

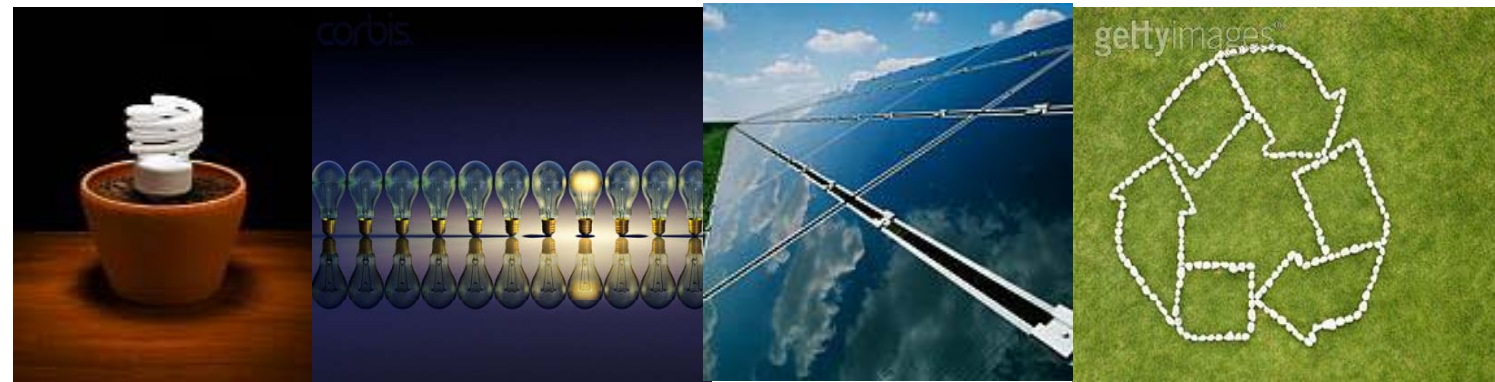


Financing Mechanism Program & Evaluation

“As an old saying goes, nothing is as powerful as an idea of whose time has come. And why the idea of whose time has come is for human kind to be able to produce energy, the way that is low carbon energy, less damaging to the environment and yet be able to help propel the economic development in a sustainable manner..”

Banthoon Lamsam

President & CEO



September 28th, 2011



Table of Contents

- 1. KBank's Mission and Vision for Green Strategy**
- 2. Project Financing Scheme & Application**
- 3. Key Risks and Mitigation Guideline**
- 4. Key Documentation & Timeline**



2010 Top Five Thailand Loans Mandated Arrangers – Bloomberg

KBank is ranked first among the country's top loans mandated arrangers

- We are the most active bank in providing the integrated financing solution to clients with a variety of optimum financing products.
- Our funding arrangement services will formulate the most suitable funding to client with ultimate objective to maximise return to the sponsors or shareholders.

January – December 2010

Bloomberg

Rank	Name	Deal Count	Volume (USD Million)	% Shares
1	KASIKORNBANK PCL	16	2,195	32.2
2	Siam Commercial Bank PCL	7	767	11.3
3	Sumitomo Mitsui Financial Group Inc	7	511	7.5
4	TMB Bank PCL	4	441	6.5
5	Mizuho Financial Group Inc	6	433	6.4

