



# Energy Saving Project Bank Financing Perspective



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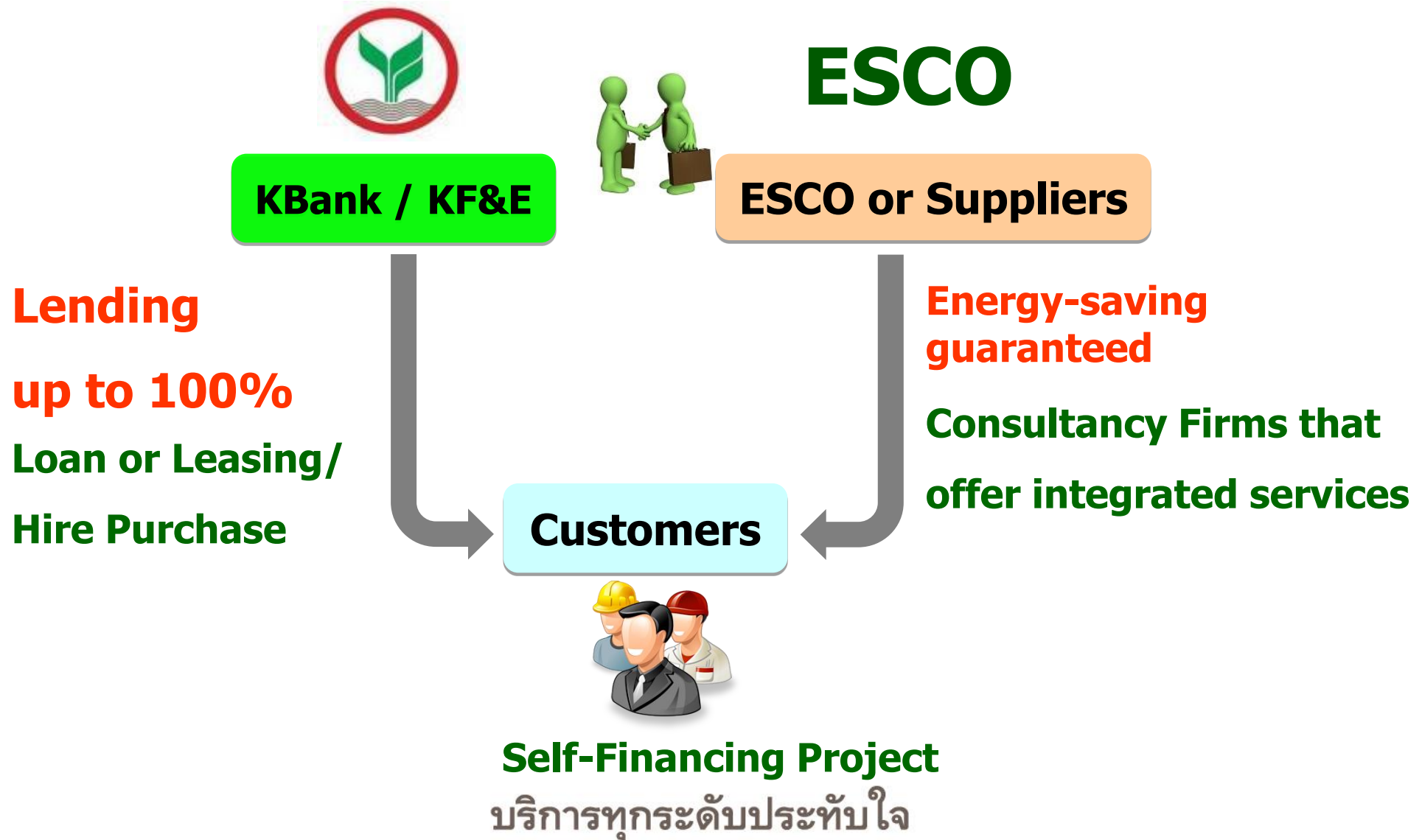


## Principle of EE/RE Financing

- ❖ **Clear objective of borrowing**
- ❖ **Certainty of investment return and source of repayment**
- ❖ **Enhance business competitiveness in the long run**
- ❖ **No cash flow drain during loan repayment with additional cash flow to the business in the longrun**

