

## Climate change and impact on banks

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### Can you think of any major international topic today in which energy is not a central issue?

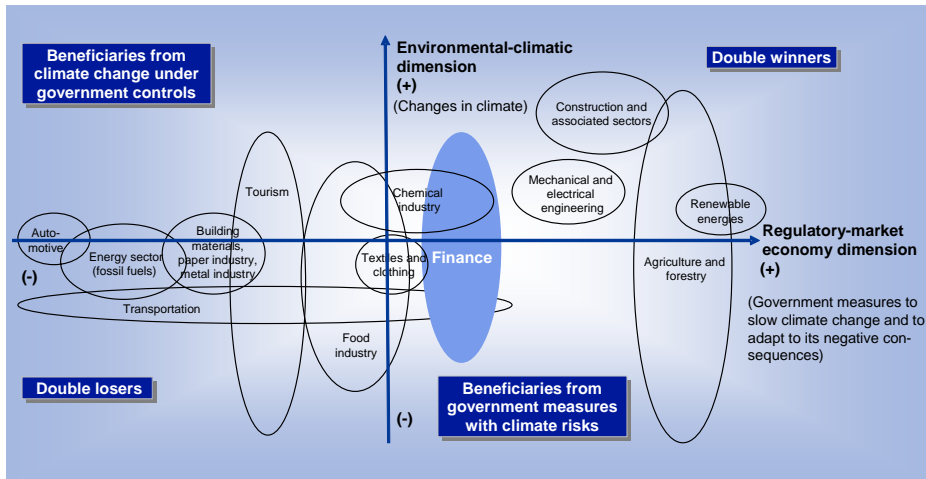
- 1 Energy question is a decisive trend, which will dominate the picture of our lives, the way we do business for the next few decades
- 2 Combination of economic growth with climate protection via energy efficiency and alternative energy sources do matter more than ever
- 3 Integrating renewable energy into energy supply is considered high priority on Governments' agenda around the world
- 4 "The man who removes a mountain begins by carrying away small stones"  
(Chinese proverb)  
Moving towards low carbon environment is a long and stony path ...

Source: DB Research, Stern Review, McKinsey

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## Sector analysis under the climate focus

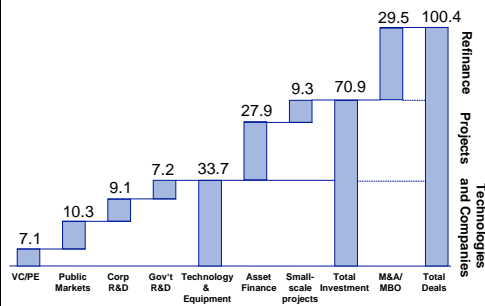


Source: DB Research

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## Global investment in renewable energy is rapidly increasing with new investment of US\$70 bn in 2006 (+43% in comparison to 2005)

2006 in US\$bn



### Technology & equipment:

- Corporate R&D with a higher share than Gov't R&D
- Business is funding 55% of R&D in the EU as compared with 64% in the US and 75% in Japan
- 115 Public Markets deals, of which 36 were IPOs, raising US\$8.5 bn (70% of total public market activity)

### Projects:

- With US\$15.2 bn wind is dominating asset financing of projects
- Utilities with RE targets are building wind portfolios through acquisitions
- China is the 3rd largest location for asset finance after US & Spain

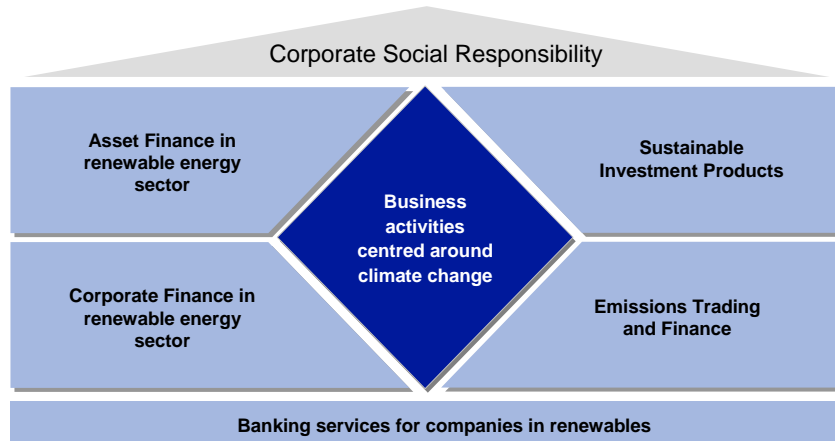
### Refinance:

