KfW and Green Housing

Karl von Klitzing
KfW Development Bank

AUHF 2014
ANNUAL CONFERENCE CELEBRATING THE 30TH ANNIVERSARY OF THE AUHF

Cape Town, 18 November 2014

More than 60 years of KfW
Financing with a public mission

Promotional bank of the Federal Republic of Germany
Established in 1948 as Kreditanstalt für Wiederaufbau
Shareholders: 80% Federal Republic, 20% federal states
Headquarters: Frankfurt am Main Branches: Berlin, Bonn and Cologne
Representative offices: 80 offices and representations worldwide
Balance sheet total 2013: EUR 464.8 billion
Financing volume 2013: EUR 72.5 billion
5,374 employees (2013)
Best long-term rating: AAA/Aaa/AAA
### Domestic and International Business Areas

**KfW Group aims for sustainable improvement of the economic, social, and ecological conditions of people’s lives**

#### SME Bank
Promotion of SME, business start-ups and other commercial clients in Germany

#### Municipal and Private Client Bank/Credit Institutions
Housing, environmental and climate protection, educational finance for private clients as well as financing for public clients

#### Export & project finance
Customized financing for exports and project & corporate financing world-wide

#### Promotion of developing & transition countries
KfW Development Bank (public) & DEG (private) development cooperation activities

<table>
<thead>
<tr>
<th>Environment investment quota: 38 %</th>
<th>Domestic SME quota: 47 %</th>
</tr>
</thead>
</table>

Based on year-end 2013 data.

### KfW Development Bank and DEG

**Our Competencies**

**We provide more than money – our core competencies:**

1. **Climate and environment protection**
   We are the world’s largest financier of renewable energies in developing countries.

2. **Financial sector development**
   We are world leaders in the area of financial system development and microfinance.

3. **Water**
   We are one of the most important suppliers of expertise and the world’s third largest bilateral donor in the water sector.

4. **Development research**
   We promote interaction and synergies between scientific research and practice.
Locations
KfW Development Bank and DEG

KfW Development Bank: Distribution of new commitments in 2013 (5.3 billion EUR)

Sub-Saharan Africa: 23% of KfW’s 2013 commitments
» On-lending Principle
Neutrality in lending business (no branch network of our own)

» Refinancing through KfW and on-lending through commercial banks.

« Consistent energy standards for residential and commercial buildings KfW-Efficiency house concept

Benchmark is the efficiency standard of a new building according to the German building code (energy conservation ordinance).
» Development of Energy Efficiency in Buildings in Germany

Development of regulatory minimum requirements of energy efficiency of new constructed houses compared to best practice and research.

KFW

» Domestics Lessons Learnt in Germany

<table>
<thead>
<tr>
<th>Comprehensive Framework</th>
<th>Eligibility Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Harmonization of regulation, legislation and promotion</td>
<td></td>
</tr>
<tr>
<td>• Technical standards</td>
<td></td>
</tr>
<tr>
<td>• Information and awareness</td>
<td></td>
</tr>
<tr>
<td>• Residential and commercial properties eligible</td>
<td></td>
</tr>
<tr>
<td>• Incentives for different groups provided</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KfW-Efficiency House</th>
<th>Assessment &amp; Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Brand for energy efficiency</td>
<td></td>
</tr>
<tr>
<td>• Creates visibility &amp; transparency</td>
<td></td>
</tr>
<tr>
<td>• Auditors</td>
<td></td>
</tr>
<tr>
<td>• Assessment and calculation tools</td>
<td></td>
</tr>
<tr>
<td>• Meters, measuring devices</td>
<td></td>
</tr>
</tbody>
</table>
ECOCASA Mexico
Project Cycle and Operation

SHF*–IDB*–KfW define an operational outline to determine the eligibility of the proposed projects in an efficient manner; under 5 stages:

1. The housing developer presents a low carbon housing project for ECOCASA financing.
2. An independent consultant runs a simulation of the project, considering the energy performance of the house with the SISEVIVE-ECOCASA tool, developed by INFONAVIT**.
3. SHF, IDB and KFW accept or reject the project proposal on the basis of clear eligibility criteria.
4. SHF notifies the financial intermediary and assigns the concessional loans to the project.
5. The developer with the concessional funds begins construction of the project.

*Sociedad Hipotecaria Federal (SHF), the Inter-American Development Bank (IDB)
**INFONAVIT, the National Workers’ Housing Fund. It is the largest social mortgage financial institution in Mexico, and a strategic partner in the implementation of the ECOCASA Program

Energy Efficient Homes in India
Project Volume and Financing Mechanism

- KfW provides concessional loan of EUR 50 million to NHB
- NHB refines local banks and housing finance companies
- Banks issue loans to the buyers of energy efficient apartments
- Complementary technical assistance for capacity building of stakeholders (e.g. developers and finance institutions)
International Housing Solutions, South Africa

**Project**
- “Green” trustee participation of EUR 15 Mio. on International Housing Solutions
- Construction of 25,700 apartments, of which 5,000 are energy efficient
- Waterfall structure with lower target returns for green investors

**Partner**
- Private Equity Fund, 3 billion ZAR with a PPP ownership structure
- First fund in South Africa with an EE focus
- Home buyer/tenants are for the most parts customers of the middle class (up to 16,000 ZAR)
- Energy efficiency certification via the IFC EGDE Tool

Conclusion
Catalysts for the Promotion of Green Housing
Contact

Karl von Klitzing
E-mail: karl.von-klitzing@kfw.de

KfW Bankengruppe
Palmengarten 5-9
60325 Frankfurt am Main
Germany

Disclaimer

This document is provided for information purposes only. This document may not be reproduced either in full or in part, nor may it be passed on to another party. It constitutes neither an offer nor an invitation to subscribe or to purchase securities, nor is this document or the information contained herein meant to serve as a basis for any kind of obligation, contractual or otherwise. In all legal systems this document may only be distributed in compliance with the respective applicable law, and persons obtaining possession of this document should familiarise themselves with and adhere to the relevant applicable legal provisions. A breach of these restrictions may constitute a violation of US securities law regulations or of the law applicable in other legal systems. The information contained in this document is historical and speaks only as of its date. KfW disclaims any intention or obligation to update or revise the information contained in this document. By accessing this document you acknowledge acceptance of these terms.