promotional expense), EUR in millions	2,108	1,169	1,834	1,503	691

KfW Group

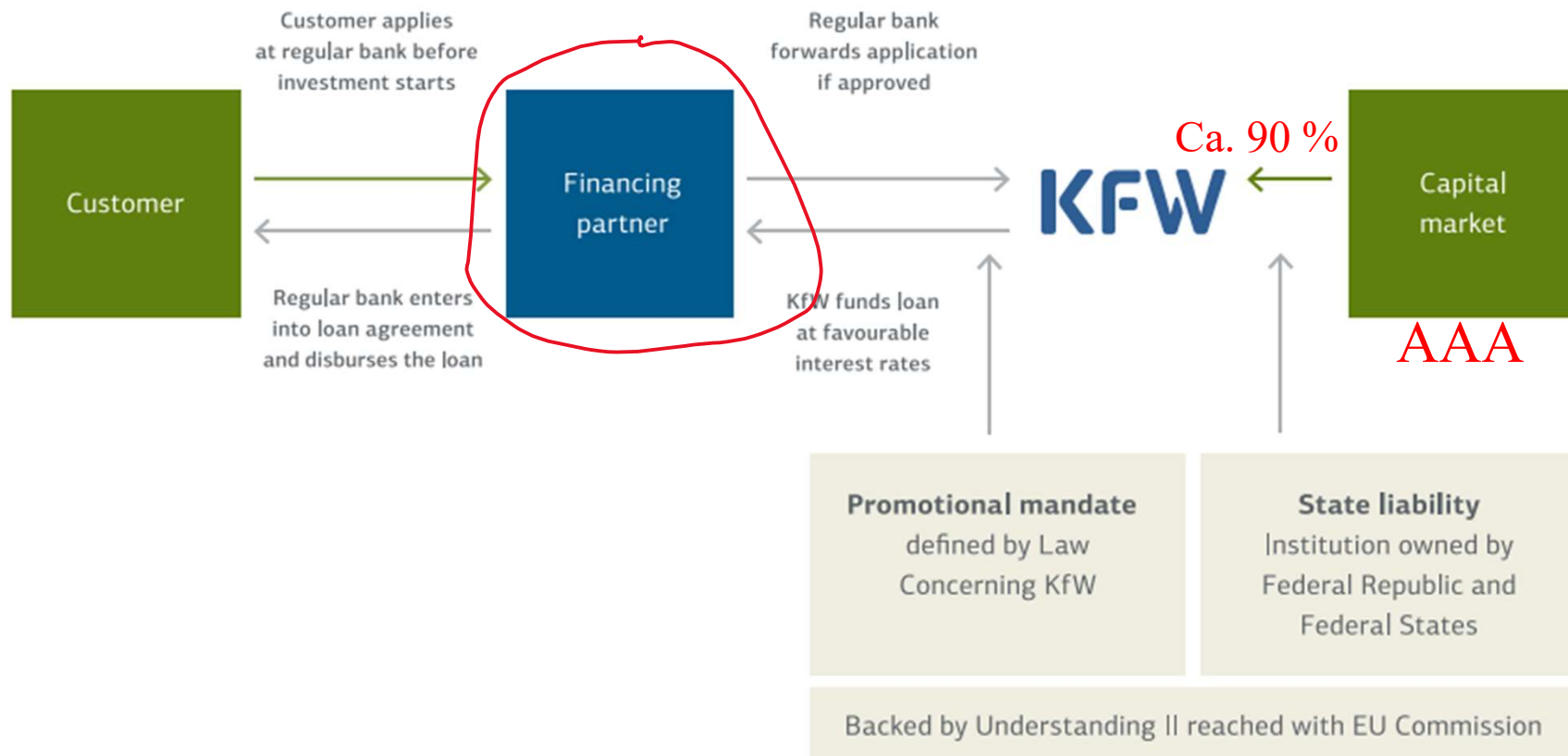


Source: KfW 2020.



