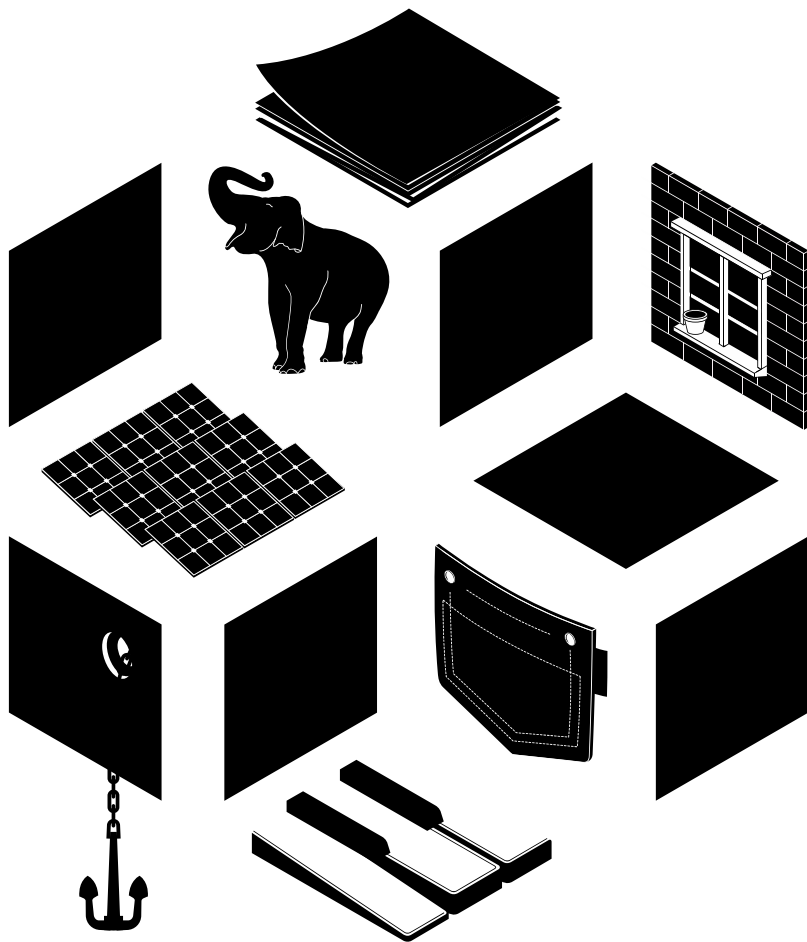


**TOP**  
MITTELSTAND  
SERVICE PROVIDER

HSB NORDBANK

**Wirtschafts**  
**Woche**

intrasector comparison  
15 affiliated banks/branch banks  
co-operation partner:  
ServiceValue GmbH  
Edition: 50/2015