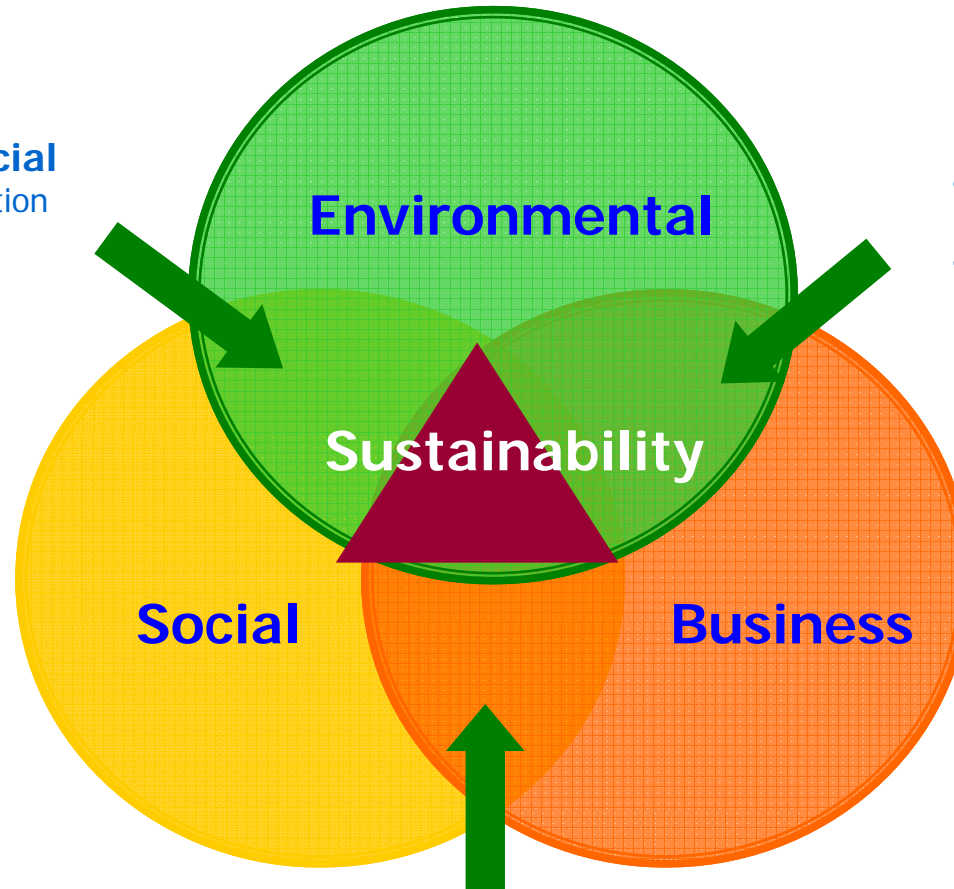
KBank's Green Mission & Vision

- **Green Vision:** We foresee the new growth markets for KBank on Green Business (Renewable energy, Energy Efficiency and Waste Management), then we would like to take the advantage of the first mover to be a leader among peers in providing full range of green financial products to our clients profitably, while we can mitigate all environmental and social risks over the long-term for sustainability.
- **Green Mission:** We target to create and innovate the environmentally friendly financial products and businesses; in order to benefit our clients in term of their cost reduction and environmental & social risk management; to increase sustainable value of shareholders; to build up the environmental and working morale for employees; and to provide lower carbon emission for Thailand.

KBank Green Strategy – The 3 Pillars

Environmental-Social

- Environmental Regulation



Environmental - Business

- Renewable Energy Financing (Solar Energy, Wind Power, Biogas, Biomass)
- Energy Efficiency Financing (Chiller replacement, Boiler, Lighting control)

Business – Social

- Business Ethics
- Fair's Trade
- Worker's rights



Selected Financial Services Provided by KBank



Solar Power Co., Ltd.

Project Financing
THB 1,320,000

Financial Advisor,
Nov 2009, Oct 2010

- ◆ Solar Power Co., Ltd. (SPC) has already developed 3 licenses (18 Megawatts) out of 34 licenses (204 MW) in the pipelines with financial support from KBank. Becoming the first commercial solar farm project in Thailand and the largest in South East Asia. SPC plans to develop other solar farms within 2015.
- ◆ Becoming long term partnership with SPC, we leverage our intensive experience in power industry, especially solar power, to ensure the achievement of financial arrangement to the Project



Nam Theun 2
Power Company Limited


Syndicated Loan
Baht 20,000 m.
USD 500 m.