KfW always goes through **intermediates**

Domestic promotional lending business at KfW



Strategic Objectives 2025

Sustainable promotion			
Primary goal			
Transformation of the economy and society with the aim of improving economic, ecological and social living conditions around the world			
Promotional principles			
Subsidiarity	Focus on financing German SMEs	Sustainability	
Promotional quality	Focus on megatrends	SDG contribution of KfW's financing activities	
Moderate development of new commitment volume in line with the growth of nominal GDP	Climate change and environment	Paris compatibility of KfW's financing activities	
	Globalisation	Top sustainability rankings	
	Social transformation		
	Digitalisation and innovation		
Secondary goals			
Profitability and efficiency	Risk and capital	Regulation, digitalisation and process efficiency	Customer and employee orientation
Consolidated profit	Total capital ratio regulatory requirements	Reduce regulatory findings	Customer satisfaction
Limit increases in administrative costs	Leverage ratio	Reduce capital add-ons	Brand awareness and brand profiling
	Economic coverage ratio	Digital projects in overall IT portfolio	Employer attractiveness
		Efficiently increase process quality	
Agile work as a prerequisite for goal achievement			

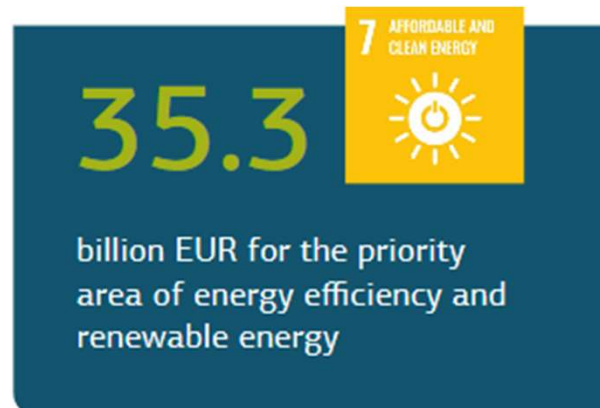
KfW climate and environment commitment

KfW Group commitment volume according to business sector and megatrend in 2020, EUR in billions¹

	Business sector: Domestic promotion			Business sector: Export and project finance	Business sector: Promotion of developing countries and emerging economies		Total commitment volume
	Business sector: SME Bank & Private Clients	Business sector: Customised Finance & Public Clients	Business sector: KfW Capital		KfW Development Bank	DEG	
Total commitments	86.3	19.2	0.9	16.6	11	1.4	135.3 ²
Including climate change and the environment (environment quota) ³	34.5 (40%)	1.8 (9%)	n.a.	2.9 (17%)	4.5 (41%)	0.5 (36%)	44.4 ⁴ (33%)
of which globalisation	n.a.	1.1	n.a.	13.2	n.a.	0.7	15.0
of which social change	12.9	1.6	n.a.	n.a.	n.a.	n.a.	14.5
of which digitalisation and innovation	0.8	0.7	0.9	0.5	0.05	0.2	3.2
of which non-trend- related promotional issues ⁵	38.0	14.0	n.a.	n.a.	6.5	n.a.	58.5 ⁶

History

KfW financed ca. 80% of wind energy plants (incl. co-finance)
40% of the total renewable energy development in Germany



Energy-efficient Construction and Refurbishment (EBS) programs, incl. use of energy consultants