## DFBEW CONFERENCE

# Project Finance of Onshore Windfarms based on auctions

Nils Driemeyer  
Energy & Utilities

Berlin, 20th September 2016

**STRONG**  
for entrepreneurs

  
HSB  
**NORDBANK**

# Agenda



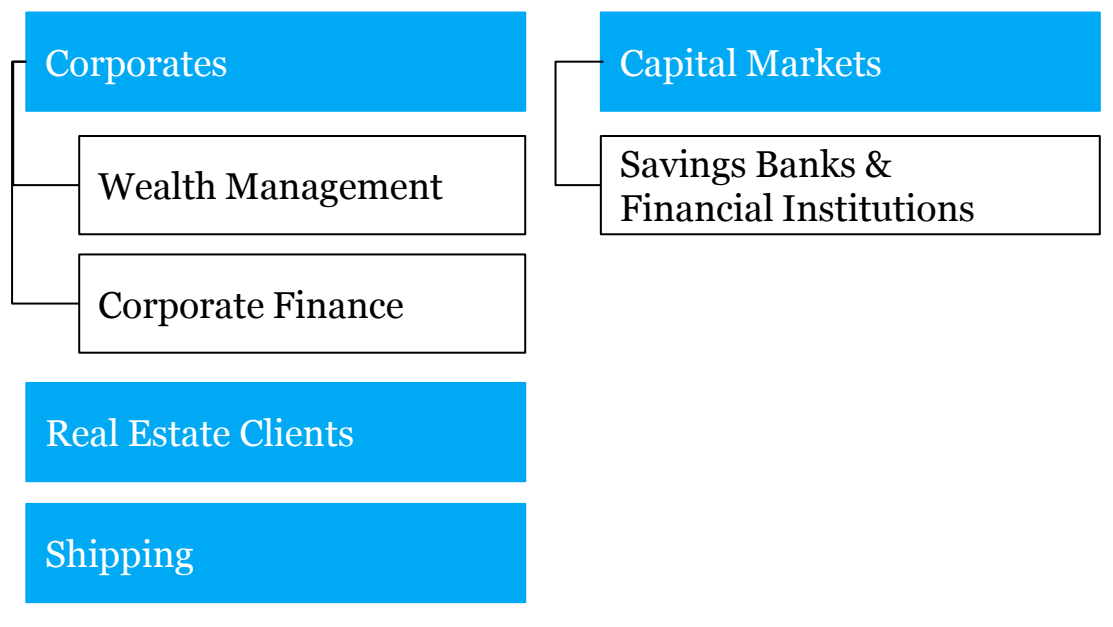
1. HSH Nordbank at a Glance
2. Our Business Segment Energy & Utilities
3. The EEG in transmission
4. Description of changes from a finance perspective
5. Consequences for financing structures

# Our business model makes us a major partner for the business world

## Our business model: A Bank for entrepreneurs

### CORE BANK

Firmly rooted in the core region of Northern Germany and key regional sectors



### RESTRUCTURING UNIT

Ensuring swift, risk-commensurate and loss-minimising exits for individual portfolios, e.g. Aviation\*



\* Also parts of Real Estate Clients, Shipping, Corporates and the Credit Investment Portfolio

# Agenda

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# Our promise to perform

## Energy & Utilities

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Strong for entrepreneurs  
**ENERGY & UTILITIES**

**UNDERSTAND** The markets are characterised by technical, legal and structural changes.

**RECOGNISE** You can depend on our experience as pioneers in the sector and on our keen sense for trends. We will deploy our expertise and comprehensive financial solutions in the execution of your projects.

**SHAPE** Whether your business is a utility focusing on solar, hydro or wind; offshore or onshore: we support you with all our energy.

# Our industry expertise

## Energy & Utilities

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### 25 years as a reliable financial partner for the industry sector

- ▶ Corporate and project financing is a business we thoroughly understand.
- ▶ We are one of the leading providers of project financing in Europe.
- ▶ We support our clients across Germany, covering the entire value chain.
- ▶ We pursue a holistic support approach based on an in-depth understanding of the industry sector.
- ▶ We identify sector trends and understand the challenges facing companies.
- ▶ Our regular industry sector studies provide a good overview of trends and current issues and contribute to transparency within the sector.

