



»» Green Financing – Supporting the Transition to Climate Neutrality

Ferry Shipping Summit Amsterdam, September 23, 2021
Tanja Georg, Vice President Maritime Industries

Bank aus Verantwortung

KFW IPEX-Bank

»»» Agenda

1.

KfW IPEX-Bank

2.

European Economy – Overcoming the Crisis

3.

Transition to Climate Neutrality

4.

Green Financing



Top Rating

- **AA+** (S&P) / **Aa2** (Moody's)



Strong Shareholder

- 100% subsidiary of the state-owned promotional bank KfW
- Rating: **AAA** (S&P) / **Aaa** (Moody's)
- **“World's safest bank”**: KfW tops the 2019 ranking of the World's 50 Safest Banks for the 8th consecutive year



EUR 67.5bn *

- Outstanding commitments with a focus on medium to long-term lending



800+

- Committed and **industry-specialized** employees
- Located in Frankfurt and regional representative offices around the globe



Sector Diversity

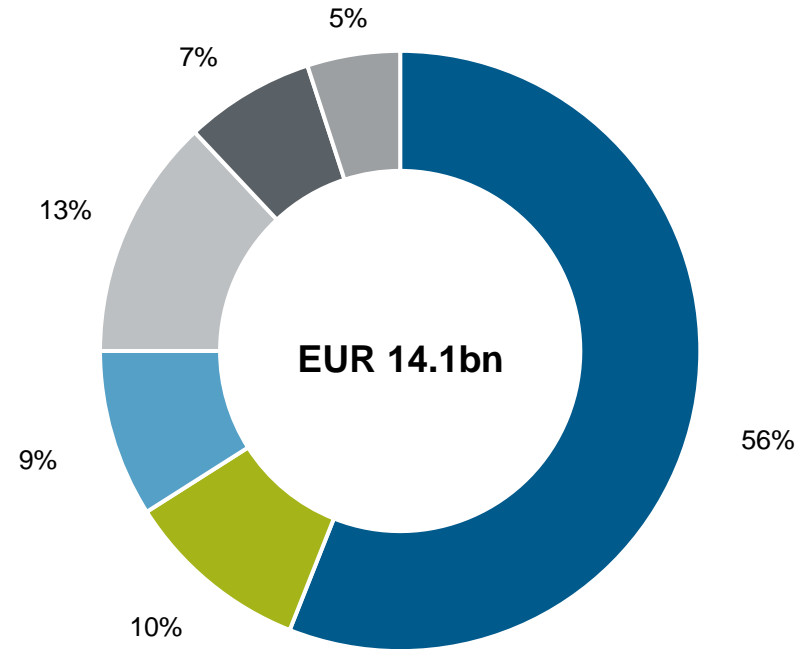
- Power, Renewables & Water
- **Maritime Industry**
- Aviation, Mobility & Transport
- Industries and Services
- Basic Industries
- Infrastructure
- Financial Institutions, Trade and Commodity Finance



Specialist Financier

- For **structured export, corporate and project financing** with a long-standing and stable business model

- Shipping portfolio of EUR 14.1bn across various shipping segments and vessel types
- Providing full range of financing solutions in maritime finance for projects with a **European link** (shipyard, equipment, ship owner, charterer)
- Arranging and underwriting mandates from about USD 30m to USD 1.5bn
- Supporting green shipping
- Active commitment to the maritime industry with a team of 40 dedicated ship finance experts in Frankfurt



- Tourism & Cruise
- Ferries
- Container
- LNG/LPG Tankers
- Others (i.e. Bulker, Maritime Energy)
- Product/Chemical/Crude Oil Tankers