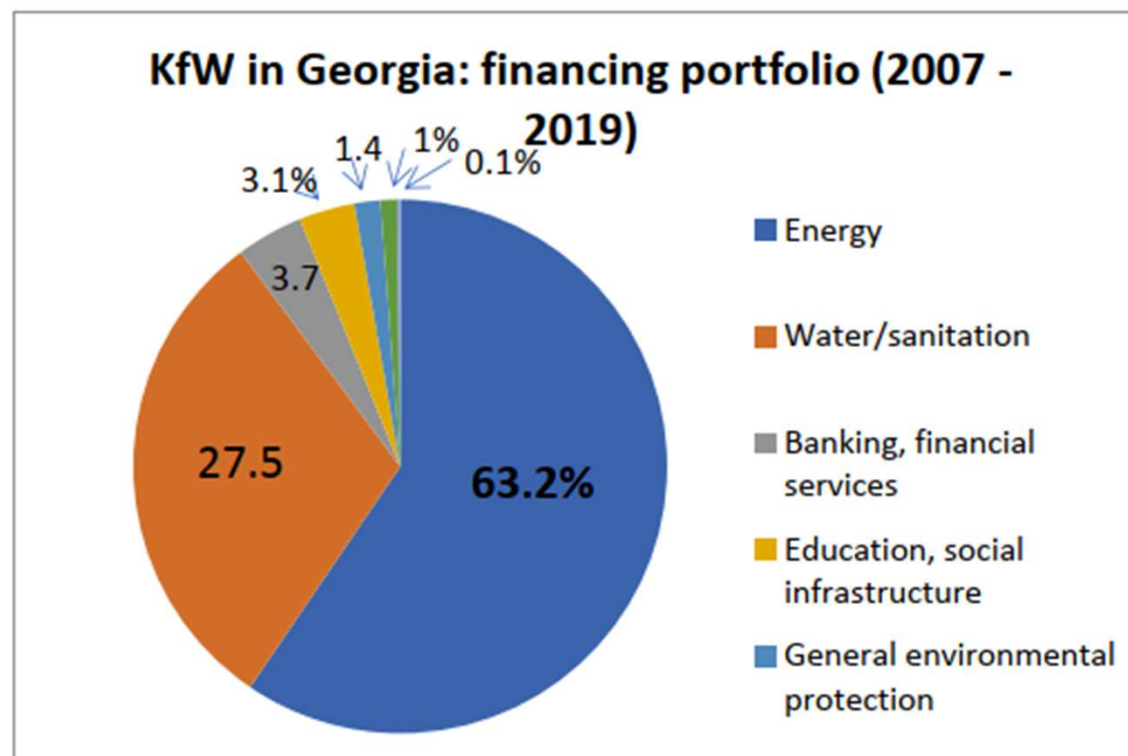
Energy-efficient Urban Rehabilitation program for **municipalities** (heating / water supply and wastewater disposal).

KK/IKU-EBS programs for construction of new energy-efficient **buildings** + refurbishments

KfW IPEX-Bank EUR 2.0 billion for Power & Environment businesses, mostly **wind** farms.

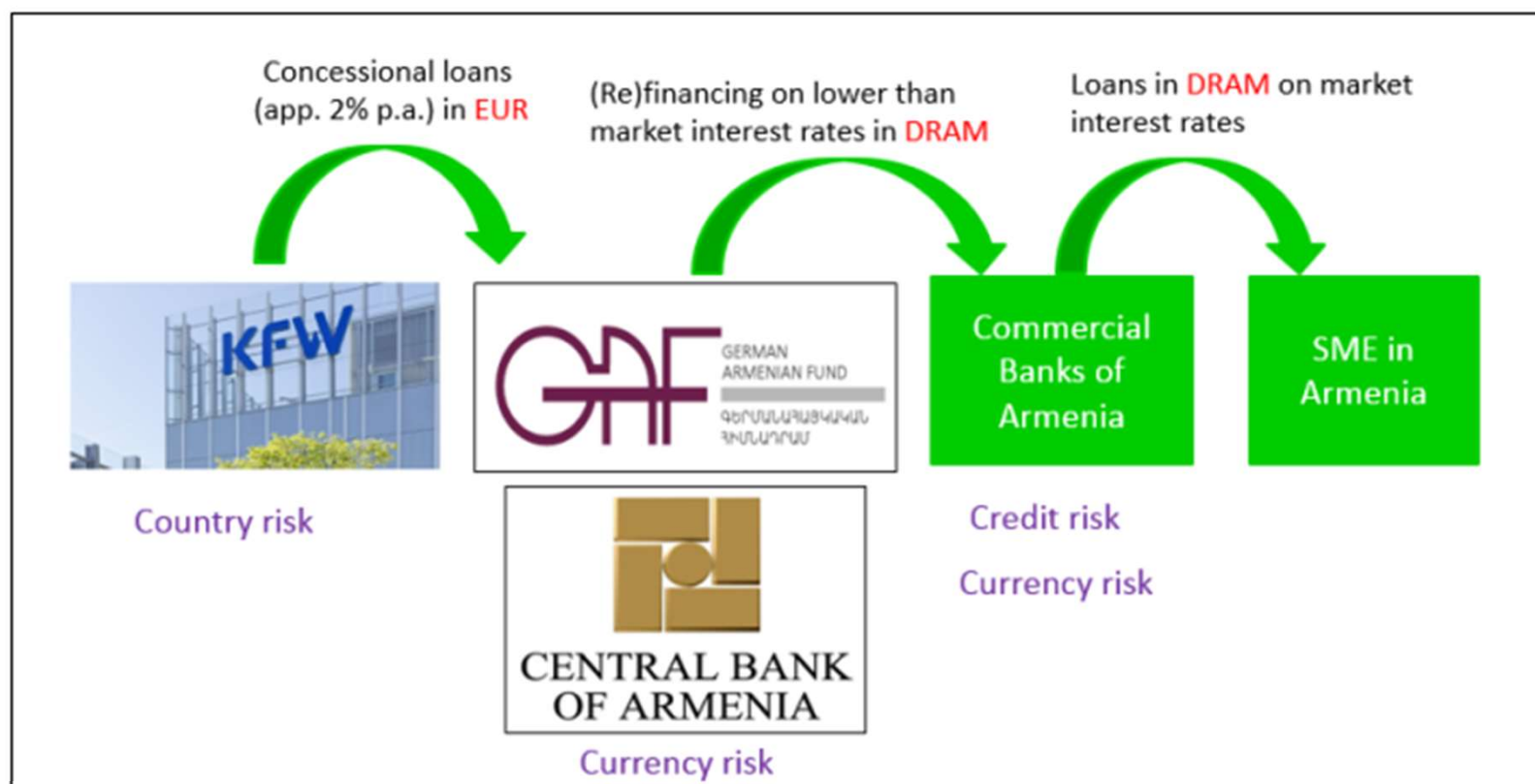
For **developing** countries 2020, EUR ca. 4 billion on behalf of Government

