



PaninBank

German Desk at Panin Bank

Volker Bromund

Mittelstand Global – Energy Solutions Made in Germany
“German Energy Efficiency Solutions for the Industry – Online Seminar”

“Financing Options for Energy Efficiency
Equipment from Germany”

20th October 2020

ONLINE WEBINAR

German Desk at Panin Bank

- Volker Bromund was working 18 years in various positions for Deutsche Bank AG. He has a vast experience in credit, corporate banking/finance and restructuring and was working for Deutsche Bank in Germany, Malaysia, Hong Kong and in total 11 years in Indonesia. After leaving Deutsche Bank in May 2010 he started his own consultancy business in September 2010 in Indonesia advising clients in all areas of financing and market entry. Since 5 years his focus is on Sustainable Finance/Green Banking in Indonesia.
- Date of Birth: 3rd August, 1960
- Nationality: German



Partners in the German Desk Project:

DEG – Deutsche Investitions- und Entwicklungsgesellschaft

For 55 years, DEG has been financing and providing advisory services for private-sector companies operating in emerging markets and developing countries by offering tailor-made solutions, including long-term financing, promotional programmes and individual advice. DEG has maintained a representative office in Indonesia for more than 15 years.



PaninBank

PaninBank is a publicly listed bank established in 1971. As of September 2017, the Bank's total assets reached USD 15.8 billion making it the 7th largest bank in Indonesia. The Bank has been growing its network to 563 offices across all regions in Indonesia, offering diversified products and services. The Bank's proven business model for financing SMEs business has made it one of the fastest growing retail banks.



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German-Indonesian Chamber of Industry and Commerce

The German Indonesian Chamber of Industry and Commerce (EKONID) in Jakarta is part of the worldwide network of German Chambers of Industry and Commerce. EKONID consults German and Indonesian companies exploring new markets and fosters new business relations. Founded in 1924 and re-opened in 1970, EKONID has become a recognized business partner for German and Indonesian companies.



Deutsch-Indonesische
Industrie- und Handelskammer
German-Indonesian Chamber
of Industry and Commerce

German Desk at Panin Bank

Support of Dealers / Distributors / Agents of German manufacturers / principals (to be expected these are mainly Indonesian companies) – introduction to Panin Group through the German Desk

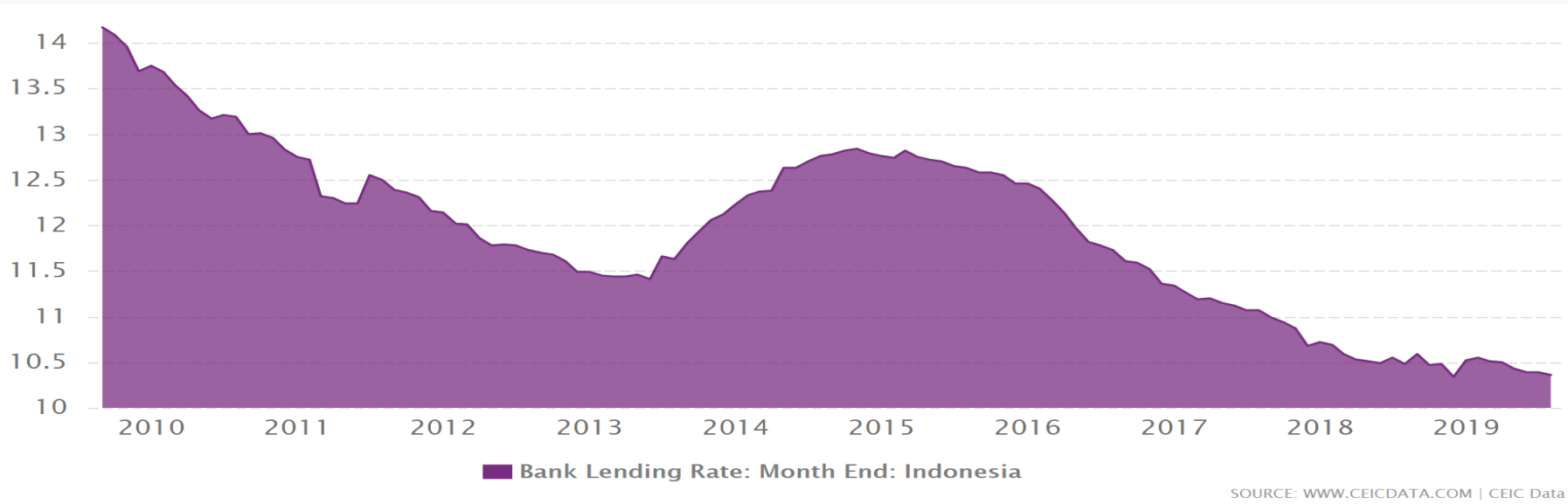


Energy Efficiency Equipment from Germany: Financing Solutions

Interest rate scenario in Indonesia

General overview:

