

# Third Conference European Legislation to Promote Bioenergy

*„Private Banking for  
Bioenergy Plants“*

*Brussels*

*6 – 7 November 2006*

# Overview

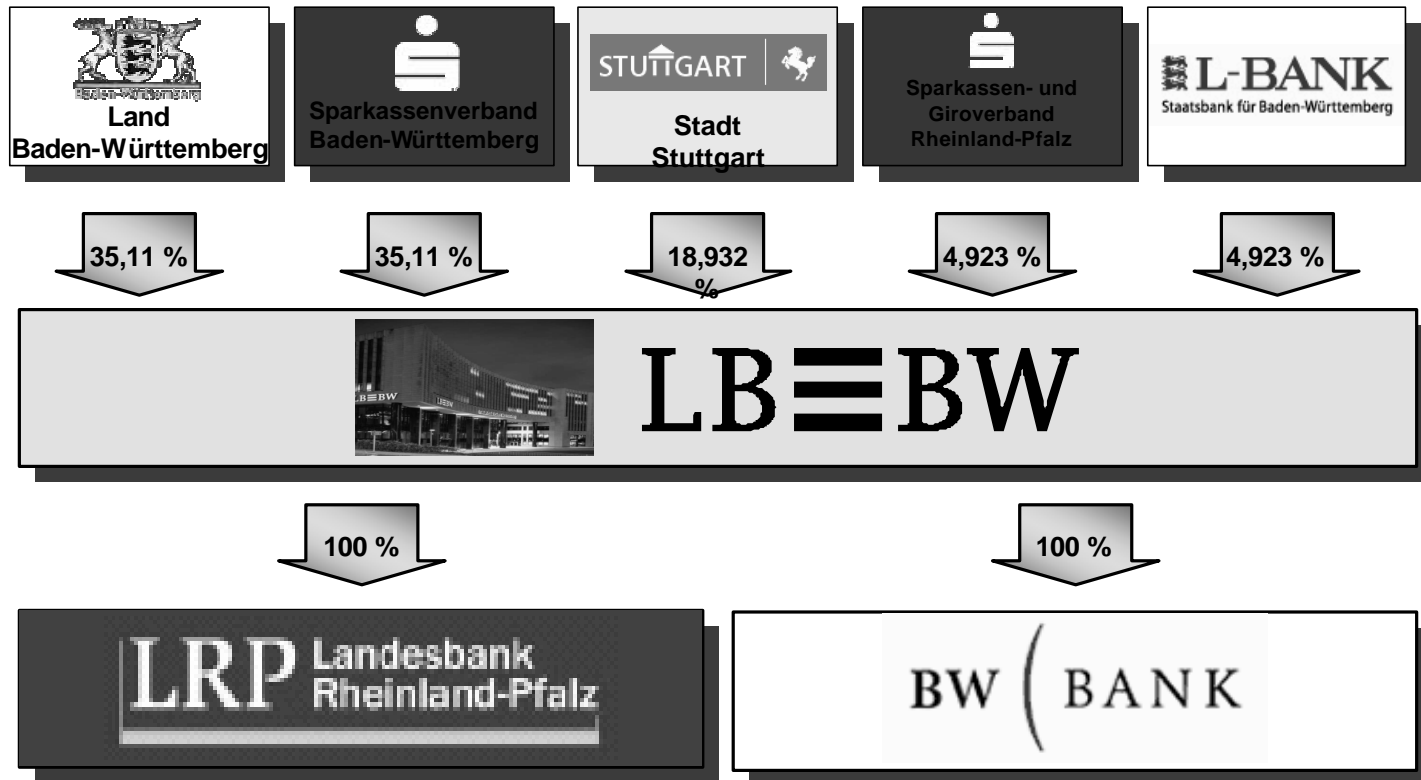
## ■ PART I

Facts and figures of LBBW

## ■ PART II

Private banking for bioenergy plants

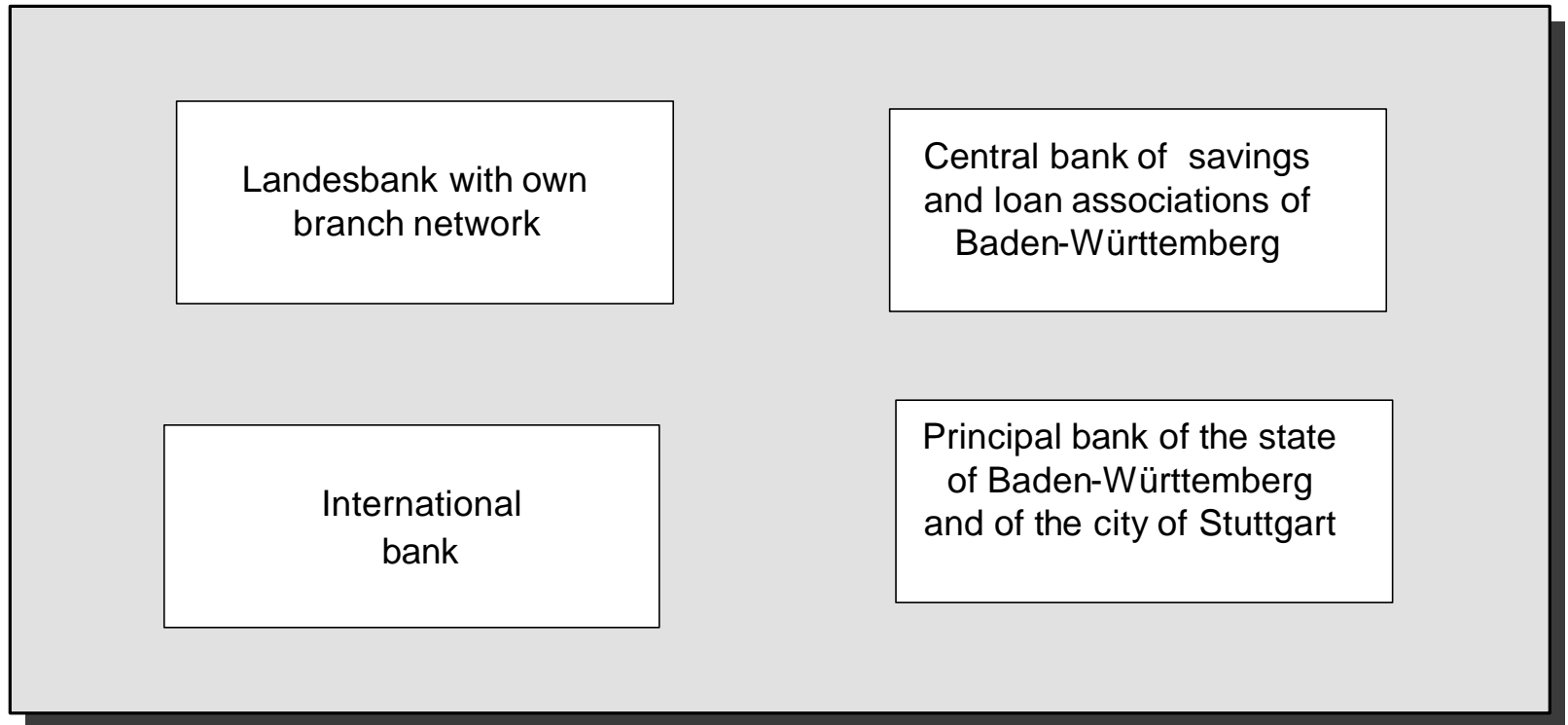