DEG financed renewable energy projects in Africa, Asia and Latin America EUR 507.7 million in 2020



Source: Tagieva 2020

The Standard Scheme of KfW Development Bank's Loans Allocation in Armenia



Source: Tagieva 2020

KfW's Green Bond portfolio

Signatory of:



- Since April 2015
- finance climate action and environmental protection measures through capital market
- contribute to the qualitative development of the green bond market
- pure fixed-income portfolio with a buy-and-hold approach
- target volume EUR 2 billion
- The minimum criteria
 - e.g., renewable energy, energy efficiency, environmentally friendly transport projects and biodiversity
 - process of project selection, funding delimitation, reporting and qualified verification by a third party

Secret of KfW's success

- **Political** support – federal and state level
 - party proportional representation
 - **Finance capital** support – going through banks (HJ Abs early promoter), not in competition like WestLB
 - **Civil** society support – Trade unions, farmers, SME, export industry, development NGOs
- = **strong backing** - government guarantees

Board of Supervisory Directors

Olaf Scholz
Federal Minister of Finance
Chair
(since 1 January 2021)
Deputy Chair
(1 January 2020 – 31 December 2020)

Peter Altmaier
Federal Minister for Economic Affairs
and Energy
Deputy Chair
(since 1 January 2021)
Chair
(1 January 2020 – 31 December 2020)

Doris Ahnen
Minister of State at the Ministry
of Finance of the State
of Rhineland-Palatinate
Member appointed by the
German Bundesrat

Sören Bartol
Member of the German Bundestag
Member appointed by the
German Bundesrat

Dr André Berghöffer
Member of the German Bundestag
Member appointed by the
German Bundestag
(since 1 January 2020)

Dr Holger Bingmann
Former President of the Federation
of German Wholesale, Foreign Trade
and Services (BGA)
Representative of trade

Volker Bouffier
Minister President
of the State of Hesse
Member appointed by the
German Bundesrat

Ingeborg Esser
Managing Director of the Federal
Association of German Housing and
Real Estate Companies (GdW)
Representative of the
housing industry
(since 1 January 2020)

Robert Feiger
Chair of the Federal Executive
Committee of the IG Bauen-Agrar-
Umwelt (IG Bau) trade union
Representative of the trade unions
(until 31 December 2020)
(since 6 January 2021)

Albert Füracker
State Minister at the Bavarian
State Ministry of Finance and for
Regional Identity
Member appointed by the
German Bundesrat
(since 1 January 2020)

Verena Göppert
Permanent Deputy of the Executive
Director of the Association of
German Cities
Representative of the municipalities

Olav Gutting
Member of the German Bundestag
Member appointed by the
German Bundestag

Dr Louis Hagen
Chief Executive Officer
of Münchener Hypothekbank eG
Representative of the mortgage banks

Reinhold Hilbers
Minister of Finance
of the State of Lower Saxony
Member appointed by the
German Bundesrat