Financial Advisor,
Lead Arranger,
Facility Agent
March 2005

- ◆ Nam Theun 2 Co., Ltd. (NT2) constructs, develops and operates one of the largest hydroelectric power project in Lao PDR with the 1,070 MW capacity and the approximately amount of USD 1,300 Million investment cost.
- ◆ As the financial Advisor, KBank has successfully assisted in all relevant activities regarding to managing and coordinating with numbers of global financial institutes and external advisors. KBank also performed the prudent legal and environmental risk mitigation analysis along with the assenting due diligence which was pleased for all parties.



Energy Efficiency Credit Program by KBank



กระทรวงพลังงาน
Ministry of Energy

K-Energy Saving Loan

DEDE-Soft Loan
THB 520,000,000

2006

- ◆ Loan for investment in EE projects
- ◆ Provides 4% interest loans.
- ◆ Maximum of 50 million baht per project and installment periods below 7 years
- ◆ Subsidized by DEDE
 - ✓ - Provides 0.5% interest loans to commercial banks
 - ✓ - From January 2003 to April 2011, The program supported 14 billion baht* investment (*7.5 billion baht of 14 billion supported by financial institution)



NSTDA
Networks

K-Tech Development Fund
for Bio-gas

KBank Loan
THB 500,000,000

April 2009

- ◆ Loans for investment in anaerobic fixed film reactor – AFFR
- ◆ Provides 30 million baht, less than 75% of investment project
- ◆ Tenor 6 years, Grace Period 1 year
- ◆ Provides half of MFI + 2.25 interest loans
- ◆ Subsidized by NSTDA – Provide 0% interest loans to commercial banks

Energy Efficiency Credit Program by KBank



AGENCE FRANÇAISE
DE DÉVELOPPEMENT

K-Green Hotel Loan

Soft Loan
THB 1,200,000,000

April 2011

- ◆ Provide Loans for hotel business in andaman, samui, koh chang.
- ◆ Loan for investment in Wastewater treatment, Solid water management, Water consumption management, Energy saving management.
- ◆ Provides less than MLR – 1.5% interest loan.
- ◆ Collaborated by AFD.



ธนาคารกสิกรไทย
KASIKORNBANK 泰华农民银行



แฟคเตอรี แอนด์ อีควิปเมนท์ กสิกรไทย
KASIKORN FACTORY AND EQUIPMENT 泰华工厂设备



K-Energy Saving Guarantee Program

KBank Loan
THB 3000,000,000

July 2011

- ◆ Loan/Lease for investment in Energy Efficiency which guarantee saving by ESCO
- ◆ Maximum 100% of Investment project (include ESCO consulting fee).

Table of Contents

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What Have Been Seen in Thailand Nowadays: Project Financing Scheme

Project Financing

Character

- *Structured project financing under Special Purpose Vehicle (SPV) with appropriated risk allocation and/or limited shareholder undertaking*

Pros

- *Minimize liability to the sponsor under limited to none recourse basis*
- *The longest loan tenor possible (subject to project cashflow)*
- *Optimum gearing ratio (D/E Ratio) at the project level*

Cons

- *More complicated on documentations and longer legal / structuring process*
- *More conditions and covenants required*
- *Required to engage independent experts*

