

Investing in clean energy.

With our support.

The Financing Products of the
KfW Bankengruppe.



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RENEWABLE ENERGY AND ENERGY EFFICIENCY: THE FINANCING PRODUCTS OF KfW BANKENGRUPPE.

How is clean energy defined?

We define clean energy today as renewable energy such as wind energy, hydropower, geothermal energy, solar energy and biomass. In addition, energy saving and environmentally friendly technologies as well as the efficient use of limited energy resources are part of it.

World's energy consumption will expand by more than half until 2030.

While the industrialised countries account for around 70 % of energy consumption today, more than two-thirds of the increase in world primary energy demand will come from the developing countries. Fossil fuels such as oil, gas and coal will continue to meet the lion's share of global energy needs.

A clean energy future?

So the question of how energy can be made available without harm to the environment and the climate and on a sustainable basis in the future needs to be answered with urgency.

Solutions include saving energy, increasing the share of renewable energies as well as improving energy efficiency in generation, transmission and consumption. Large-scale investment in global energy infrastructure will be necessary in the coming decades. Given the long time it takes to develop and implement new energy technologies it is important to set the course for a clean energy future today.

Energy for human existence.

Energy represents a key factor for sustainable economic and social development in industrial and developing countries. Sufficient energy supply is an indispensable prerequisite for overcoming poverty.

Initiating the change towards sustainability - a concern of KfW Bankengruppe.

KfW Bankengruppe (KfW banking group) has many years of experience in the financing of renewable energies and measures to improve energy efficiency all around the world. As one of the world's biggest environmental finance banks it has a broad range of financing products to offer. KfW Förderbank (KfW promotional bank), KfW IPEX-Bank, KfW Entwicklungsbank (KfW development bank) and DEG, all united under the umbrella of KfW Bankengruppe, address different groups of investors and interests with numerous tailor-made financing products for different demands.

The KfW Financing Products:

- KfW Förderbank offers CO₂ Reduction Programmes in the field of housing as well as environmental protection and energy saving programmes for the business sector.
- KfW IPEX-Bank is the competent partner for commercial export and project financing.
- KfW Entwicklungsbank supplies grants, soft loans, FC promotional loans and FC development loans.
- DEG offers equity capital, mezzanine finance and long-term loans.
- The KfW Carbon Fund offers investors the possibility of reducing CO₂ emissions at low cost.



SAVING ENERGY, REDUCING CO₂ EMISSIONS, PROTECTING THE ENVIRONMENT IN HOUSEHOLDS AND ENTERPRISES.

Promotion in the housing sector.

KfW CO₂ Reduction Programme.

Financing is available for measures performed on self-contained housing units that are occupied by its owners or let out under rental agreements in accordance with the German Civil Code (BGB). Financing is available for: thermal insulation, the acquisition of new energy-saving heating systems or the use of renewable energies such as biomass plants, solar thermal equipment for heating and electricity generation; as well as the construction, production or first acquisition of KfW Energy-Saving Houses.

All those can apply for financing who invest in owner-occupied or rental housing (e.g. private individuals, housing companies, housing cooperatives, municipalities, districts and local associations as well as other bodies and institutions incorporated under public law).

KfW CO₂ Building Rehabilitation Programme.

Financing is available for measures to reduce CO₂ emissions and conserve energy in old residential buildings (for example through the renewal of heating systems and thermal insulation of the roof and exterior walls). The energetic conversion of an old building into a low-energy house is promoted as well as the construction, production or first acquisition of KfW Energy-Saving Houses 40.

This programme can be used by all those who invest in owner-occupied or rental housing (e.g. private individuals, housing companies, housing cooperatives, municipalities, districts and local associations as well as other bodies and institutions incorporated under public law).

Promotion in the business sector.

ERP Environmental Protection and Energy Saving Programme.

Every investment in Germany that contributes considerably to generating and using energy efficiently, to making use of renewable sources of energy and to acquiring biogas-fired or natural gas-fired vehicles and gas pumps can be financed.