### References

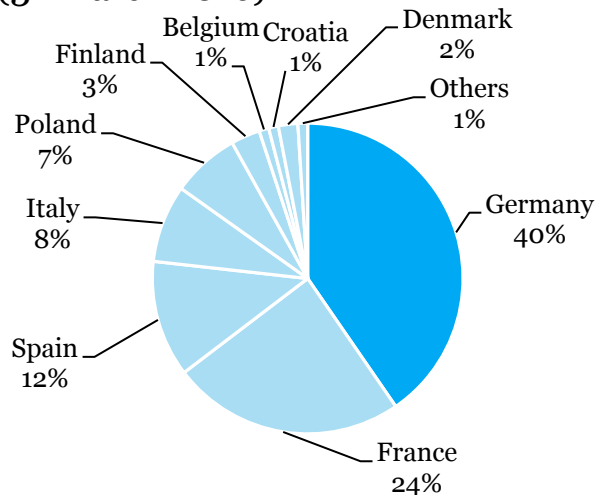


# We are a leading financing partner for wind and solar projects in Europe

Corporates/Energy & Utilities

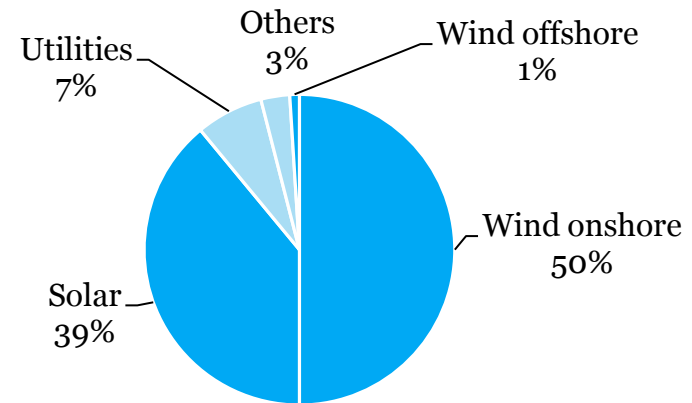
## Our area of activity

in % (31 March 2016)



## Clear focus on wind and solar power


in % (31 March 2016)



## Our competencies

- ▶ In-depth experience in the field of renewable energy
- ▶ Our portfolio included Corporates and approx. 230 wind farms and solar parks accounting for a volume of around EUR 5 billion
- ▶ Largely mandated lead arranger positions/bilateral business
- ▶ Target final hold positions for new business EUR 20-60 million
- ▶ Optimum incorporation of program loans (e.g. KfW, EIB). If necessary, ECA cover (e.g. Euler Hermes, EKF)