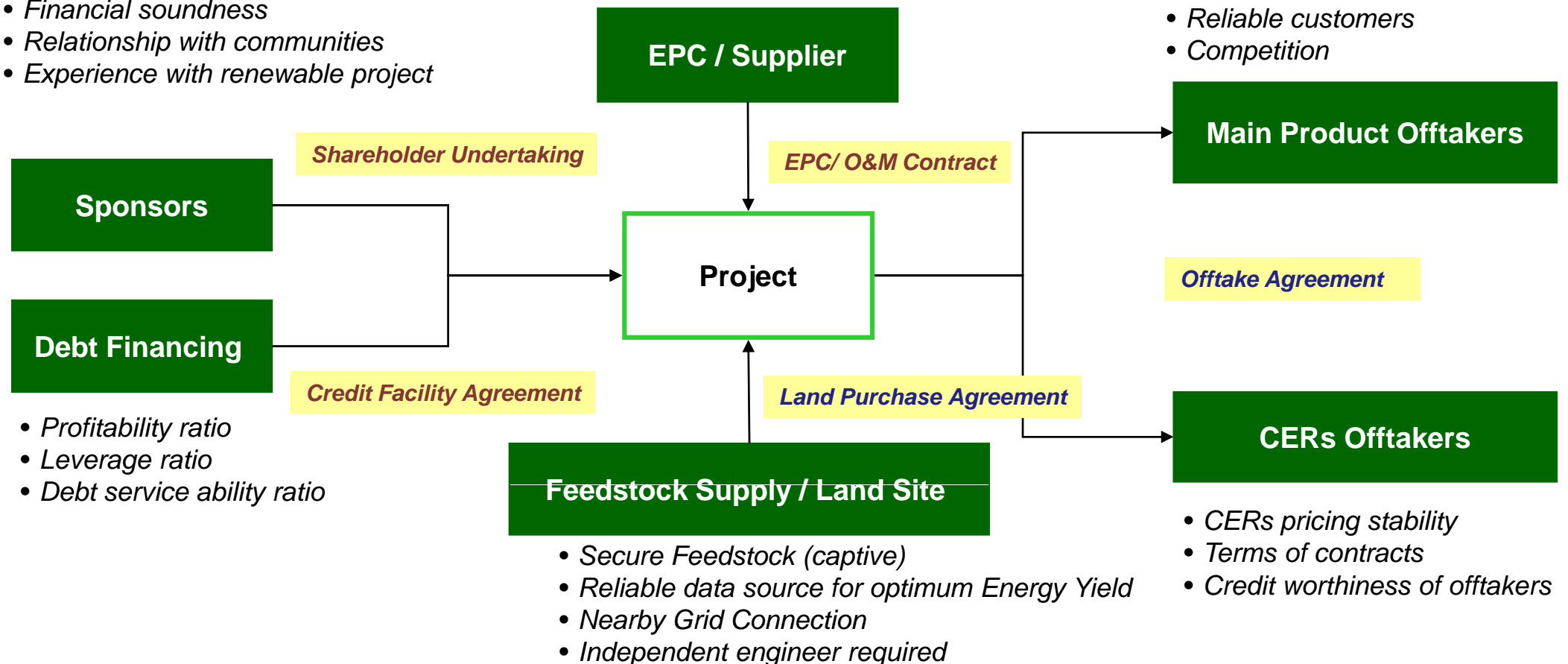
Standard Terms of Project Financing

Facility Types	<p><i>Tranche A: Long Term Facility</i></p> <p><i>Tranche B: Working Capital and Trade Finance Facility</i></p> <p><i>Tranche C: Hedging Facility</i></p>
Purpose	<i>Financial Facility to support development and construction of a solar farm project</i>
Interest Rate	<i>MLR, THBFIX, Fixed Rate</i>
Tenor	<i>Depend on cashflow from the revenue generation and government subsidy (Adder)</i>
Key Security	<ul style="list-style-type: none"> <i>i) Conditional assignments of all related contracts and Project's proceeds</i> <i>ii) Mortgage of Project's security</i> <i>iii) Pledge of Reserves and waterfall accounts (DSRA, DSAA, MMRA etc.)</i> <i>iv) Sponsor Supports</i>
Key Financial covenant and other key covenants	<ul style="list-style-type: none"> <i>i) Debt service ratios -- ie. Debt Service Coverage Ratio (DSCR)</i> <i>ii) Leverage ratios – ie. Debt to Equity Ratio (D/E)</i> <i>iii) Minimum cash position</i> <i>iv) Sponsor's undertaking in project ownership</i>

How The Bank Views Renewable Project In General

- Experience / Technology / Financial strength
- Contract terms/ Liquidated damages
- Insurance and Warranty (performance guarantee)
- Independent engineer required

- Financial soundness
- Relationship with communities
- Experience with renewable project





Credit Enhancement In Thailand

Products:

