



Indonesia Eximbank

Lembaga Pembiayaan Ekspor Indonesia
Milan, September 2013

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Senior Vice President Indonesia Eximbank



Overview of Indonesia Eximbank

Corporate Profile

Historical Corporate Overview



- IEB's predecessor **Bank Ekspor Indonesia ("BEI")** established
- IEB commences operations on **1 September 2009** mandated to support the national export programs
- All assets and liabilities, legal rights and obligations of **BEI were transferred to IEB** on establishment

Office Network



Special Institution Status

IEB operates independently under Act No.2/2009⁽¹⁾

Government Ownership

Wholly-owned by the State with sovereign status

Cannot be privatized under Act 2 / 2009

International Ratings

Setara dengan status *sovereign*

Baa3 (Stable) Moody's
 BBB- (Stable) Fitch
 BB+ (Positive) S&P
 Id AAA (Stable) Pefindo

Key Operating Activities



Financing

*Providing financing to domestic and foreign entities in both conventional and Islamic principle
(Act 2/2009, Article 6)*

Guarantee

*A range of guarantees provided to Indonesian exporters, overseas importers and tenders related to project performance
(Act 2/2009, Article 7)*

Insurance

*Insurance facilities for exporters in the event existing export insurance agencies cannot provide services
(Act 2/2009, Article 8)*

Advisory Services

*Trade related consulting and technical assistance services
(Act 2/2009, Article 13)*

Priority Sectors

- *Priority sectors in line with government's program*
- *Crude Palm Oil, Coffee, Rubber, Fishery, Shrimp, Textile, Processing Food, Cocoa and Footwear; Construction Services*

National Interest Account

- *Government of Indonesia projects to support Indonesia's economy – risk is assumed by Indonesian Government*

Comprehensive Financial Objectives with Prudent Targets

	Objectives
Capital	<ul style="list-style-type: none">▪ Maintain strong capital base
Asset Quality	<ul style="list-style-type: none">▪ Maintain NPL ratio below 5%▪ Adequate loan loss reserves
Earnings	<ul style="list-style-type: none">▪ Positive lending NIMs
Liquidity & Funding	<ul style="list-style-type: none">▪ Sufficient liquidity▪ Diverse funding sources▪ Balanced debt profile
Dividend	<ul style="list-style-type: none">▪ 90% General and Specific Reserves▪ 10% Distribution

Risk Management Overview

Comprehensive approach covering corporate governance, risk management and KYC

Good Corporate Governance

- Transparency
- Accountability
- Responsibility
- Independent
- Fairness

Robust Risk Management

- Minimum capital requirement
- Active supervision
- Market discipline against the inherent risk

Prudent KYC Procedure

- Customer identification
- Account monitoring
- Transaction monitoring
- Risk management

Three levels of risk oversight according to complexity

- 1 Risk Monitoring Committee
- 2 Risk Management Committee
- 3 Portfolio & Business Risk Management Units
Audit, Compliance, Operations

Credit Ratings – Indonesia Eximbank

On par with the Indonesian Sovereign Credit Ratings

	Moody's	S&P	Fitch	Pefindo
Ratings	Baa3 (Stable)	BB+ (Stable)	BBB- (Stable)	idAAA

Improving International Perception: Acknowledged by Rating Agencies

- Moody's upgraded the sovereign rating to Baa3 (investment grade) on April 16th, 2012, with stable outlook.
- Fitch upgraded the sovereign rating to BBB- (investment grade) on April 8th, 2013, with stable outlook
- The ratings incorporated the Government of Indonesia's ("GOI") full ownership and strong support. IEB is considered to be a key public policy institution, benefitting from ongoing and potential extraordinary support from the GOI
- The rating agencies consider Indonesia Eximbank to be a key public policy institution, benefitting from ongoing and potential extraordinary support from the government. The rating agencies believe GOI is almost certain to provide extraordinary support to IEB if ever needed