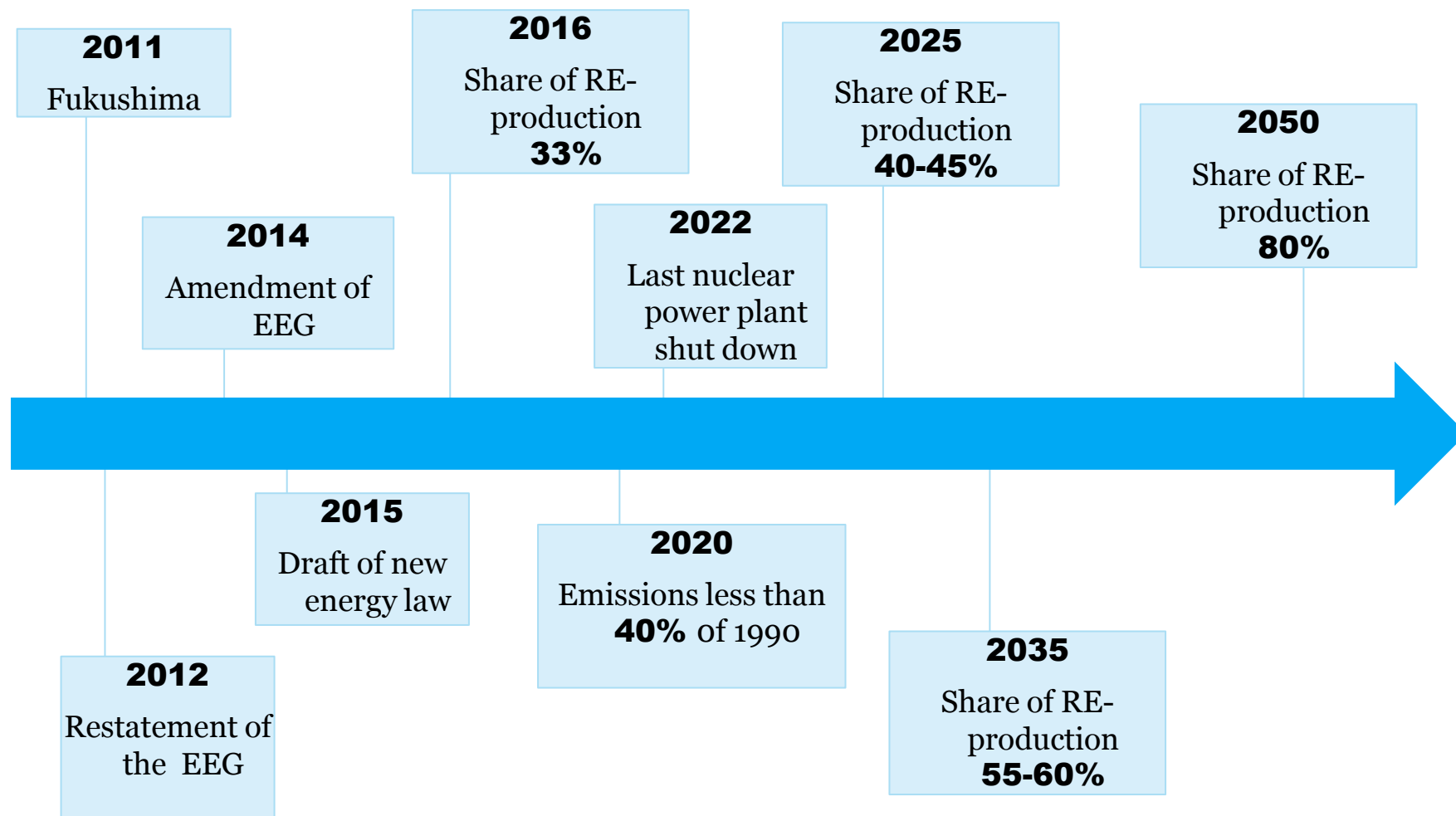
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