- Interest rate charged in Indonesia to corporate clients from about 9.5% p.a. (very good rated companies) to 14% and more
- Long term fixed rates in IDR not available
- Banks hardly have long term refinancing, neither in IDR nor in USD – which means they seldom commit loans for a longer period and are reluctant to finance long term Infrastructure projects (except for the government)



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Interest rates in Asia

Country	Inflation	GDP	Population	Interest Rate	Change	Currency	Last Updated
Singapore	4.6%	50,180	5,469,700	1.85%	-	SGD	Feb 2018
Malaysia	3.3%	13,800	30,401,400	4.75%	-	MYR	Mar 2018
Philippines	5.3%	3,546	100,553,900	5.50%	-	PHP	Mar 2016
Vietnam	18.9%	2,942	89,708,900	6.49%	-	VND	Jun 2018
Brunei	2%	47,930	393,372	7.50%	-	BND	Jun 2017
Laos			6,693,300	9.00%	-	LAK	Feb 2018
Indonesia	5.7%	4,151	252,164,800	10.25%	-	IDR	Mar 2018
Thailand	4.1%	8,051	64,871,000	12.00%	-	THB	Jun 2018

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Foreign Exchange Rate IDR – Euro

- Purchases in US\$ or Euro are very risky as project owners don't know how much in IDR they have to pay once the purchase has to be paid
- “Cheaper” borrowing in foreign currency can become very costly when the Rupiah weakens



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Foreign Exchange Rate IDR – US\$



Main points to be considered when thinking about financing:

- Debt / Equity
- Tenor
- Currency
- Financial Modelling – is the project profitable and generates it sufficient revenues?
- Collateral

Financing Options:

- Local Bank Financing
 - Commercial Banks e.g. PaninBank
 - “Local Development Institutions” like PT SMI or IIF
- Export Credit Agency Financing for imported equipment
- Multilaterals like ADB, IFC
- Development Banks like DEG
- Local Leasing for equipment
- Syariah Banks

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German Desk

Financial Support and Solutions

FINANCING OF GERMAN/EUROPEAN EQUIPMENT FOR INDONESIAN BUYERS

Leasing, Machinery Financing, Bank Accounts, Working Capital, Trade Finance, Fixed Asset Finance



Financing tool to support your sales



What is the focus of the German Desk?

Equipment financing/leasing for mainly Indonesian companies which would like to purchase equipment from Germany/European manufacturers

All banking products and services for all German companies and their employees

Examples of equipment

- Heavy equipment for the construction industry
- Textile machinery
- Packaging machinery for the Pulp & Paper Industry
- Logistics/Warehousing equipment
- Medical equipment for hospital



In general:

We can finance/lease all kind of equipment for all industries as long as the borrower/Lessee has acceptable Audited Financials for the last 3 years with good credit standing.

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German Desk Financial Support and Solutions



Indicative Rates per 08/2019 for Finance Lease:

- In IDR: 10,5 % p.a.
- In US\$: 5.5 % p.a.



Documents that we need:

- 📄 Audited Financials for 2018, 2017 and 2016
- 📄 Company presentation/ brochure
- 📄 Investment list/ overview
- 📄 Outlook for the next few years

What is the typical process to engage the German Desk?



- The German Desk will introduce the Leasing structure and explain basic requirements of the Leasing Company to the dealer/manufacture
- Identify a potential customer



- The German Desk will visit the customer and introduce the Leasing Concept to him
- Customer will submit his Audited Financials for the last 3 years and a company profile to the Leasing Company



- Will do an internal rating
- Issue a LOI within roughly 2 weeks timeframe provided Audited Financials are acceptable

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PaninBank paninbank.official www.panin.co.id 1500678

PT. Bank Panin, Tbk. is registered and supervised by Indonesian Financial Service Authority



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Case Study

HERMES covered

Export Credit Finance (ECA) Scheme



What are ECAs?