Full Government Control and Support

Full Government Control

Full government control through legislation, ownership and board appointment

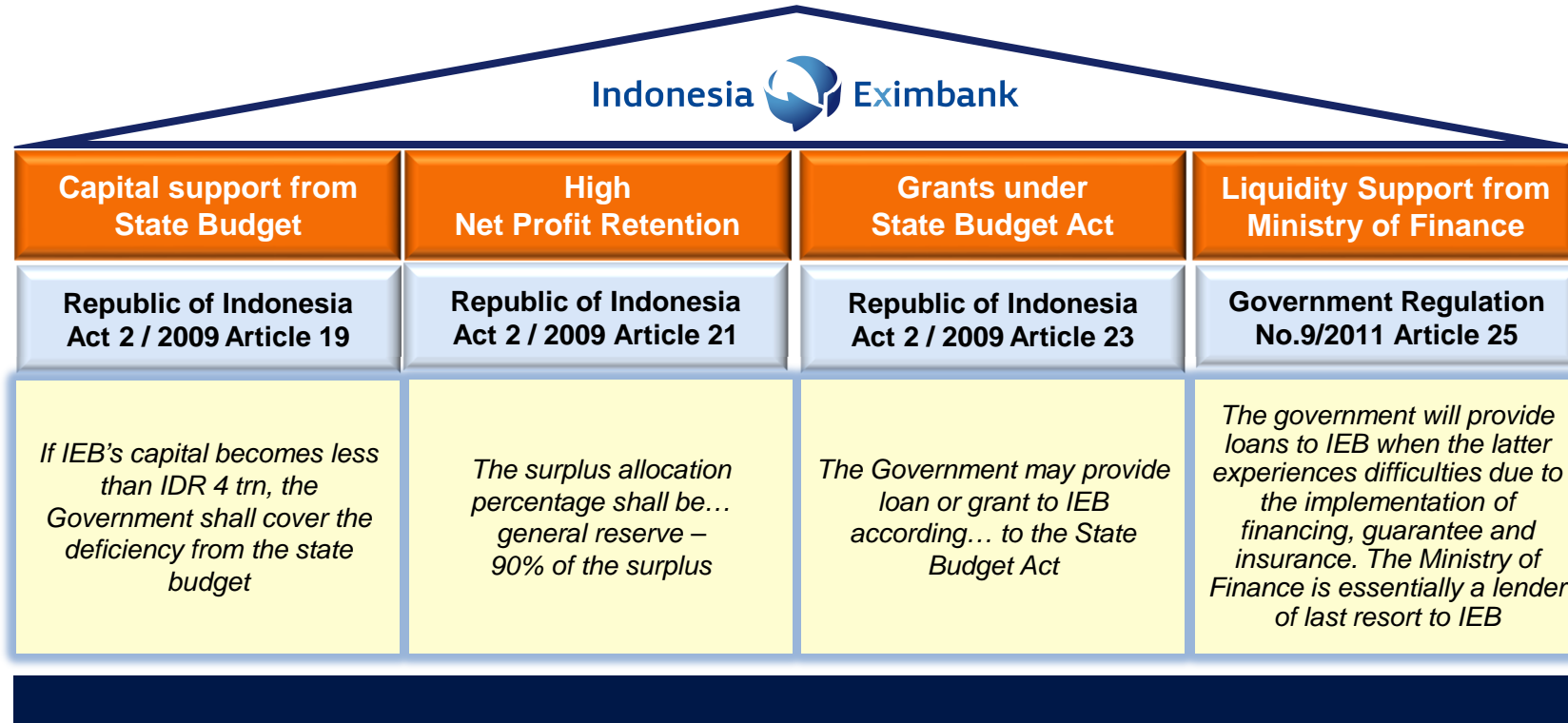


Key Articles of Act 2 / 2009

National Export Financing	Article 5	▪ “The National Export Financing is provided in the form of a) Financing; b) Guarantee; and / or c) Insurance”
Mandate	Article 12	▪ “...to support the national export program through the National Export Financing”
Special Assignment	Article 18	▪ “IEB may carry out special assignment of the Government to support the National Export Program upon the expense of the Government”
Sources and Placement of Fund	Article 22	▪ Explicitly states IEB’s funding sources and where it may place its idle funds
Board of Directors	Article 25	▪ Specifies the Board as the sole organ of IEB and the Board’s composition
Dissolution	Article 39	▪ “IEB’s dissolution shall only be made by an Act”
Guidance and Supervision	Article 40	▪ “The guidance and supervision of IEB shall be conducted by the Minister of Finance”