# ■ Ownership structure



Landesbank Baden-Württemberg

**LB BW**

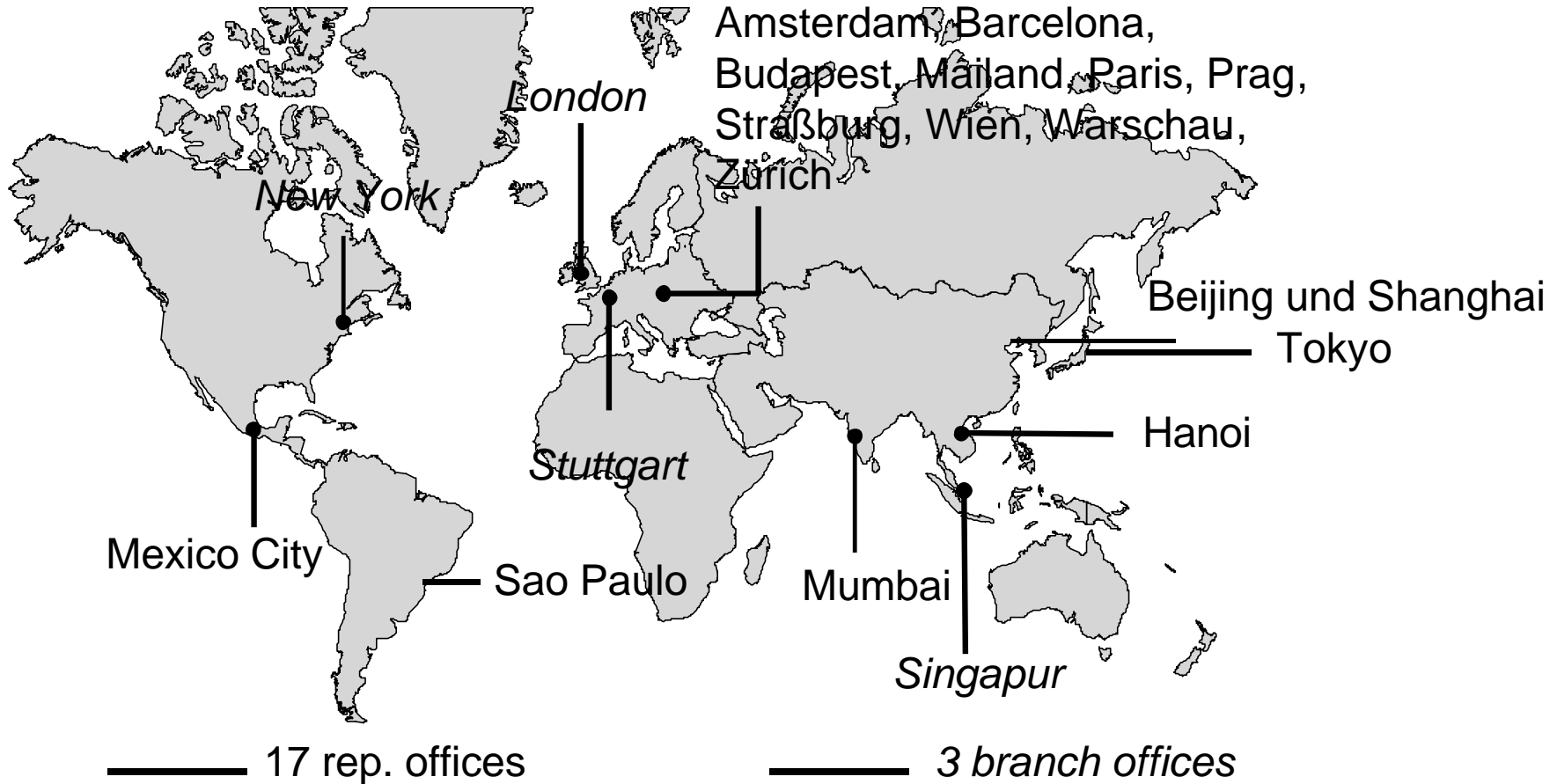
## ■ Profile of Landesbank Baden-Württemberg