- Wind dominated M&A activity
- Increasingly major European utilities turn to clean power and take strategic stakes in renewable sector players

Source: UNEP, New Energy Finance, REN21

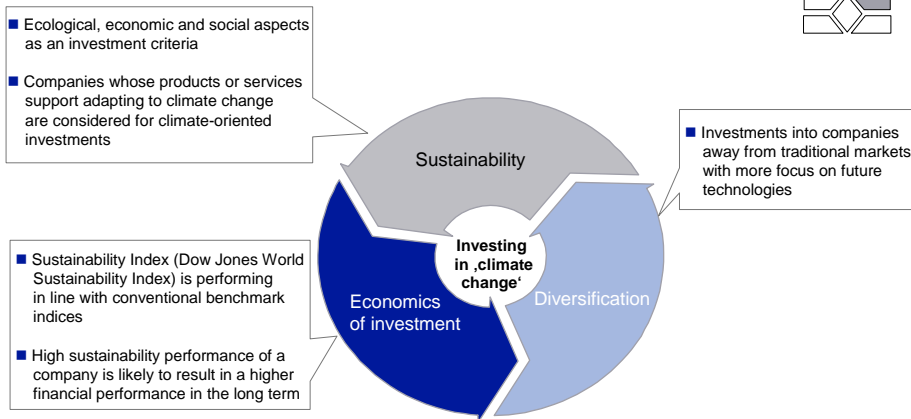
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**Deutsche Bank is committed to combat climate change and is an active provider of financial solutions around climate change**



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**Sustainable investment opportunities for our clients**



Currently US\$8 bn is under management in approximately 180 investment funds worldwide that are focused on sustainable energy, Deutsche Bank has launched DWS Climate Change Fund

Source: UNEP, DWS, Morgan Stanley Research

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## We are actively sourcing emission reduction projects, while leveraging Bank's global presence, local relationships and expertise



### Under the Kyoto Protocol

- is involved in over 25 projects with total expected reductions of over 185m tonnes CO<sub>2</sub>e
- is one of only 2 banks in the Prototype Carbon Fund, the world's first carbon fund (April 2000)
- is the only bank in the Umbrella Carbon Facility, the world's largest public sector deal
- structured, syndicated and wrapped the world's largest private sector CER deal

### In the secondary Kyoto emission reduction markets

- market-making to all major emission brokers and emission traders
- providing a wide range of value-added structured emission products
- providing a wide range of related services such as emission certificate accounts, credit facilities etc.
- providing emission reduction investment products to institutional and retail investors

### In the European Union Emissions Trading Scheme

- is a major market-maker and active trader of EUAs
- is able to leverage an extensive European power and energy trading business
- provides a wide range of emission products related to power and energy
- works closely with the European commission, member states, and industry organisations on the on-going development and implementation of EU-ETS policy and practice

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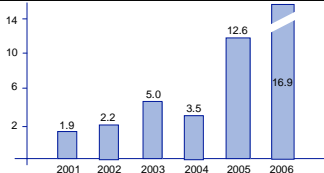
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## Corporate Finance activities are surging in response to climate change challenges

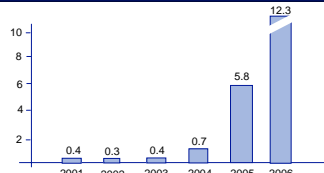
2006 in US\$bn



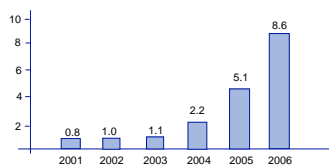
### Announced M&A volume in the renewable energy sector



### Public market investment



### Venture capital and private equity investment



### Key trends

- M&A activity was up 34% driven by wind sub sector that accounts for 41% of deals by value
- Solar is a big winner on public capital markets (solar IPOs boosted 2006 volumes, raising over US\$4 bn)
- Three most active sectors for venture capital and private equity were biofuels, solar and wind with major activities in the US