Full Capital and Liquidity Support by Law

A government agency with full capital and liquidity support by law

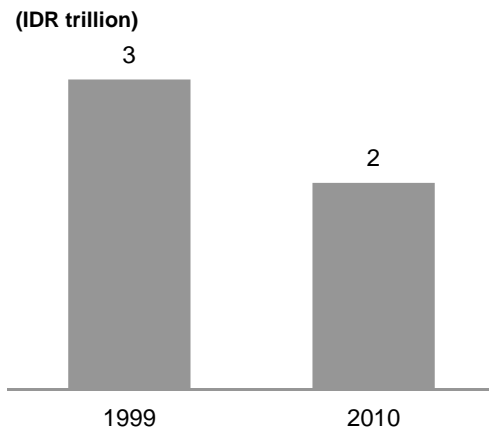


Full Capital and Liquidity Support by Law (2)

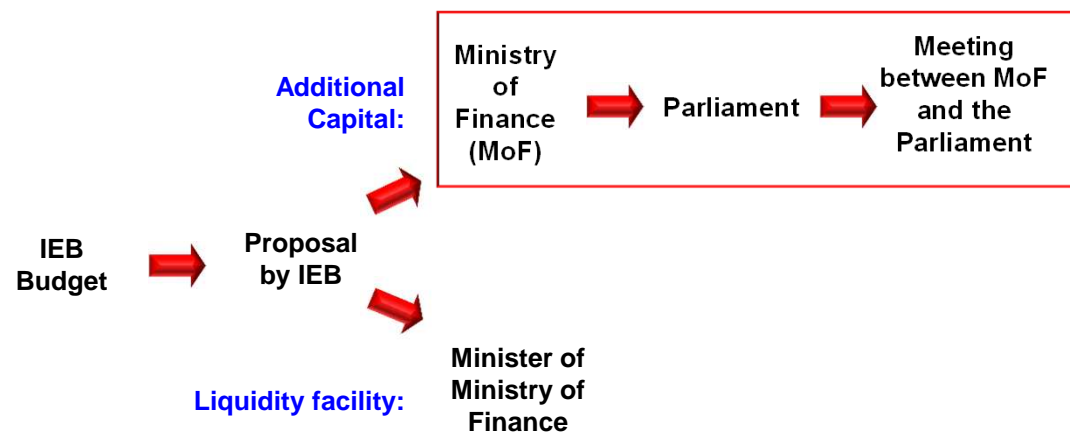
The State is committed to provide capital injection to IEB whenever necessary

- As per Act No.2/2009 (Article 19 paragraph 3), when the capital of IEB falls below IDR 4 trillion, the government will inject the equity shortage/shortfall from the State Budget under the prevailing mechanism
- The State injected capital of IDR 3 trillion into BEI in 1999 (transferred to IEB 4.3 trillion) and IDR 2 trillion into IEB in 2010. On the other hand, dividend payout ratio has been reduced and only 10% of surplus is available to be distributed to government and to directors and staff as year-end bonus
- Although there is a set procedure for IEB to request for additional capital, the government stands ready to provide the required capital injection as required by law and to enable IEB to realize its role and responsibilities
- The Government support related to liquidity are stated in Government Regulation No.9/2011 on The Procedures of Granting Loans from Government of Indonesia to IEB. In Article 25 paragraph 1, the government will provide loans to IEB when the latter experiences difficulties due to the implementation of financing, guarantee and insurance. The Ministry of Finance is essentially a lender of last resort to IEB.