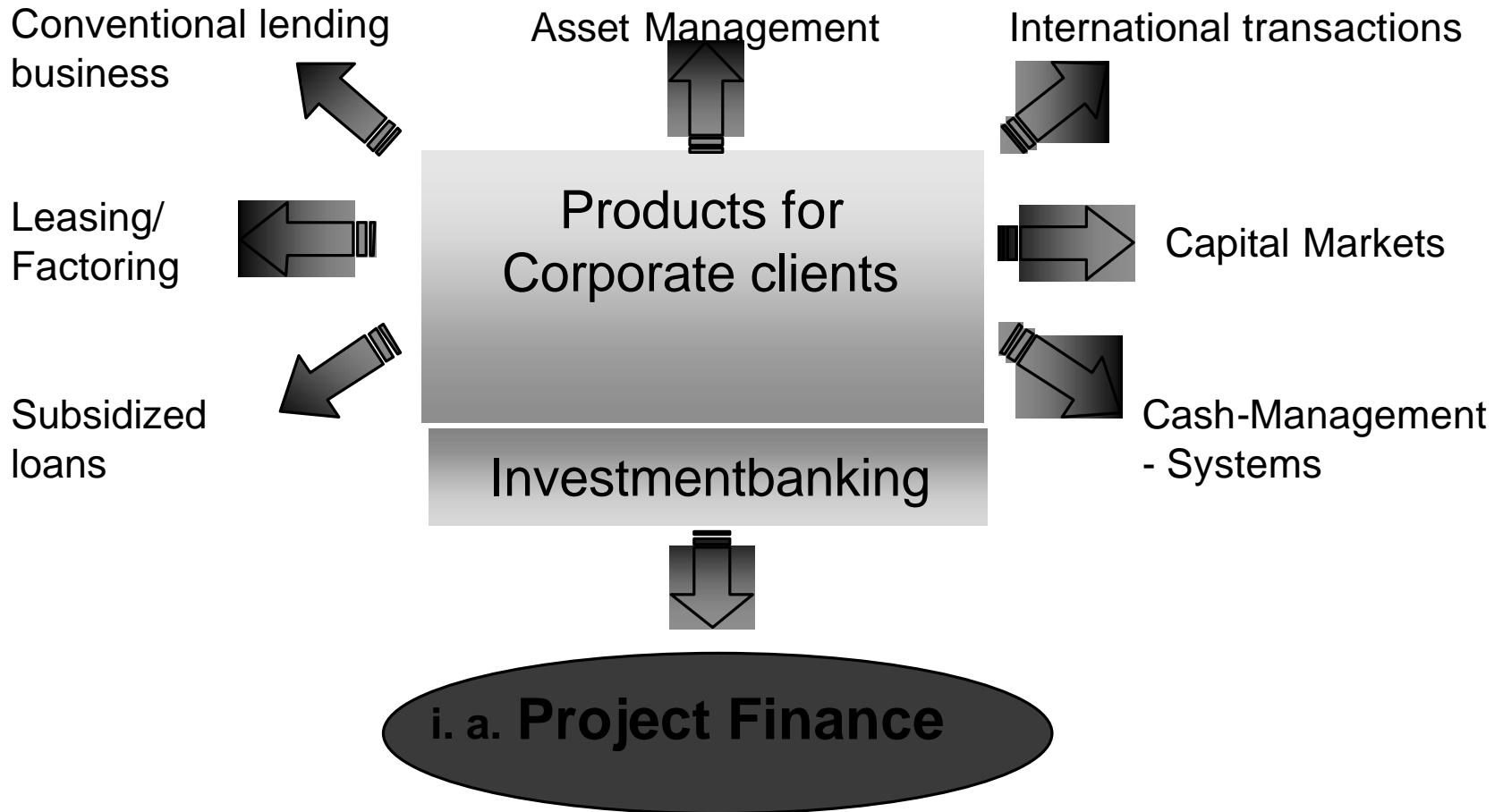
## Ratings of the 10 largest German Banks/Landes-Banks

Rang	Unternehmen	Bilanzsumme Mrd. EUR	Moody's		Standard & Poors	
			Langfristiges Depositenrating	Finanzkraft- rating	Langfristiges Rating	Kurzfristiges Rating
1	Deutsche Bank (US-GAAP)	992	Aa3	B-	AA-	A-1+
2	Dresdner Bank (IAS)	524	A1	C-	A	A-1
3	HypoVereinsbank (IAS)	467	A2	D+	A	A-1
4	Commerzbank (IAS)	425	A2	C+	A-	A-2
5	<b>LBBW</b>	<b>405</b>	<b>Aa1</b>	<b>B-</b>	<b>A+</b>	<b>A-1</b>
6	DZ Bank	402	A2	C-	A	A-1
7	Bayerische Landesbank	341	Aa2	B-	A	A-1
8	KfW Mittelstandsbank	340	Aaa	n. E.	AAA	A-1+
9	West LB AG	265	Aa2	D-	AA-	A-1+
10	Eurohypo AG	234	A2	C+	A-	A-2

# International presence



# Comprehensive product range of LBBW



# PART II

Private banking for bioenergy plants

# Types of bioenergy

## Relevance from a banker's perspective

- **Biogas**

small market, investment vol./unit approx. EUR 0.2-EUR 1 mill.

- **Biomass**

larger market, investment vol./unit approx. EUR 4- 40 mill.

- **Biofuels**

new & booming, investment vol./unit approx. EUR 15-100 mill.