- *Financial Guarantors such as, Guaranteed Bond and Standby Letter of Credit (SBLC)*
- *Export Credit Agencies (ECA) Financing & Support through Partial Risk Guarantee*
- *Development Banks – IFIs' Financing & through Partial Risk Guarantee*
- *Insurance Brokers*
- *Back-leveraged structure through Standby Letter of Credit (SBLC) or Corporate Guarantee in case of highly acceptable credit standings to the bank (A+ Rating and above from rating agency)*

Example:

- IFC as a shareholder in Solar Power Co. Ltd. enhancing the more relaxing terms & conditions to the project
- ADB as a lender in NED (Lopburi Solar) resulting to the longest tenor of 18 years
- Strong supplier's guarantee such as life-time performance warranty reflected through easily credit approval

Types of Equity Financing

Equity Financing / Equity Investment

- *ESCO fund both private and government agencies such as E For E in Solar Power Co., Ltd.*
- *Private equity*
- *IPO, PP, Infrastructure Fund*
- *Mezzanine financing: quasi-equity structure (convertible structure and subordinated loan)*

Example of Successful Project Financing

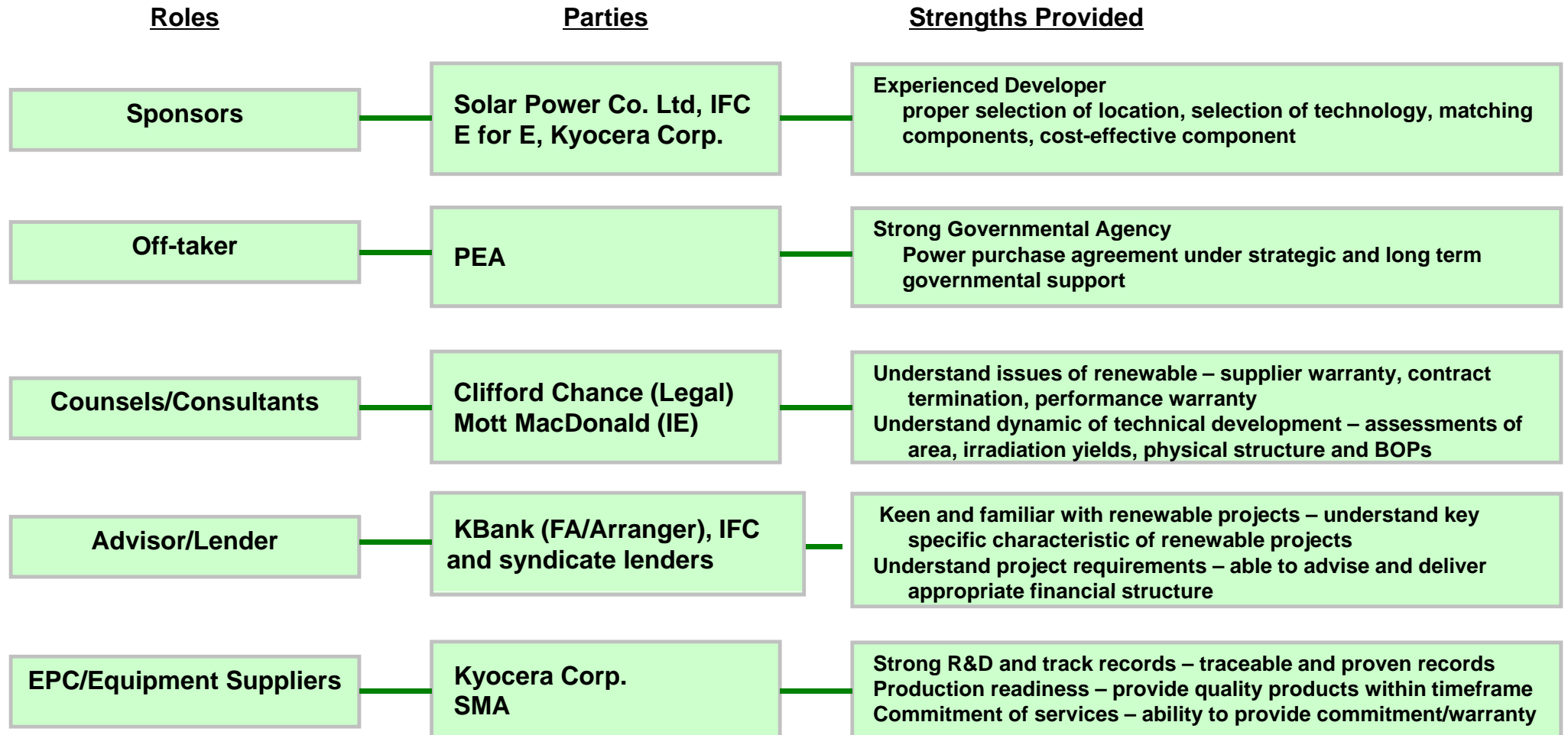


Table of Contents

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Key Perception of Risks and Mitigations

	Issues	Mitigation	Guideline
Construction	<ul style="list-style-type: none"> Balance of Plant Panel/Inverter Synchronization Cost Controls and Completion 	<ul style="list-style-type: none"> Fixed price, turn key construction contract Guarantee completion date Select experienced contractor 	<ul style="list-style-type: none"> Liquidated damage terms Acceptable performance guarantee Strong status of EPC
Technology and Components	<ul style="list-style-type: none"> Reliability and Durability Environmental Suitability Project Economics 	<ul style="list-style-type: none"> Technology and performance records reviews Lab testing and Certificates Supplier Reviews Service/Maintenance program 	<ul style="list-style-type: none"> Proven technology with reasonable track records Proper Manufacturing test&warranty Reputable Supplier Reachable manufacturer/supplier
Irradiation and Production	<ul style="list-style-type: none"> Site and Location Suitability Climate Impact Geographic Limitation 	<ul style="list-style-type: none"> Historical climate/season review On site survey and verification Yield Analysis 	<ul style="list-style-type: none"> Location clear of surrounding future development, flooding, shadows, smog and smoke Technical Advisor with formulated yield analysis approach