History of Capital Injection



Process for Getting Government Support



Support National Export Growth

Indonesia Eximbank commits to provide financing for current and proposed infrastructure development project in Indonesia specifically support export oriented sectors.

1. Synergy with State Owned Enterprises

- PLTG Project at Borang, Palembang;
- Tanjung Priok Port Development Project;
- Teluk Lamong Port Project at Surabaya;
- Dumai-Lubuk Gaung Street Development Project;
- Power plant development project at Makassar.

2. Private Owned Enterprise

- Port Development Project at Marunda;
- Port Development at Gresik;
- Industry Area Development at Bekasi;
- Power plant development at Sumatera Utara;
- Hauling Coal Road Development at Banjarmasin;
- Industry Area Development at Batam.

Support National Export Growth (2)

Indonesia Eximbank provided financing facility to foreign buyers (Buyer's Credit)

- Provided financing to foreign buyers residing in Singapore for the purchase of vessel.
- Provided financing for Indonesian Carpets Warehouse in Australia.

Supporting Overseas Investment Projects of Indonesian Company

- Financing for Establishment and Purchase of Converting Paper Machine, or Working Capital
Financing for Purchase of Raw Materials from Indonesia such as: Tissue Paper Roll.
- Providing finance to Indonesian wheel trader in Chicago
- Providing finance to Indonesian construction work at the King Abdullah Financial District, Riyadh, Saudi Arabia.
- Financing for working capital and capital expenditure of Indonesia mining company at Penjom, Malaysia.

Support National Export Growth (3)

Providing export guarantee

- **Project guarantee (bid guarantee, advance payment guarantee, performance guarantee, payment guarantee, maintenance guarantee).**
- **Custom bond.**

Covering Exporter's Risks

- **Trade Credit Insurance covers exporters from payment risk due to insolvency, default and other risks from overseas buyer.**



Performance of Financing, Guarantee and Insurance

Financing, Guarantee and Insurance

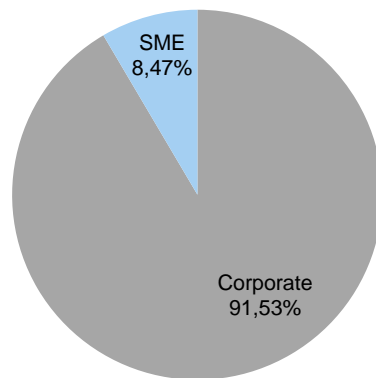
in billion Rupiah

Information	31-Des-11 audited	31-Des-12 audited	30-Jun-13 unaudited
Total Exposure of Financing	20.541	27.054	30.625
Guarantee Facility	348	1.098	1.642
Export Insurance	39	149	223

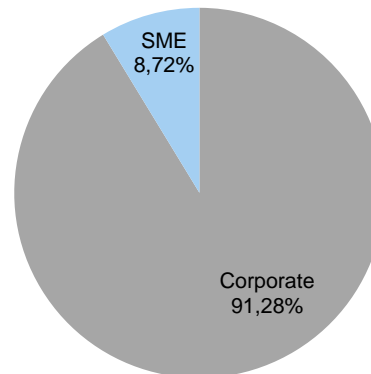
Breakdown of Gross Loan Portfolio

Financing by Segments

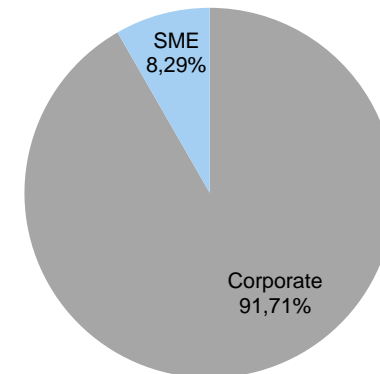
December 31st, 2011 (audited)



December 31st, 2012 (audited)