# Types of financing

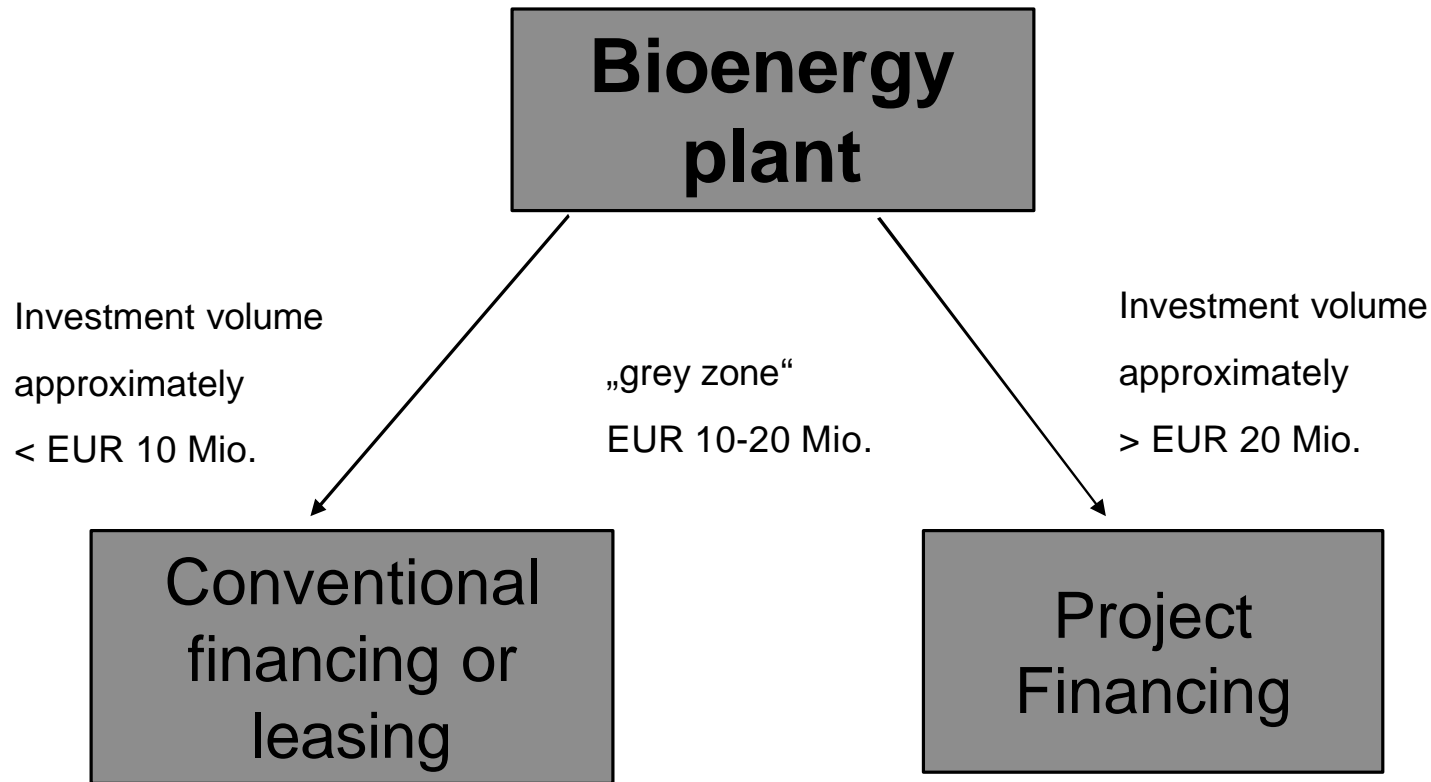
## ■ Conventional financing

Definition: (Cash flow based) lending to the owners (sponsors) of the bioenergy plant (=„on balance“)

