German-Indonesian Renewable Energy Days

Björn Thies, Country Director – Jakarta, October 24, 2011
Promotional bank of the Federal Republic of Germany

Founded in 1948 as Kreditanstalt für Wiederaufbau

Shareholders: 80% Federal Republic, 20% federal states

Headquarters: Frankfurt am Main
Branches: Berlin and Bonn

Representative offices: around 70 offices and representations worldwide

Balance sheet total at end 2010: EUR 441.8 billion
Financing volume 2010: EUR 81.4 billion

Around 4,530 employees (2010)
Best rating: AAA/Aaa/AAA
# A Bank With a Wide Array of Functions

## Domestic promotion

<table>
<thead>
<tr>
<th>We promote Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Area Mittelstandsbank</strong></td>
</tr>
<tr>
<td>Promotion SMEs, business founders, start-ups</td>
</tr>
<tr>
<td><strong>Business Area Privatkundenbank</strong></td>
</tr>
<tr>
<td>Promotion construction of new housing and modernisation as well as education</td>
</tr>
<tr>
<td><strong>Business Area Kommunalbank</strong></td>
</tr>
<tr>
<td>Financing municipal infrastructure projects and global loans Germany/Europe agency business for Federal Government</td>
</tr>
</tbody>
</table>

## International business

<table>
<thead>
<tr>
<th>We ensure internationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Area Export and Project Finance</strong></td>
</tr>
<tr>
<td>International project and export finance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>We promote development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Area Promotion of Developing and Transition Countries</strong></td>
</tr>
<tr>
<td>Promotion of developing and transition countries</td>
</tr>
</tbody>
</table>

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### Promotion of preservation of the environment and climate change mitigation

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KfW in Comparison
Balance Sheet Total vs Promotional Banks

EUR in billions (2010)

- CDB (China): 535 (estimated value)
- KfW (D): 442
- EIB (EU): 420
- Weltbank: 281
- CDC (F): undisclosed
- CDP (I): 249
Overview

KfW Bankengruppe - Who we are

KfW Bankengruppe – International Business

KfW Entwicklungsbank

DEG

KfW IPEX-Bank
The International Business of KfW Bankengruppe
The Interplay Between Development Cooperation and Export Business Support

Financial Cooperation („FC“)
Financing and promotion of reforms and investments through government cooperation partners in developing and transition countries

Export Business Promotion
Financing for the German and European enterprises. Promotion of internationalization and competitiveness of exporting German and European companies

Private Sector Cooperation („PSC“)
Financing, guidance and backing of investments of private – also German – companies in developing countries

Development Cooperation
The International Business of KfW Bankengruppe

Position and Tasks

**Sectoral Focus**
- **KfW Entwicklungsbank**
  - Preservation of the environment and climate change mitigation
  - Water
  - Development of the financial sector
- **DEG KfW Bankengruppe**
  - Climate, environment, energy
  - Infrastructure
  - Development of the financial sector
  - Manufacturing/services
  - Agrobusiness
- **KfW IPEX-Bank**
  - Climate, environment, energy
  - Infrastructure
  - Manufacturing
  - Commodities
  - Means of transportation

**Market Maturity**
- very early phase
- early phase
- mature markets

**Target Market**
- developing country
- emerging nation
- industrial nation
The International Business of KfW Bankengruppe
Volumes and Employees

<table>
<thead>
<tr>
<th></th>
<th>KfW Entwicklungsbank</th>
<th>DEG KfW Bankengruppe</th>
<th>KfW IPEX-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio 2010</td>
<td>25.5 billion EUR</td>
<td>5.2 billion EUR</td>
<td>59.8 billion EUR</td>
</tr>
<tr>
<td></td>
<td>1.900 projects</td>
<td>Projects with 527</td>
<td>1.812 financings in 117</td>
</tr>
<tr>
<td></td>
<td>in more than 100</td>
<td>companies in 85</td>
<td>countries</td>
</tr>
<tr>
<td>countries (incl.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>climate fund)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments 2010</td>
<td>4.5 billion EUR*</td>
<td>1.2 billion EUR</td>
<td>9.3 billion EUR</td>
</tr>
<tr>
<td>Origin of funds</td>
<td>Budget- and market</td>
<td>Market funds***</td>
<td>Market funds</td>
</tr>
<tr>
<td></td>
<td>funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>577</td>
<td>436</td>
<td>526</td>
</tr>
</tbody>
</table>

The climate fund as marketing platform for project based emission certificates is an integral component of KfW Entwicklungsbank

Additionally, program based financing for international investments is offered by KfW Mittelstandsbank

* thereof 2.8 billion EUR refinanced by KfW
** additionally 227 projects in 57 countries in the context of BMZ and BMU programs
*** furthermore programs funded by BMZ and BMU
**The International Business of KfW Bankengruppe**