Eligible are domestic and foreign commercial enterprises that are majority-owned by private individuals. Preference is given to small and medium-sized enterprises and independent

professions. Cooperation and operator models serving to accomplish sovereign tasks can be financed as well.

KfW Environmental Protection Programme.

The programme finances investments in Germany that contribute to improving the environmental situation in Germany considerably. This includes measures to use renewable energy resources as well as measures to generate and use energy efficiently. The programme also supports the reduction of air pollution, soil and water pollution, the improvement of sewage treatment and potable water supply, as well as solid waste avoidance and treatment, and many others. In addition, the acquisition of biogas-driven and natural gas-driven vehicles is sponsored.

Eligible for the programme are German and foreign commercial enterprises, self-employed professionals, operator and partnership models and enterprises in which the state, churches or charities hold an interest.

Promoting Renewable Energies - KfW Renewable Energy Programme

This programme promotes measures for the use of renewable energies in Germany. Reduced-interest loans are extended by the federal republic and KfW Förderbank (KfW promotional bank) for investments in biomass plants for heat generation, combined heat and power biomass plants, plants for the generation and use of biogas from biomass and geothermal power plants.

Applications may be filed by private individuals and private foundations, self-employed professionals, small and medium-sized commercial enterprises, agricultural and forestry enterprises as well as corporations under public law.

Whom to Contact:

For all programmes of KfW Förderbank please call our Infocenter under: +49 180 1 335577 or go to our homepage at www.kfw-foerderbank.de.

KFW IPEX-BANK.

COMPETENT PARTNER FOR INTERNATIONAL FINANCING; PROJECT AND EXPORT FINANCE.

Within KfW Bankengruppe (KfW banking group) KfW IPEX-Bank provides project and corporate finance in Germany and abroad and also offers trade and export finance.

KfW IPEX-Bank expert team for renewable energies.

A team dedicated to renewable energies within the energy and environmental sector was founded in October 2003. It is responsible for worldwide operations in this area. Financing is provided especially for projects focusing on wind energy, hydropower, biomass, geothermal and solar power. The projects and supplies must, however, be related to a European enterprise.

Apart from projects dealing with renewable energies, KfW IPEX-Bank also offers support for projects aiming to improve the efficiency of energy generation, for example through combined heat and power or a reduction in emissions.

Wide range of clients.

Clients range from small and medium-sized enterprises to global players, from project developers to plant builders and exporters of equipment all the way to the world's leading energy companies.

KfW IPEX-Bank offers its clients a broad range of products and, frequently, customized financing structures.

KfW IPEX-Bank - a competent partner for international project and export finance.

Its products include corporate finance in and outside Germany, classic supply-tied export loans and structured financings and, above all, complex project finance transactions. Depending on the structure, the financing is provided on the basis of a sound credit rating of the borrower and/or a satisfactory cash-flow model plus a certain minimum volume at standard market conditions.

Project finance focuses on EU countries and on Emerging countries. Finance operations in developing countries usually require export credit coverage.

The Internet site of KfW IPEX-Bank contains information on what the bank offers and whom to contact for financing projects. www.kfw-ipex-bank.de.

ENVIRONMENTALLY SOUND IMPROVEMENT OF ENERGY SUPPLIES IN DEVELOPING COUNTRIES.

The objective of Germany's development cooperation is to reduce poverty and to improve the economic and social situation of people in developing countries. On behalf of the German federal government KfW Entwicklungsbank (KfW development bank) supports the developing countries' investments in economic and social infrastructure, financial systems and environmental protection under German Financial Cooperation (FC).

Germany's development cooperation in the energy sector.

The main objectives of KfW Entwicklungsbank are to secure a long-term energy supply at low cost, to expand the poor population's access to modern and clean energy services and to improve the ecological viability of energy supply.

More than 50 % of commitments made under German Financial Cooperation each year are attributable to the renewable energies wind energy, hydropower, geothermal energy, solar energy and biomass.