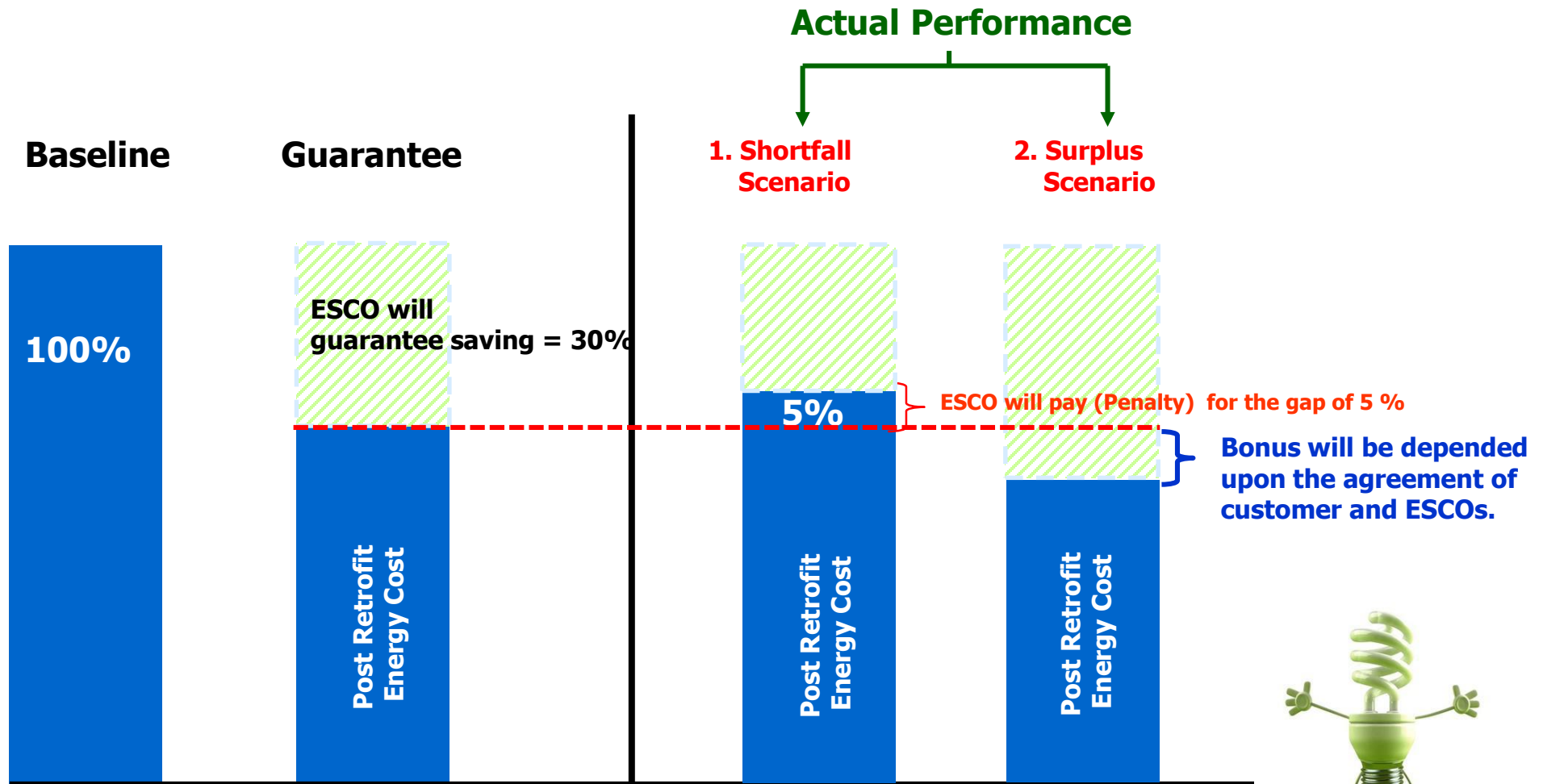


## Energy Saving Guarantee Financing Model (1/2)