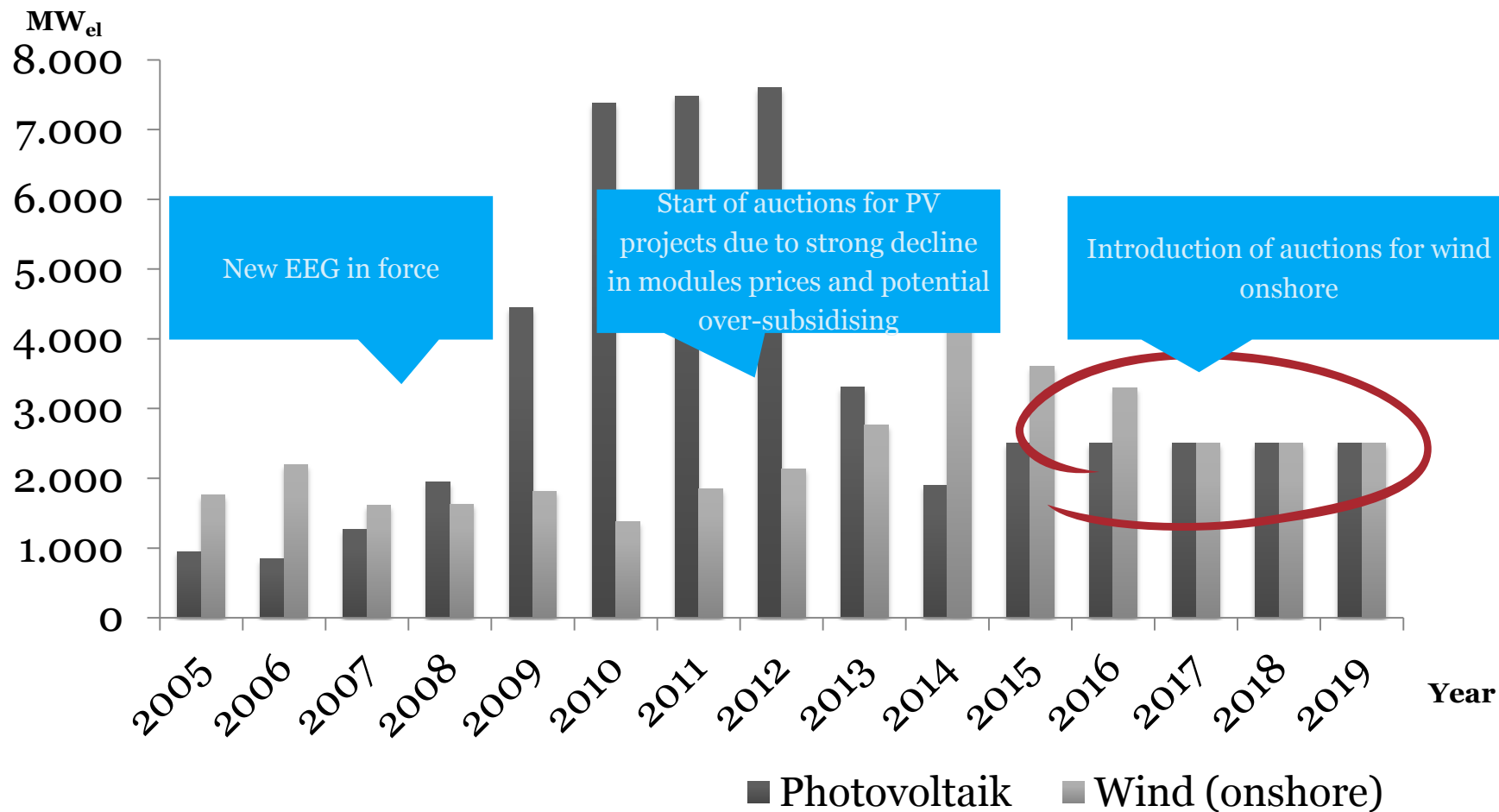
# Transmission from EEG 2014 to EEG 2017