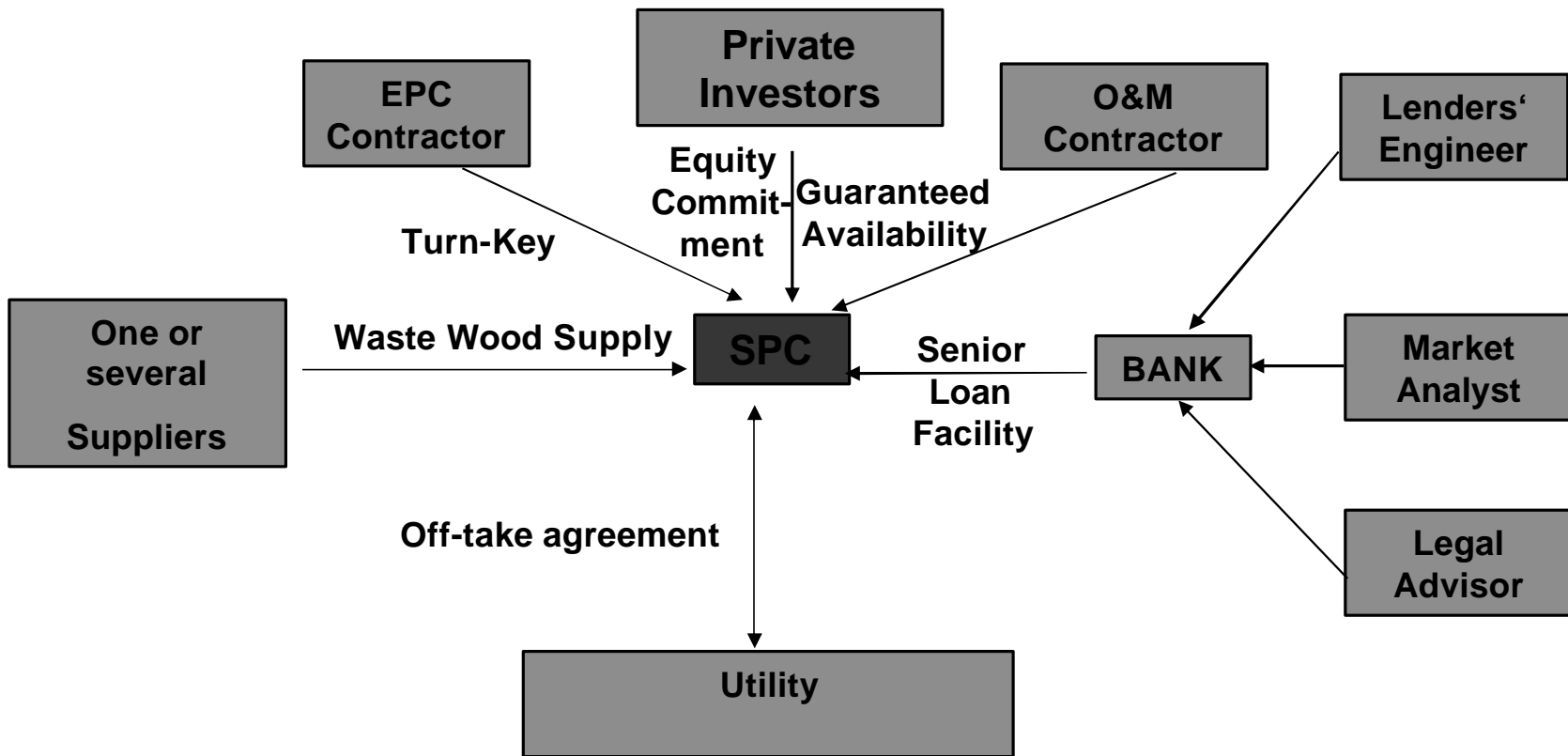
## ■ Project financing

Definition: Cash flow based lending to a single purpose company, i.e. the bioenergy plant, without recourse to the sponsors of the investment (=„off balance“ for the sponsors)