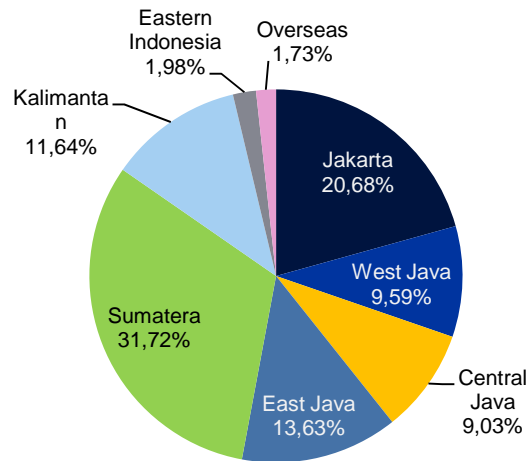
June 30th, 2013 (unaudited)



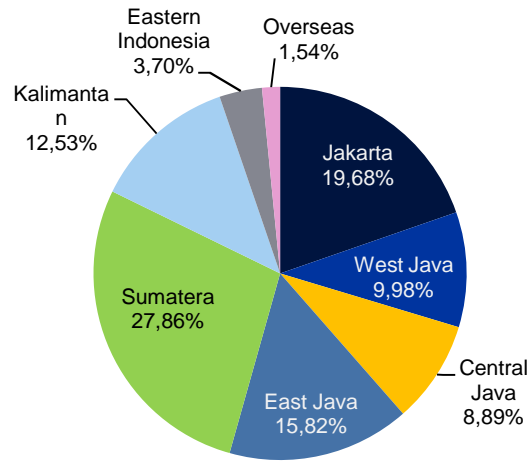
Breakdown of Gross Loan Portfolio (2)

Financing by Regions

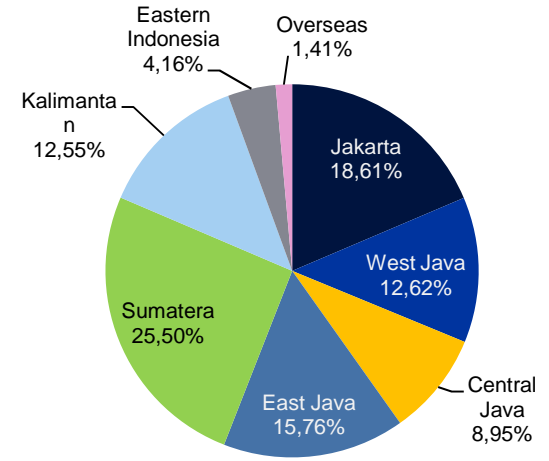
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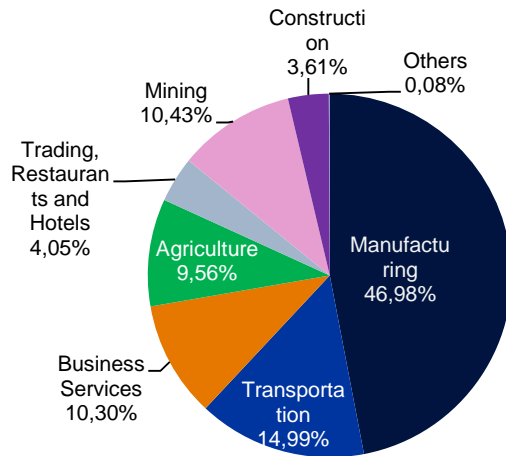
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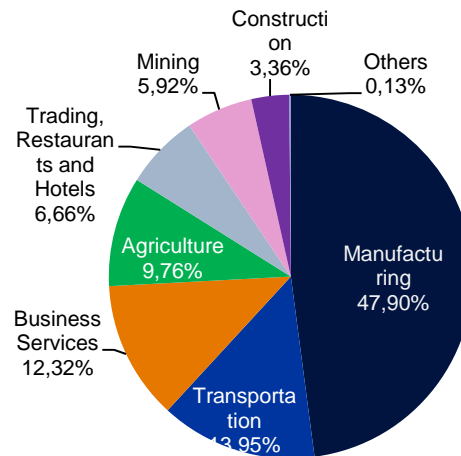
Breakdown of Gross Loan Portfolio (3)