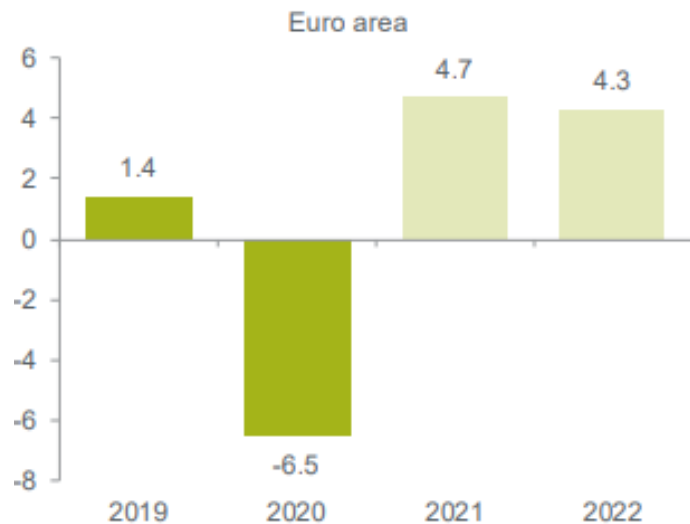
* As of 30 June 2021

Will we get on top of the pandemic?

Growth is approaching pre-crisis levels

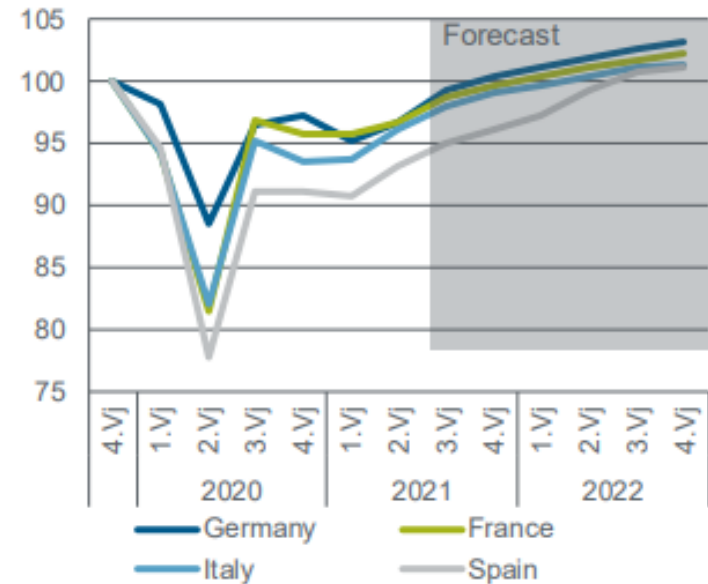
Growth of gross domestic product

Variation on previous year in per cent, adjusted for prices



GDP Development in the four large euro countries

Adjusted for price, seasonal and calendar variations



- + vaccination programme
- + relaxation of containment measures
- + lifting of travel restrictions

- Delta variant or other variants?
- Tempo of vaccinations?
- Persistent supply shortages?

Source: KfW Research

Measure to overcome the crisis

Who did what to help the industry?

Owners

- Equity injections
- Shareholder loans

Governments

- Short-time work schemes
- Tax deferrals
- Other regulatory relief
- Direct subsidies to maintain routes
- Strict rules on subsidies are suspended
- State backed loans (direct or bank loans covered by state guarantees via Development Banks or ECAs)

Employees

- Salary reductions
- Unpaid leave

Commercial Banks

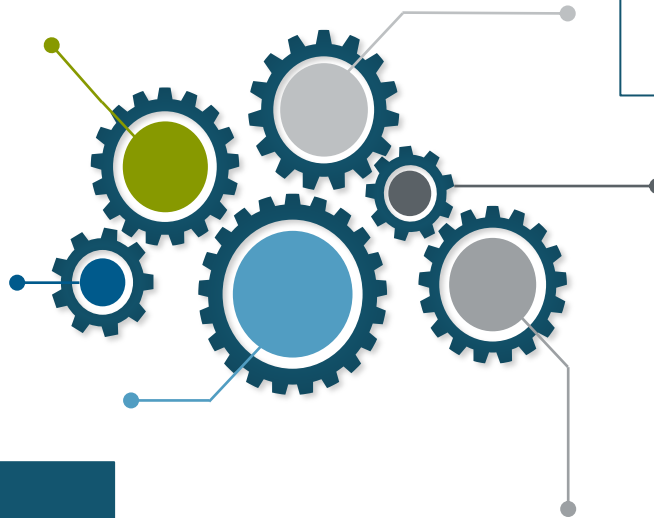
- Payment holidays
- Deferrals
- Additional liquidity lines (RCF, re-leveraging of asset based loans)

Suppliers incl. yards

- Accepting later payments
- Delay of CAPEX (vessel deliveries, dry dockings, retrofits)

Capital Markets

- New bond emissions



»»» Emerging stronger from the crisis

The Coronavirus as catalyst for sustainable transformation

The task now is to manage the transition from crisis assistance to support for the transformation towards resilient, digital and climate-neutral industries.