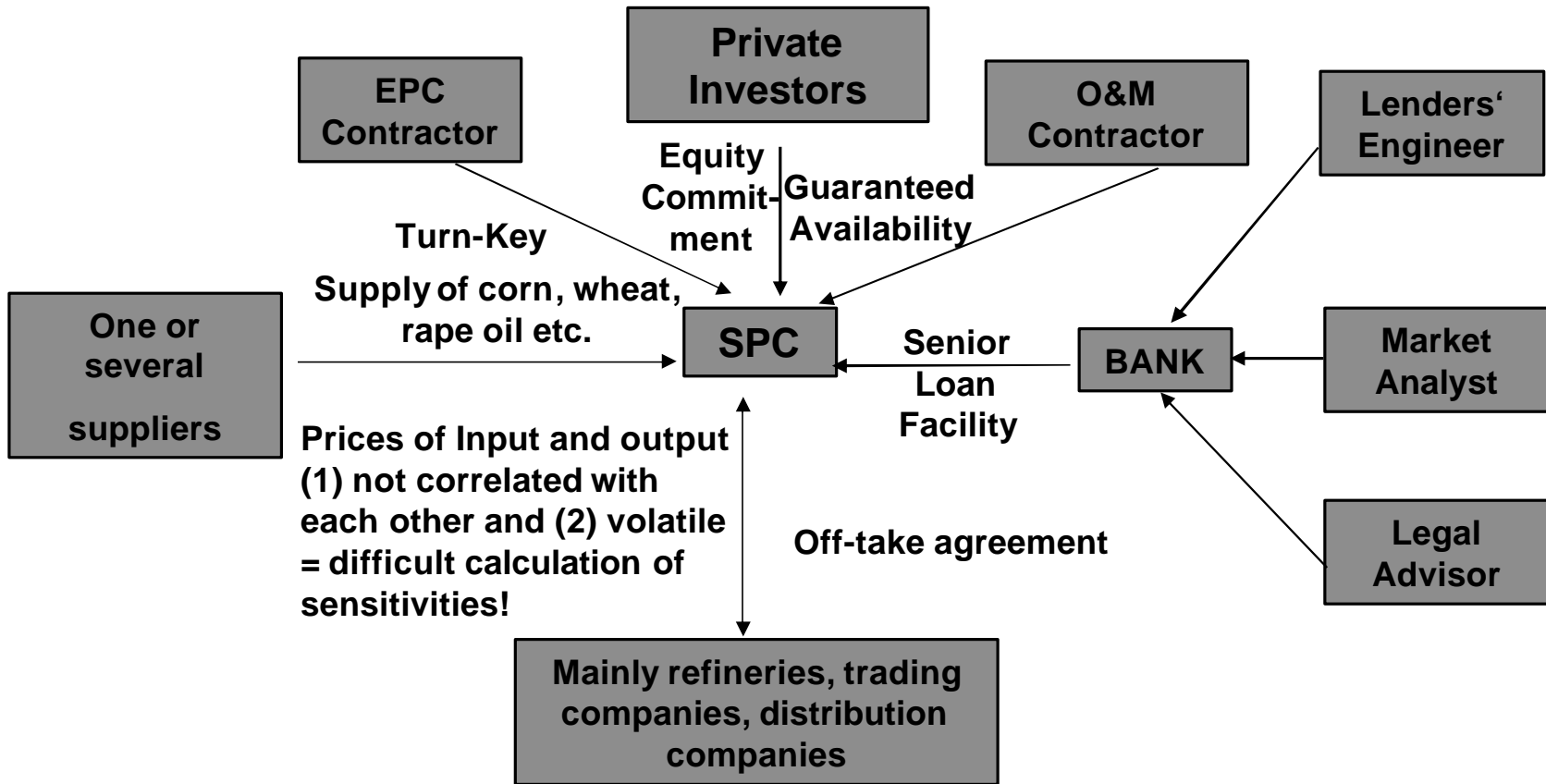
# Choosing the right type of financing



# Typical project financing structure



# Project financing of biofuel plant



# Questions to be addressed for bioenergy plants (project financed):

- Supply of biomass?
- Offtake guaranteed (by law, e.g. electricity under the German „Erneuerbare Energie Gesetz“) or longterm contracts with financially strong counterparts available?
- Logistical situation of the project?
- Proven technology?
- Turn key contractor or is there an alternative solution (e.g. more equity or sponsor guarantees)?
- Long term guaranty of availability by O&M contractor?
- Availability of subsidized loans (e.g in Germany from KfW or on a EU level from EIB)?
- etc.

# Questions to be addressed for small rural biogas/biomass plants:

## Credit decision based on both farmer and object/project

- Creditworthiness of the farmer?
- Satisfactory off take regulations (legal framework)?
- Supply of biomass, also in case the farm is given up or in case of subsidy changes in the EU for the products grown by the farmer?
- Constant supply more critical than with waste wood (good/bad harvest)
- Proven technology: performance guaranty by manufacturer?
- Track record and financial strength of manufacturer?
- Remarketing agreement with manufacturer in case of default?
- Long term guaranty of availability by O&M contractor (in most cases presumably the manufacturer)?
- Availability of subsidized loans?
- etc.

Thank you!  
Any Questions?