Export Credit Agencies and Investment Insurance Agencies, commonly known as ECAs, are public agencies that provide government-backed loans, guarantees, credits and insurance to private corporations from their home country.

The German ECA

- **Euler Hermes AG and PwC manage the German Export Credit Guarantee scheme** on behalf and for account of the German Federal Government
- Euler Hermes acts as leading partner in this consortium, which explains why these guarantees are widely known as “Hermes Cover”

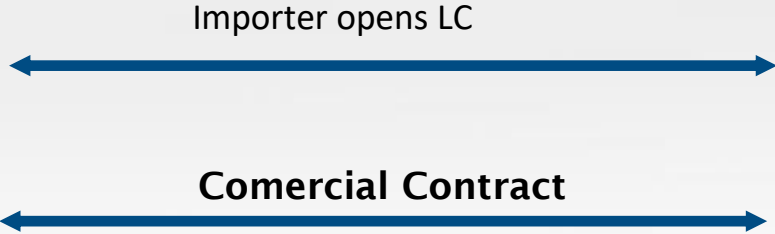


HERMES covered Buyer's Credit

Import financing

Indonesian Importer

German Manufacturer /
Exporter



Financing Agreement between Importer and the Bank

German BANK

Insures 95% of the loan amount

Reimbursement of LC after payment to Exporter

Financing through HERMES covered ECA loan

- 85 % of the contract value
- At least 15 % down-payment to be paid before delivery, if higher DP “reimbursement” with the loan
- HERMES premium can be financed up to 100 %
- Tenor 5 - 10 years - depending on the contract value
- Payment in semi-annual installments, the first falls due 6 months after commissioning / COD (“starting point”)
- Loan disbursement to the importer after the exporter has confirmed that he has received the payment under the LC

Buyer's credit: Pre-requisites

Major pre-requisites for credit assessment on „Corporate Risk“

- Annual and interim reports
- Annual revenue more than EUR 20 million
- Assets above EUR 15 million
- Equity to be compatible with the contract value

Additional information:

- Commercial and bank references
- Received foreign credits
- Credit history
- Description of export activities/ FX income

Buyer's credit

Advantages for the Importer/ Buyer:

- No charge to the importer's credit lines → Financing „on top“
- More cost efficient than local financing
- Low and attractive interest rates
- Typically no collateral, based on the credit standing of the borrower
- Tenor: from 5 up to 10 years depending on the value of the contract

Case study – Example

- Contract Value: US\$ 5,000,000
- Tenor: 5 years
- Financing amount: US\$ 4,250,000
- HERMES fee: approx. US\$ 242,000
- Total Loan Amount: US\$ 4,492,000
- US\$ Interest rate: 6 month LIBOR (1%) plus a margin of 2% p.a. (total currently roughly 3%)
- Commitment Fee: 1% p.a.
- Management Fee: 1,5 % flat
- **„All in“ rate of < 4% p.a. In US\$, around 3.0% p.a. in Euro inclusive annualized HERMES fee**
- Repayment: semi-annually, here 10 instalments
- Interest payment: semi-annually
- Governing Law: German Law

- Indicative Terms & Conditions only as simplified case study indication! -

aka EUROPEAN
EXPORT + TRADE
BANK



“AKA Ausfuhrkredit-Gesellschaft mbH”

AKA at a glance

Legal form: GmbH (originally incorporated as an AG)

Shareholders: 17 banks in Germany

Registered offices: Frankfurt am Main

Banking permit: AKA is subject to German banking supervision

Equity: EUR 258.0 million

including Tier 1 capital of: EUR 242.0 million

Total assets in 2018: EUR 3.5 billion

Business volumes: EUR 5.0 billion

Employees: 137

Why is AKA an interesting partner for the German Mittelstand?

Small Ticket Buyer Credits

AKA Ausfuhrkredit-Gesellschaft mbH (AKA) offers a highly standardised, digital application process for ECA-covered buyer credits (e.g HERMES, OEKB, SERV) from 1 million EUR or USD via its self-developed **online portal SmaTiX** (*Small Ticket Express*).

SmaTiX is available for exports ...

- with contract values between 1 and 10 million EUR or USD
- to more than 60 countries around the globe
- with financing tenors of 3 years or longer

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