Areas of action for the transition are:

Strengthen Crisis Resilience

- Reliable government frameworks
- Well functioning financial system
- Strong equity position of corporates to enable future investment activity

Promote Climate-neutrality

- Investments in:
- efficient newbuildings
 - climate friendly retrofits
 - smart technologies
 - future propulsion
 - infrastructure for zero emission operations

Support Digitalisation

- Investments secure competitiveness:
- Digital sales and marketing channels
 - Automation
 - Smart technologies
 - Robotics, IoT

The financial sector plays a central role in the transformation process.

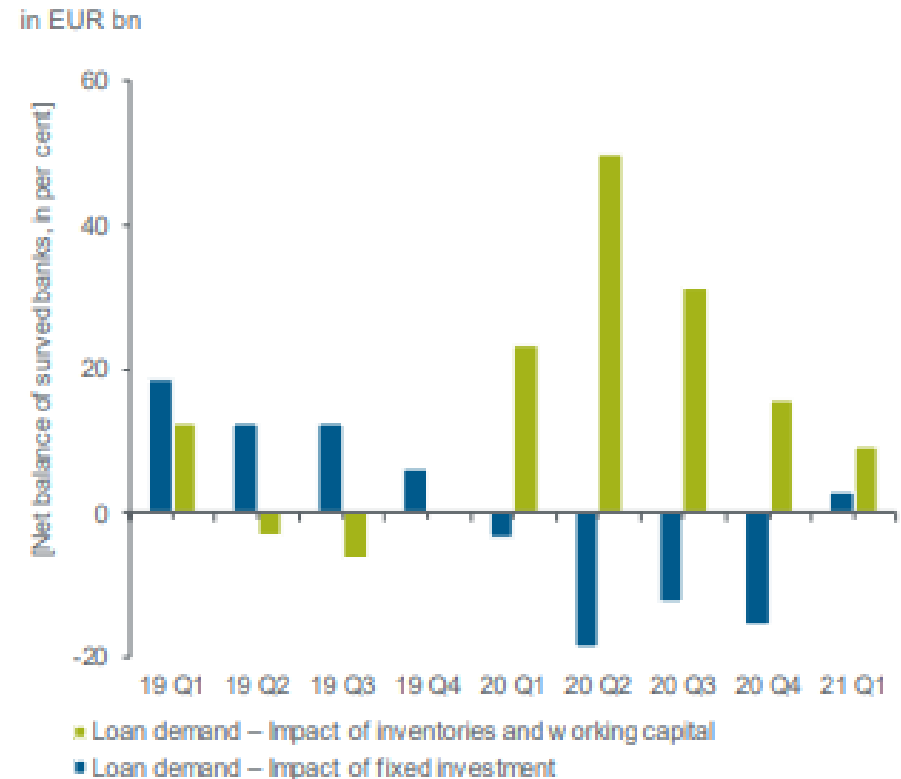
»»» Emerging stronger from the crisis

Role of the Financial Sector

Most European banks have proven resilience in the crisis to date, despite challenges:

- Euro Area inflation rate of 3% driven by energy prices, supply shortages and local effects
 - persisting low interest rate environment
 - possible backlog of insolvencies
 - regulatory pressure
- ✓ Banks can provide financing for the necessary investment demands
 - ✓ Government and promotional banks as additional risk takers to secure the provision of investment finance

Demand for investment finance – upward trend



Source: Bundesbank

Green Loans

- Green Loans are tied to projects that serve an **ecological purpose**
- Application of Proceeds limited to **eligible green projects**
- Evaluation of projects subject to the **LMA Green Loan Principles**
- Second Party Opinion confirming alignment with Green Loan Principles

Our contribution to reducing the environmental impact of shipping: Supporting our customers with tailor-made **Green Financing** and **Retrofit Financing** solutions.