Key Risks and Mitigations of Solar Farm Development (Con't)

	Issues	Mitigation	Guideline
Contractual	<ul style="list-style-type: none"> Continuity of the Power Purchase Agreement Terms and enforceability of contracts and warranty 	<ul style="list-style-type: none"> Understand PPA characteristic (PPA to renew every 5 years) Legal due diligence 	<ul style="list-style-type: none"> Legal counsel to review warranty, LD terms Legal counsel to review contract enforceability under Thai Laws
Environmental	<ul style="list-style-type: none"> Impact and effect to surrounding environment Local community acceptance 	<ul style="list-style-type: none"> Potential environment pollutions assessments Local community communication Social responsibility program 	<ul style="list-style-type: none"> Technical/Environmental Advisor to perform review and study Local road show and education CSR program Job creation

Table of Contents

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Key Documentation

Financial Documents

- Indicative Terms and Conditions
- Credit Facilities Agreement
- Shareholder Undertaking

Project Documents

- Power Purchase Agreement
- Interconnection Agreement
- EPC Agreement
- Warranties and Service
- BOP Contracts
- O&M Contracts
- Land Agreements
- Joint Venture or Shareholder Agreement
- Performance Bonds
- Insurance Policies
- Supply Contracts
- Technology/Operating Licenses
- Planning and Environmental Consents (IEE)



Key Documentation

Security Documents

- Mortgage of land
- Mortgage of all plant equipment/machineries
- Assignment of project documents/bonds
- Pledge of accounts
- Insurance endorsement

Expert Opinions

- Technical Evaluation Report
- Legal Opinion
- Insurance Report
- IEE/EIA Report
- Financial Review

Timeframe (2-3 months)

- | | |
|--|-----------|
| • Conduct due diligences | 4-6 weeks |
| • Conclude Terms and Conditions | 1-2 weeks |
| • Drafting & negotiate loan documentation | 4-8 weeks |
| • Final bank's board approval | 4-6 weeks |
| • Financial close | |
| • Fulfill condition precedence prior to drawdown | 4 weeks |



Feel free to contact:

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