How to initiate an FC project?

The governments of our partner countries submit a project proposal to the German Ministry for Economic Cooperation and Development (BMZ) within the framework of the intergovernmental negotiations. An intergovernmental agreement is the basis for KfW Entwicklungsbank to further pursue a project proposal.

What may be financed?

KfW finances energy projects that contribute to a reliable, affordable and environmentally sound energy supply in the partner country while at the same time advancing its economic and social development. The expansion of energy generation capacities and distribution systems as well as decentralised energy supply systems in rural areas can be promoted. The use of renewable energies and energy-saving technologies is indispensable.

What are the conditions?

Each partner country and each individual project has different conditions and requires a specific financing concept. An individual financing offer is prepared on the basis of the partner's capabilities and specific demands. The spectrum ranges from grants through reduced interest loans with long maturities to loans extended at market conditions. Funds from

different sources are used. In addition to budget funds that are extended as grants and "soft loans" KfW Entwicklungsbank is increasingly providing funds of its own for the financing of development projects.

Whom can I contact? Further information can be obtained from the Energy Sector and Policy Division of KfW Entwicklungsbank (Phone: +49 69 7431-0) or from our homepage: www.kfw-entwicklungsbank.de.



FINANCIAL PARTNER FOR PRIVATE INFRASTRUCTURE PROJECTS IN DEVELOPING AND EMERGING MARKETS.

For a number of years, DEG has been successfully financing privately owned and operated power-generating plants in developing and emerging markets that use renewable energy, especially wind and hydropower. DEG gives comprehensive advice to private sponsors and operators throughout the strategic project planning, develops sustainable finance packages jointly with them and also provides continuous back-up during the operational phase.

DEG also arranges contacts with local authorities and institutions, mobilises other financiers such as commercial banks or international finance institutions, and cooperates with experienced companies of the energy sector.

DEG Financial instruments at a glance.

Financing of power plants based on renewable energy is capital-intensive and requires long-term resources. DEG offers tailor-made financial products: variable arrangements of equity capital and mezzanine finance in order to complement and guarantee overall funding effectively, as well as long-term loans in consultation with KfW.

Equity capital: equity participation in the project usually about 5% - 25%; variable arrangement of risk components; in certain cases, voting rights and seat on the board of directors, clearly defined exit strategies.

Mezzanine finance: project-specific arrangement, subordination; conversion options; risk-oriented yield

Long-term loans: usually provided by KfW Entwicklungsbank or KfW IPEX Bank, but in individual cases by DEG as well. In euros or US dollars; term usually between four and ten years; interest rate fixed or variable; market-oriented according to project and country risks; collateral security as fixed assets in the country of investment; project-specific arrangement; DEG share of finance usually up to 35%.

Criteria for DEG Finance.

In addition to the availability of sufficient resources (wind, water, sun, biomass), verified by independent experts, important criteria include guaranteed offtake agreements for electricity as well as experienced and financially strong partners.

Public-Private-Partnership Programme (PPP).

In addition to its finance services, DEG promotes pre-investment projects by West European companies such as pilot plants and wind measurement facilities, as part of the Public-Private-Partnership-Programme of the Federal Government. DEG provides up to 200,000 euros per PPP project. The company itself makes a significant financial and manpower contribution and is solely responsible for implementing the project.

Contact:

Department of Infrastructure: Tel: +49 221 4986-0
or www.deginvest.de



KFW CARBON FUND.

RENEWABLE ENERGIES FOR CLIMATE PROTECTION.

Slowing down climate change.

Climate change is one of the greatest challenges for humankind. If computer simulations are accurate, over the next decades climate zones may shift, farm regions may turn to desert, frequent storms may cause substantial damage and whole island nations may sink into the rising ocean. This would affect the natural living conditions of millions of people, particularly in the developing countries.

Sustainable energy supply: Renewable and CO₂-reduced energies.