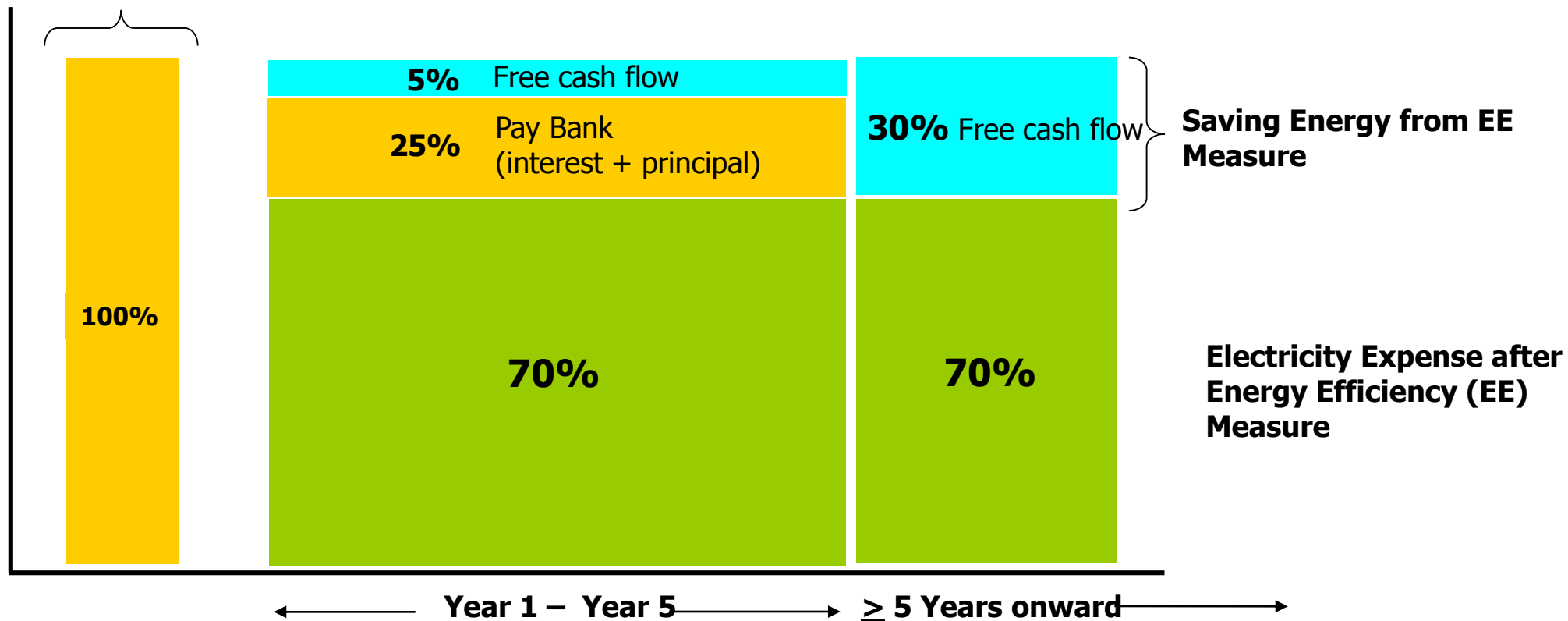
# Energy Saving Guarantee Financing Model (2/2)