**Services for Enterprises**

<table>
<thead>
<tr>
<th><strong>Foreign Direct Investments</strong></th>
<th><strong>Export</strong></th>
<th><strong>Import</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrialized nations</strong></td>
<td>Worldwide</td>
<td>Worldwide</td>
</tr>
<tr>
<td>Middle and long term investments such as:</td>
<td>Middle and long term export and project financing</td>
<td>Middle and long term import financing</td>
</tr>
<tr>
<td>• loans</td>
<td></td>
<td>Special feature: untied credit for securing commodities</td>
</tr>
<tr>
<td>• loans with an equity character</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KfW IPEX-Bank</td>
<td>KfW IPEX-Bank</td>
<td>KfW IPEX-Bank</td>
</tr>
<tr>
<td>KfW Mittelstandsbank</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Developing and transition countries</strong></th>
<th><strong>Complementary services of KfW Entwicklungsbank in developing and transition countries</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle and long term investments such as</td>
<td>Goods and services delivered in the context of development cooperation</td>
</tr>
<tr>
<td>• loans</td>
<td>=&gt; Contribution to opening up export markets</td>
</tr>
<tr>
<td>• loans with an equity character</td>
<td></td>
</tr>
<tr>
<td>• equity capital</td>
<td></td>
</tr>
<tr>
<td>• promotional programs (BMZ, BMU)</td>
<td></td>
</tr>
<tr>
<td>KfW IPEX-Bank</td>
<td>Purchase of emission certificates for German and European companies</td>
</tr>
<tr>
<td>DEG</td>
<td></td>
</tr>
<tr>
<td>KfW Mittelstandsbank</td>
<td></td>
</tr>
</tbody>
</table>
The International Business of KfW Bankengruppe
Commitments 2010 – Distribution Worldwide (in million EUR)*

*plus 777 million EUR supraregional commitments
1. Introducing KfW
Worldwide presence - over 70 representative offices

KfW employees

- Introducing KfW
- Worldwide presence - over 70 representative offices
- KfW employees
Environmental and Climate Protection is one Main Field of Attention in KfW Bankengruppe‘s Business

Total volume of commitments of KfW Bankengruppe in the area of Environmental and Climate Protection in 2010: **25.3 billion EUR** (2009: **19.8 billion EUR**), thereof

- **Domestic:** 20.8 billion EUR (16.5 billion EUR)
- **KfW Development Bank** 2.6 billion EUR (1.6 billion EUR)
- **KfW IPEX Bank** 1.2 billion EUR (1.1 billion EUR)
- **DEG** 0.8 billion EUR (0.7 billion EUR)

Focal points in domestic and international business: Energy Efficiency and Renewable Energies. Allocations in 2010:

- 11.6 billion EUR (10.6 billion EUR) for Energy Efficiency
- 11.4 billion EUR (6.4 billion EUR) for Renewable Energies
Overview

KfW Bankengruppe - Who we are
KfW Bankengruppe – International Business
KfW Entwicklungsbank
DEG
KfW IPEX-Bank
Introducing KfW
Financing Tailored to Every Partner Country Individually

Budget funds (2010: EUR 1.430 million)

KfW funds (2010: EUR 2.840 million)

Concessional finance

1. 100% budget funds
   1.1. Grants: EUR 1.036 million
   1.2 Loans at IDA conditions: EUR 152 million
   1.3 Loans at standard FC conditions: EUR 27 million

2. FC development loans
   2.1 Mixed financing
   2.2 Reduced-interest loans
      Budget funds: EUR 215 million
      KfW funds: EUR 1.927 million

3. FC promotional loans
   EUR 913 million
KfW Entwicklungsbank in Indonesia

Overview

Projects

- FC-projects/programs in active portfolio: 25
- Volume of projects/programs in active portfolio: 744 million EUR
- New Allocations for 2010: up to 300 million EUR

Focal Areas

- Climate Change Mitigation
- Private Sector Development (Sustainable Economic Growth)
- Decentralisation / Good Governance

Initiatives Outside the Priority Areas

- Reconstruction Programme Aceh/Nias
- Transport
- Health
Climate Protection

3 PRIORITIES

- Forests and Climate Change
  - REDD+ Demonstration Activities
  - Debt Swap IIIb
  - Debt Swap VI
  - International Climate Initiative
- Emission Reduction in Cities
  - Solid Waste Management
  - Emission Reduction Investment
  - Debt Swap IIIa
- Promotion of Geothermal Energy and Other Renewables
  - Seulawah Agam Geothermal Power Plant
  - Kotamobagu Geothermal Power Plant

+ CDM – Financing KfW Carbon Fund
  - Environment and climate friendly mobility projects

Emission Reduction, Forest Conservation, SME Credit Support, Improved Living Conditions, Improved Capacity
Overview

KfW Bankengruppe - Who we are
KfW Bankengruppe – International Business
KfW Entwicklungsbank
DEG
KfW IPEX-Bank
DEG’s financial instruments

- **Long-term loans:**
  - up to EUR 25 million (or USD or selected local currencies)
  - 4 – 15 years
  - fixed or variable interest rates
  - Security in project assets; usually completion guarantees in green-field projects

- **Mezzanine finance:**
  - usually between EUR 5 – 20 million (or USD or selected local currencies)
  - combining elements of equity participation and senior loan
  - Flexible structures (subordinated loans; convertible loans, preferred shares etc.)
  - IRR on market standards depending on project and country risk