Financing by Economic Sector

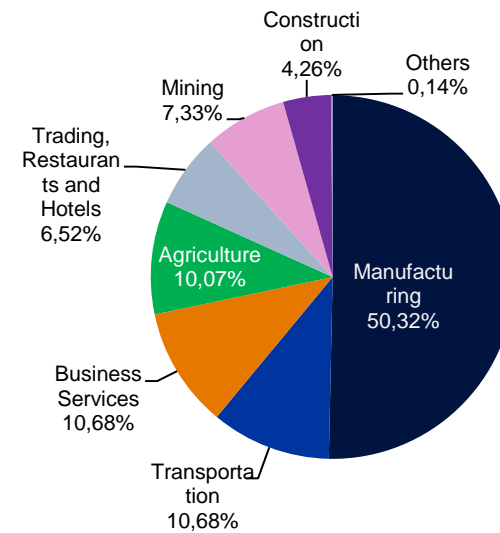
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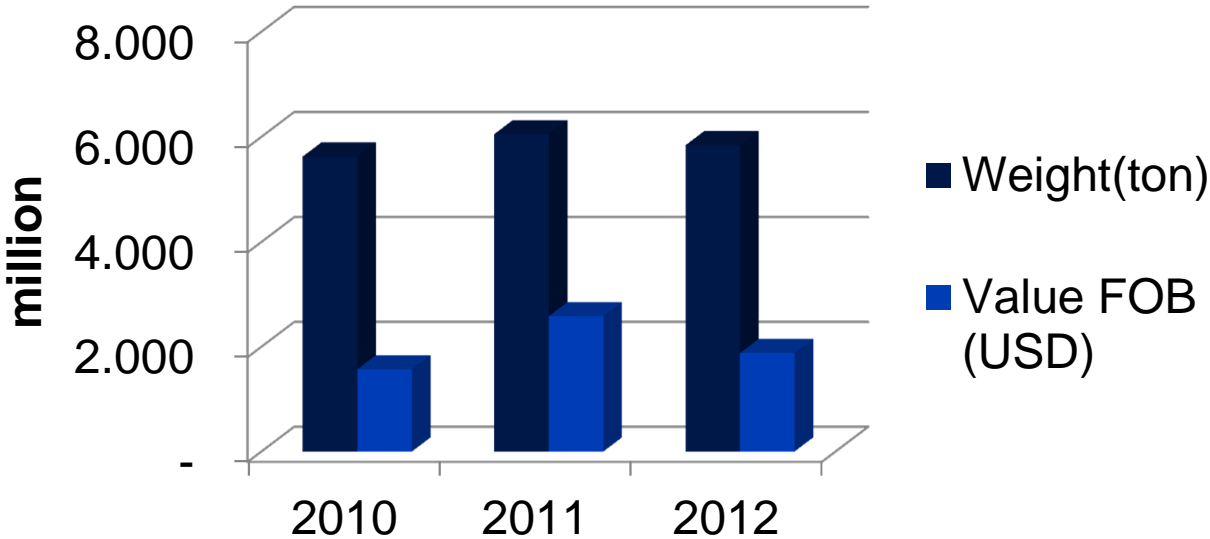


Export Performance to Italy

Indonesia's Export Performance to Italy as a Major Destination Country (1)