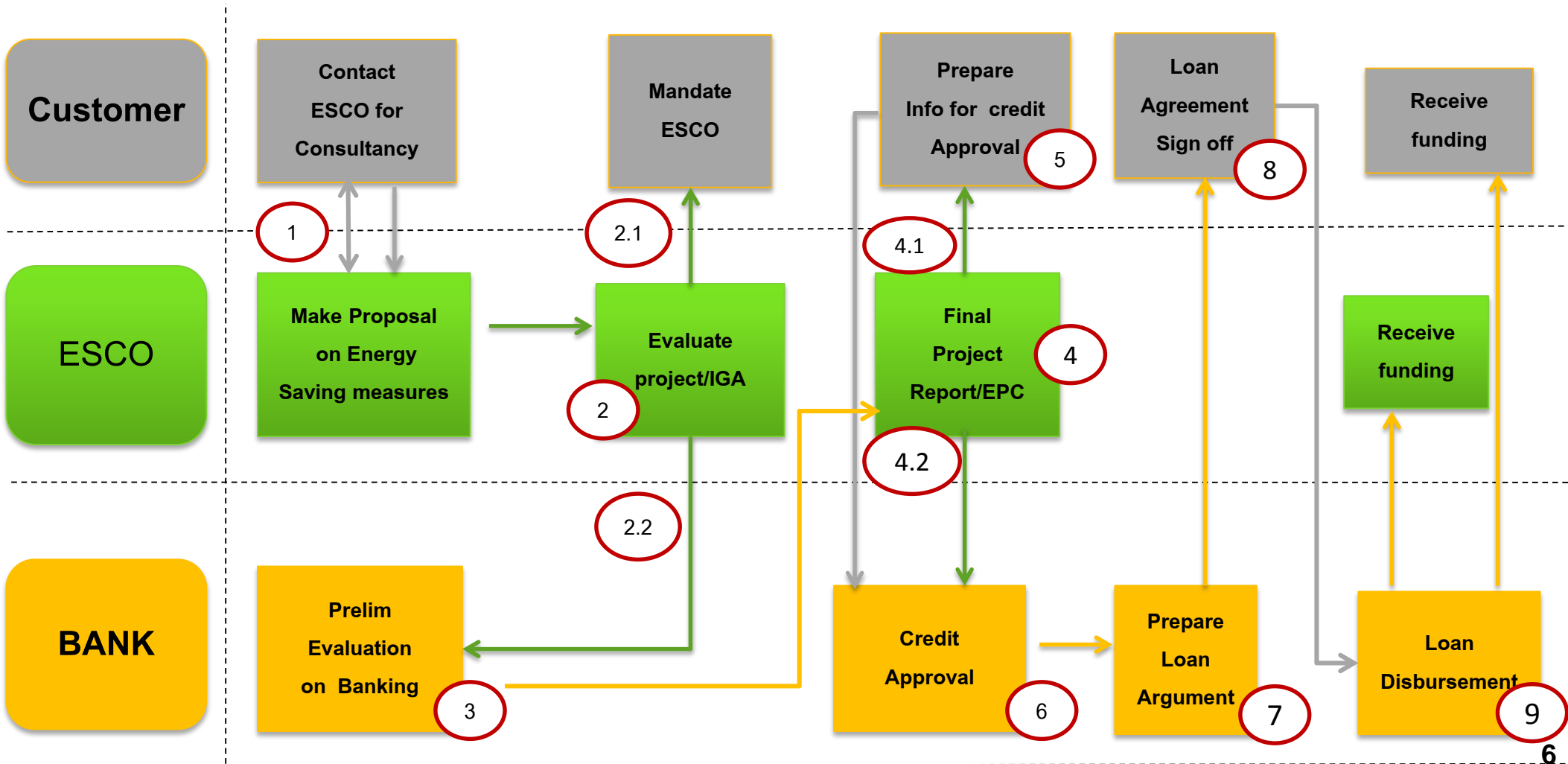
# Cash Flow Profile of RE/EE Financing

Electricity expense Energy Efficiency (EE) Measure





# Credit Approval Procedure



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## Credit Approval Principle

- ❖ **Bank evaluates both EE/RE Project and overall condition of business.**
- ❖ **Bank can lend up to 100% of total project cost.**
- ❖ **Collateral considerations:**
  - **Equipment related to EE/RE is not considered collateral**
  - **Extra collateral requirement is based on profile of business**
  - **Extra collateral is usually not required in case of;**
    - **The borrower has not given collateral to other lenders**
    - **The premise with EE/RE add-on is already collateralized with the (same) bank.**





## EE/RE Project consideration

- ❖ Project total investment
- ❖ Saving expected from Project
- ❖ Payback period and cash flow profile
- ❖ Content Energy Performance Contract







## General Credit Consideration

### Type of business/Industry

- Current stage of industry/environment

### Track record/Experience

- Basic incorporation documents

### Objective of borrowing

- Clear and reasonable objective of investment/spending

### Willingness to repay

- Track record with banks/ Repayment record / Court cases

### Debt service capability

- Business income and profitability
- Debt burden and obligation

### Collateral

- Not the first repayment source but will reduce the impact in case of default





**KASIKORNTHAI**

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