Green Loans – Made by
KfW IPEX-Bank

Sustainability-Linked Loans

- Sustainability-Linked Loans are tied to the **borrower's ESG performance (e.g. CO2 emission)** and are directed towards making **incremental improvements** to the borrower's **ecological footprint**
- Evaluation of projects or companies subject to the **Sustainability-Linked Loan Principles**
- Margin linked to sustainable performance target

»» KfW IPEX-Bank as Green Loan Arranger

Green Loans for Hapag-Lloyd AG



- ❖ USD 1,3bn post delivery financings of 9 ultra large LNG dual-fuel container vessels
- ❖ Syndicated term loan facilities lead arranged by KfW IPEX-Bank and BNPP
- ❖ Vessels built by DSME, South Korea, financings benefit from 95% K-SURE cover

Green Loan
Principles

- ❖ LNG Technology reduces CO2 Emissions by 15% - 25%
- ❖ Hapag-Lloyd's first Green Loans are in accordance with the LMA Green Loan Principles
- ❖ Compliance with relevant requirements confirmed by DNV
- ❖ Marine Money Deal of the Year; TXF Shipping ECA backed deal of the year

>>> Retrofit Financing



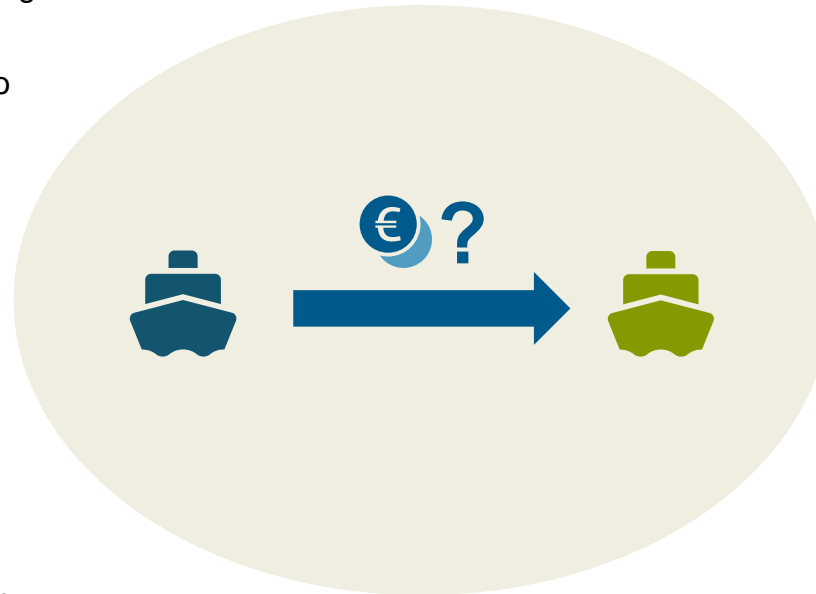
Upsizing of Existing Facility

- + Can be done by existing lenders
- Banks reluctant due to higher LTV



Secured Loan

- + Typical ship finance structure (mortgages from other vessels)
- Provision of mortgage



Unsecured Loan

- + No provision of security
- Expensive
- Only acceptable for top notch ship owners
- Normally 2-3 years tenor



ECA Covered Loan

- + Longer tenors possible
- + Potentially no provision of mortgages needed
- + Bigger bank appetite
- Slightly longer execution period

»»» GeMaX – German Maritime Export Initiative

Mission: support the export of German maritime equipment

Approach: pooling approach of various German supplies and combining them with German financing solutions

Scope: vessel newbuilding; vessel retrofiting; vessel conversion

Clients benefits: long-term financing; export credit cover; reliable equipments; leverage a worldwide network

Outcome: tailor-made maritime project; financing solutions



It's not easy to be green...

but it is worth it!



Source: ohmy.disney.com

»»» Contact

Tanja Georg

KfW IPEX-Bank GmbH

Palmengartenstraße 5–9
60325 Frankfurt am Main, Germany

E-mail: tanja.georg@kfw.de

Phone: +49 69 74 31 90 04

www.kfw-ipex-bank.de

www.linkedin.com/company/kfw-ipex-bank