Performance by Value

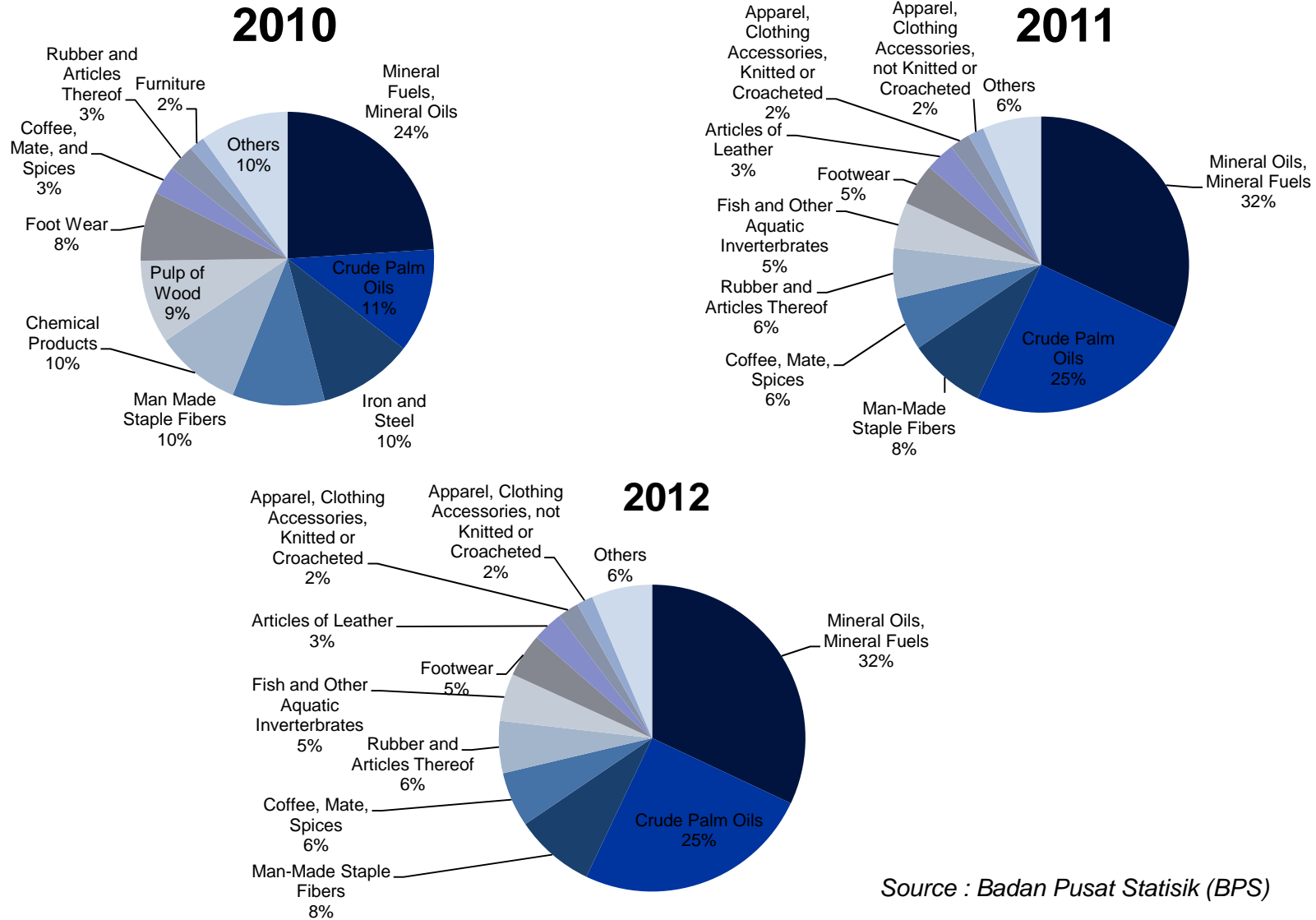
Year	Weight (ton)	Value FOB (USD)
2010	5.621.666.301	1.569.213.550
2011	6.047.771.552	2.581.598.748
2012	5.837.192.459	1.877.165.831



Source : Badan Pusat Statistik (BPS)

Indonesia's Export Performance to Italy as a Major Destination Country (2)

Performance by HS



Source : Badan Pusat Statistik (BPS)

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Thank You