To avoid this, industrialised countries must change their energy systems to renewable energies or technologies that are low in CO₂ emissions as soon as possible. The developing countries, for their part, need affordable technologies that allow them to establish a sustainable energy supply for their growing populations.

Energy conservation!

A further important pillar of climate protection is energy conservation. The potential here is enormous, particularly in the industrialised but also in developing countries - without any loss of standard of living.

Kyoto.

The Kyoto Protocol requires the industrialised countries to reduce their greenhouse gas emissions by 5.2 % against 1990 levels by the year 2012. The Protocol gives states the option to act beyond their own borders in their efforts to reduce CO₂. So-called project-related mechanisms enable specific climate protection projects to be promoted in other industrialised and developing countries as well. Besides, countries and enterprises can purchase emission certificates from others that have taken action to protect the climate.

KfW Carbon Fund.

KfW launched a Carbon Fund in 2004 which is essentially a buyer's pool of enterprises and other interested institutions from Germany and from other European countries: KfW purchases CO₂ certificates for enterprises from projects in developing and industrialising countries that are designed to increase the use of renewable energies or energy efficiency. The income from the sale of the certificates can help, for instance, to make wind and small hydropower plants in developing countries profitable. This not only draws additional capital and modern technologies to these countries but protects the global climate at the same time.

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KfW BANKENGRUPPE. BRANDS FOR THE FUTURE.

KfW Bankengruppe (KfW banking group) gives impulses for the economy, society and ecology worldwide. As bankers we strive to work efficiently every day. As promoters we stand for the meaning and sustainability of our actions. The proceeds from our work flow back into our promotional activities and help to secure our promotional potential in the long term. As a creative bank we not only encourage innovations, but we ourselves also develop new financing instruments for our customers and partners. Our competence and experience are combined into five strong brand names.



KfW Förderbank (KfW promotional bank): It is the right address for all measures in the product areas construction, infrastructure, education, social services and the environment. Through low-interest loans we help many citizens realize their dream of owning their own home, just as we promote interest in environmentally friendly modernization measures. As KfW Förderbank we also provide support to companies investing in environmental and climate protection, municipal infrastructure measures as well as training and advanced training.

KfW Mittelstandsbank (KfW SME bank): The name tells all. Here we have combined all of our promotional activities for business founders and small and medium-sized enterprises. These include, on the one hand, classic long-term loans and, on the other, innovative programmes aiming to strengthen the companies' equity base. Both are offered to our customers through their regular bank. Target-oriented advice is naturally also part of our business.

KfW IPEX-Bank: Within KfW Bankengruppe KfW IPEX-Bank provides project and corporate finance in Germany and abroad and also offers trade and export finance. It is customer-oriented and competitive, operating at standard market conditions. For companies with international operations it is a reliable partner for the long term who can offer them customized financing. The financing solutions that the KfW IPEX-Bank offers to its customers include structured finance, project finance, corporate loans and traditional export finance. The success of KfW IPEX-Bank is due above all to many years of experience all over the world in the most important markets and industry sectors.

KfW Entwicklungsbank (KfW development bank): On behalf of the German Federal Government it finances investments and advisory services in developing countries. It typically works together with governmental institutions in the corresponding countries. Its aim is to build up and expand a social and economic infrastructure and to create efficient financial institutions while protecting resources and ensuring a healthy environment.

DEG: As a partner of the private sector DEG supports companies wanting to invest in developing and reforming countries. It provides financing for profitable, environmentally friendly and developmentally effective projects in all economic sectors. In this way it sets the foundation for sustainable economic growth – and better quality of life for the people in these countries.

KfW Bankengruppe has also become a strategic partner of the economy and politics. As an advisor to the Federal Republic we offer our expertise in the privatization of federally owned companies. On behalf of the government we also handle business for the Federal Agency for Special Tasks associated with Unification (Bundesanstalt für vereinigungsbedingte Sonderaufgaben, BvS) and the Compensatory Fund of Securities Trading Companies (Entschädigungseinrichtung der Wertpapierhandelsunternehmen).