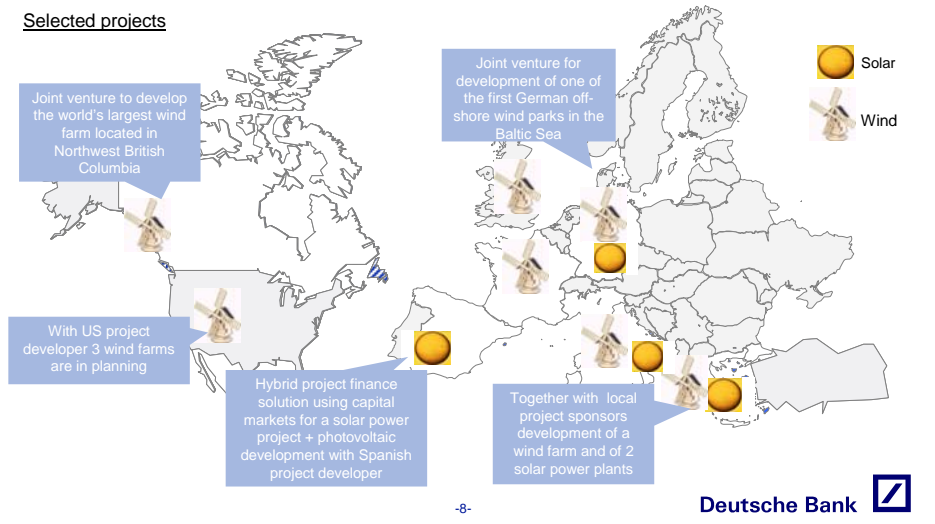
Source: New Energy Finance, Ren21

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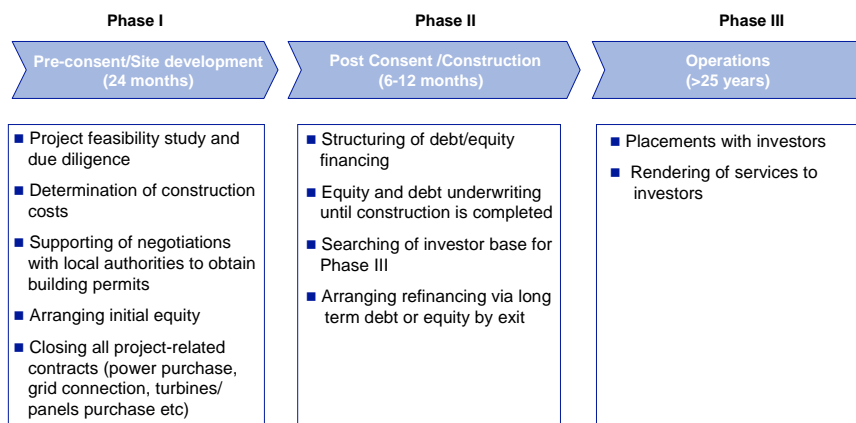
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## Since 1999 Deutsche Bank is an active player in Asset Finance for projects in the renewable energy sector

### Selected projects



## Wind/solar park development from Deutsche Bank's perspective



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## “Solaris” has been the first solar power project in Europe to be financed using capital markets solution



Deutsche Bank acted as sole Financial Advisor, Arranger and Underwriter

The park consists of 200 individual power stations owned by private and corporate investors introduced by Deutsche Bank's Private Wealth Management, Spain

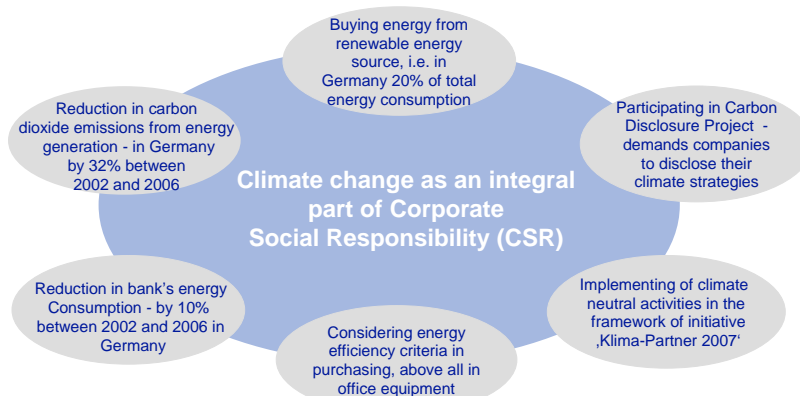
„Solaris“ is a milestone in the development of hybrid project finance accommodating needs of investors and project developers

€17 m transaction emphasizes Deutsche Bank's ability to develop innovative solutions combining its equity distribution capacity with its structuring and advisory, securitisation and derivative financing capabilities

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## Deutsche Bank considers climate change as an integral part of Corporate Social Responsibility



Source: Corporate Social Responsibility Report of DB

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