## Progress of „Energiewende“



# Transmission from EEG 2014 to EEG 2017

## Built capacity & targets

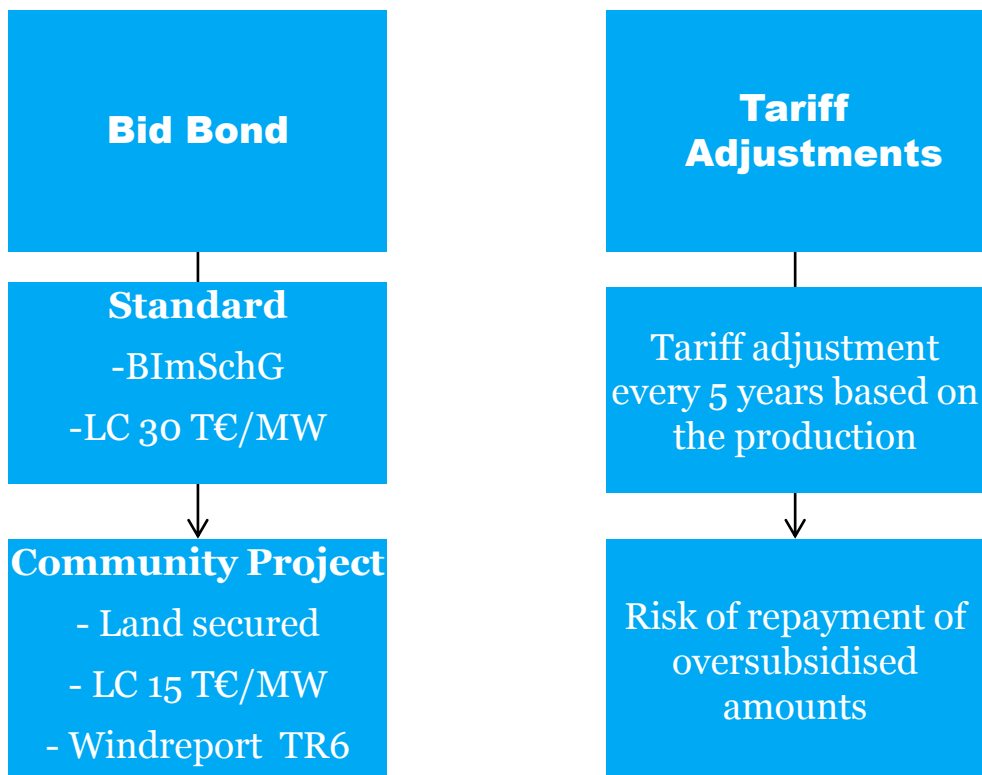


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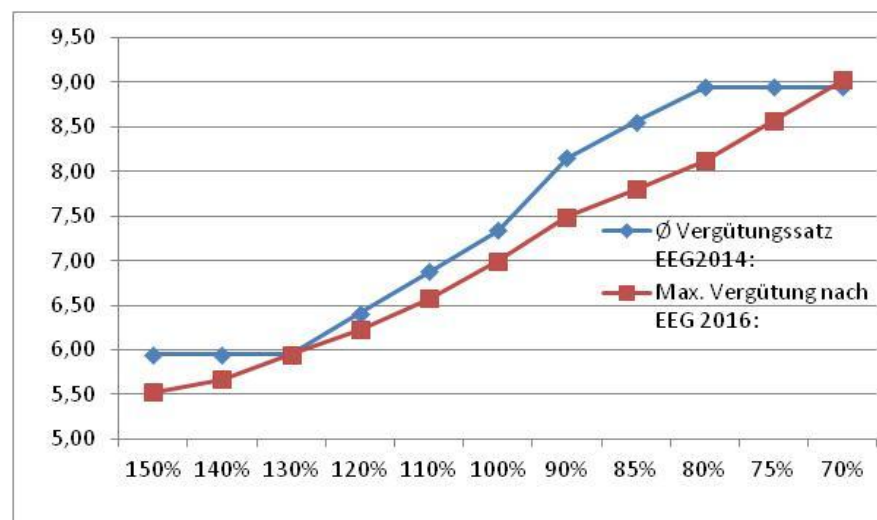
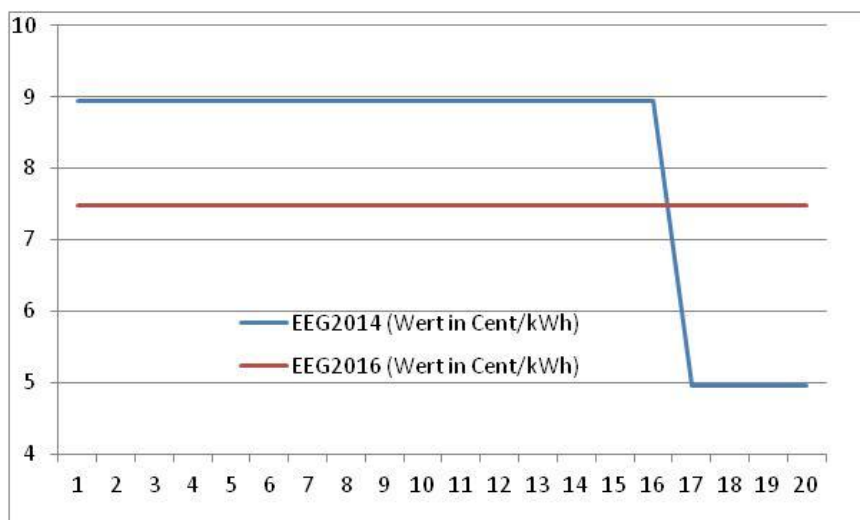
## Description of changes from a finance perspective

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# Description of changes from a finance perspective

## Tariff 2014 vs Tariff 2017




**It's all about the Reference Value !**

# Agenda

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# Consequences for financing structures

Starting point: 90 %-Scenario			
Scenario		Consequence	Risk valuation
Long term lower performance	e.g. 80% than 90%	positiv settlement payment after year 5, increase in tariff starting year 6	not critical
Long term better performance	e.g. 100% than 90%	negative settlement payment after year 5, decrease in tariff starting year 6	not critical
Year 1-5 better performance from year 6 onwards lower performance	e.g. 100% (years 1-5), 80% (years 6-20)	negative settlement after year 5, positive settlement after year 10	not critical
Willful underestimation of the site	e.g. 80% (true value 90% to be expected)	negative settlement after year 5 and decrease in tariff	not critical
Production as estimated	e.g. 90%	no payments and no change in tariff	not critical
Year 1-5 lower performance from year 6 onwards better performance	e.g. 80% (years 1-5), 100% (years 6-20)	positive settlement payment after year 5 (+ increase in tariff), in year 10 negative settlement payment (+ decrease in tariff)	critical
Reference Value at or near to 70%	e.g. 73% than 65%	If the real reference value is below 70%, there is only the positive settlement payment, no increase in tariff.	critical

# Consequences for financing structures

## Risks

Dividends too high

There is an increased risk of high dividends in case of overperformance which needs to be paid back. In addition, the tariff will be reduced in the next 5 years period which has a strong impact on the forward looking DSCR.

## Mitigants

Increased Reporting Requirements

The performance of the windfarm will be tracked on a yearly basis.

Lock-Up Mechanism

After the second year, a lock up mechanism will kick in, to make sure, that sufficient cash is in the account in case of repayment of parts of the tariff. The amount credited to that account will be adjusted every year.

Adjustments CF-Waterfall

As many OPEX as possible are structured variable.

## Result

Dividend Possible

Distributions are still possible. Even in case of overproduction there are ways to secure dividends even above the level of the base case.



## Your contact

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