Reiner Hoffmann
Chair of the Confederation of
German Trade Unions (DGB)
Representative of the trade unions
(until 31 December 2020)
(since 6 January 2021)

Gerhard Hofmann
Member of the Board of Managing
Directors of the National Association
of German Cooperative Banks (BVR)
Representative of the cooperative banks

Dr Bruno Hollnagel
Member of the German Bundestag
Member appointed by the
German Bundestag

Johannes Kahrs
Former member of the German Bundestag
Member appointed by the
German Bundestag
(since 1 January 2020)

Alois Karl
Member of the German Bundestag
Member appointed by the
German Bundestag
(since 1 January 2020)

Julia Klöckner
Federal Minister of Food
and Agriculture

Andrea Kocsis
Deputy Chair of ver.di – United Services
Trade Union
Representative of the trade unions

Stefan Körzell
Member of the Federal Executive
Board of the Confederation of
German Trade Unions (DGB)
Representative of the trade unions
(until 31 December 2020)
(since 6 January 2021)

Dr Joachim Lang
Director General of the Federation
of German Industries (BDI)
Representative of industry
(until 31 December 2020)
(since 6 January 2021)

Heiko Maas
Federal Minister for Foreign Affairs

Dr Gerd Müller
Federal Minister for Economic
Cooperation and Development

Rainer Neske
Chair of the Board of Managing
Directors of Landesbank
Baden-Württemberg (LBBW)
Representative of industrial credit

Dr Hans-Walter Peters
President of the Association
of German Banks (BdB)
Representative of the
commercial banks
(until 31 December 2020)
(since 6 January 2021)

Prof. Dr Johannes-Jörg Riegler
Former President of the Association
of German Public Banks (VöB)
Representative of industrial credit
(until 31 December 2020)

Joachim Rukwied
President of the German Farmers'
Association (DBV)
Representative of agriculture

Andreas Scheuer
Federal Minister of Transport
and Digital Infrastructure

Helmut Schieweis
President of the German Savings
Banks Association (DSGV)
Representative of the savings banks
(until 31 December 2020)
(since 6 January 2021)

Svenja Schulze
Federal Minister for the Environment,
Nature Conservation and
Nuclear Safety

Holger Schwannecke
Secretary General of the German
Confederation of Skilled Crafts (ZdH)
Representative of the skilled crafts

Edith Sitzmann
Minister of Finance
of the State of Baden-Württemberg
Member appointed by the
German Bundesrat

Peter Strobel
Minister of Finance and European
Affairs of the State of Saarland
Member appointed by the
German Bundesrat

Heike Taubert
Minister of Finance
of the State of Thuringia
Member appointed by the
German Bundesrat

Michael Theurer
Member of the German Bundestag
Member appointed by the
German Bundestag
(since 1 April 2020)

Dr Florian Toncar
Member of the German Bundestag
Member appointed by the
German Bundestag
(until 31 March 2020)

Dr Martin Wansleben
Chief Executive of the Association
of German Chambers of Commerce
and Industry (DIHK)
Representative of industry

Secret of KfW's success: Financing Renewable Energy

- In line with EU Law, because one of the sectors covered in the General Block Exemption Regulations.
- Support for German industrial profile – machine tools
- AAA rating allows for
 - circumventing 3% deficit-to-GDP ratio
 - sufficient to cross-subsidize its preferential loans without direct government support

Any Reason for Critique?

- Close to finance, new CEO comes from Citi
 - Previous CEO 813,000 euros plus 291,000 euros in pension (2019)
- KfW Entwicklung + DEG + IPEX – supportive of EU – German interests
- Esp. DEG promotes German export business
- Participates in casino capitalism
 - IKB ABS desaster
 - IPEX – Wirecard – 100 million lost
 - BaFin criticized problems in IT and internal auditing additional

Slow Progress: Still Engaged in High Environmental and Social Risks

Project categorisation of potential environmental and social risks of newly committed financing in 2020

	Risk category A (high)	Risk category B (medium)	Risk category C (low)
KfW IPEX-Bank	18	41	196
KfW Development Bank	17	209¹	58
Non-financial sector	10	172	50
Financial sector	7	37	8
DEG	26	48	10
Non-financial sector	10	23 ²	0
Financial intermediaries	16	25	10

Some references

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- <https://finanz-szene.de/banking/neuer-favorit-im-poker-um-die-kfw-spitze-stefan-wintels/>
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