- **Equity capital:**
  - usually between EUR 5 – 20 million
  - Only minority stakes
  - Possibility of exit after 4-10 years; expected equity IRR (dividends, capital gains) on market standards
  - minority protection rights, in certain cases, voting rights and seat on board of directors
Scope of DEG financings

Loans
- Loans with local security
- Loans with partial guarantees
- Guaranteed loans
- Hedged equity participation
- Subordinated loans

Equity participations
- Partially hedged equity participation
- Risk participation

Risks assumed by DEG
Financing criteria

- Qualified management
- Credit standing
- Proven track record
- Corporate Governance
- Environmental and social standards
- Developmental effects
- Sound business plan
- Investment plan
- Market analysis
- Due-diligence study
- Expected return
- Financial contribution of owner(s) and co-lenders
Our services

**Strategic planning**
- Information on possible types of finance
- Advice on strategy and countries
- Evaluation of business plans
- Advice via local DEG offices
- Arranging contacts with local authorities and institutions

**Long-term finance**
- Structuring of tailor-made finance
- Provision of various financing instruments
- Arranging of additional finance from commercial banks or financial institutions
- Finance from public programs
- Coordination of the complete finance package

**Competent partnership**
- Establishment of suitable controlling instruments
- Mobilization of additional finance
- Analysis of weak points
- Restructuring
Climate Change Mitigation = strategic issue

- Climate Change Mitigation investments since 1990s:
  - **Renewable energies** (wind, water, geothermal, solar)
  - **Energy efficiency**
  - **Renewable raw materials**
  - **CDM/JI projects / carbon credits**
Overview

- KfW Bankengruppe - Who we are
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**KfW IPEX Bank - Our name speaks for itself**

**International Project and Export Finance from KfW**

<table>
<thead>
<tr>
<th>Name</th>
<th>KfW IPEX-Bank GmbH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office</td>
<td>Frankfurt am Main</td>
</tr>
<tr>
<td>Shareholders</td>
<td>100 % subsidiary of KfW Bankengruppe with stand-alone rating</td>
</tr>
<tr>
<td>Rating</td>
<td>AA (S&amp;P) / Aa3 (Moody's)</td>
</tr>
<tr>
<td>Business volume</td>
<td>approx. EUR 60 billion *</td>
</tr>
<tr>
<td>Employees</td>
<td>approx. 535*</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Financing of exports, infrastructure projects and environmental and climate protection projects as well as securing the supply of raw materials</td>
</tr>
<tr>
<td><strong>Mission</strong></td>
<td>Supporting the internationalization and competitiveness of German and European export companies</td>
</tr>
</tbody>
</table>

*As of: 31 December 2010*
KfW IPEX-Bank
Our sectors

- Basic Industries
- Manufacturing Industries, Commerce, Health
- Power, Renewables and Water
- Telecommunications, Media
- Financial Institutions / Trade & Commodity Finance
- Shipping
- Aviation
- Rail and Road
- Ports, Airports, Real Estate, Construction Industry / PPP
- Leveraged Finance
Our loan portfolio of EUR 60 billion is sector specifically and regionally broadly diversified.

Distribution by business areas (in EUR billion):

- Shipping: 13.4
- Aviation and Rail: 11.9
- Power, Renewables and Water: 10.2
- Transport / Social Infrastructure (PPP): 7
- Basic Industries: 7
- Manufacturing Industries, Retail, Health: 7
- Telecommunications, Media: 5.5
- Financial institutions and trade & commodity finance: 2.1
- Leveraged Finance, Mezzanine, Equity: 1.1

Distribution by regions (in EUR billion):

- Europe (excluding Germany): 8.8
- Germany: 17.8
- Asia/Australia: 8.1
- North America: 3.8
- Latin America: 1.2
- Africa: 1.1

As of: 31 December 2010
Differences in totals due to rounding.
We have the appropriate financing solution - from conventional loans to customized products.

- Corporate financing
- Credit lines
- Guarantees

- Forfaiting
- Derivatives
- Supplier and buyer loans

- Project finance
- Structured finance
- Leasing
- Acquisition finance
- Mezzanine
KfW IPEX-Bank in South-East Asia

- **Since 1960s:** KfW in Asia for more than 40 years and office in Bangkok since 1998
- **Products:** Mainly Project finance, Asset based, Loans covered by Export Credit Agency (ECA) and Structured finance
- **Sectors:** In various sectors like power, petrochemicals, telecom, shipping and aviation in Asia
- **German/European link** can be established in various ways
  - Equipment from Europe
  - Investment by German companies
  - Off-Take by German companies
  - Project in Europe
- **Size** of the loan - Minimum: Project Financing USD 25 million
  ECA covered loan USD 10 million
- **Long term relationships** with our customers
- **Co-operation** with domestic banks and international banks
Contact

Björn Thies
Country Director Indonesia
KfW Entwicklungsbank

Menara BCA, 46th Floor
Jl. MH Thamrin 1
10310 Jakarta

Fon +62 21 2358 7431
Fax +62 21 2358 7440

bjoern.thies@kfw.de