

## Bank of the Year

### WestLB

Project Finance International Awards

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After spending a couple of years patiently building its project finance business, Westdeutsche Landesbank Girozentrale has propelled itself to the front of the race and has succeeded in becoming one of the main players in the field.

Three years ago, WestLB redefined its Structured Finance division - of which project finance is a core product - and divided it into regional divisions: Europe/Africa, the Americas and Asia Pacific.

For the Americas, the group is divided into five main sectors comprising energy - power, oil and gas, pipeline and petrochemicals. Two years ago, the mandate rendered by the board of directors was clear: "To move from participant to lead arranger."

While in 1998 the bank's claim to fame was the role it played in the Venezuelan US\$4.6bn Sincor transaction as one of the six lead arrangers, in 1999 the objective was reached as proved by most deals the bank arranged this year. Recently, WestLB was one of four lead arrangers in the US\$3.053bn debt financing backing the acquisition by Edison Mission Energy of Commonwealth Edison's assets. Chase, Citibank and Societe Generale are the three other banks.

Even though WestLB has been monitoring the power sector in the US, it was also present in Latin America throughout the whole year. During the early part of 1999, the bank was among the five lead arrangers on the US\$700m acquisition debt refinancing for

Light, the electric distribution company in Brazil. This transaction was concurrent with the US\$464m debt financing for Metropolitana in Sao Paulo, also in Brazil.

This summer, the bank also played a key role in the closing of the US\$440.2m AES Parana, the first merchant plant ever financed in Argentina. Most recently, thus not limiting itself to one country or region, WestLB went north and led arranged with Royal Bank of Canada the C\$278.6m to back the construction of Joffre, the first merchant plant in Canada.

WestLB has also been successful in penetrating the telecom sector and was instrumental in closing the US\$600m FLAG Atlantic 1 submarine cable system connecting the US to Europe. Barclays and Dresdner were in the deal as well. As the Yearbook went to press, the bank was negotiating along with ABN AMRO and Bank of America the refinancing of US\$1.25bn for the build out of BCP wireless system in Brazil.

Power and telecom industries are not the only sectors courted by the bank. This past year, it played an important role in mining transactions such as Antamina in Peru, even if only as co-arrangers. Lately, it struck gold by joining Chase, Dresdner and Toronto Dominion in the US\$1.273bn debt financing backing Grupo Mexico's purchase of Asarco.

All along, while working on traditional project finance transactions, WestLB has proved it can offer sponsors innovative

approaches to deals by providing synthetic leasing structures or new deal configurations such as the one it provided in the US\$737.5 Rawhide transaction, a non-recourse monetisation of Enron's diversified assets. Credit Suisse First Boston, Citibank and CIBC were the three other players in the transaction.

Furthermore, last December, the New York group devised a strategy whereby it can embrace the role of accommodation owner of turbines for power projects thus putting the bank at a clear advantage point when structuring power transactions.

Needless to say that WestLB's strong presence in the project finance milieu in 1999 will catapult the institution to a higher spot in the league tables.

But success isn't always sweet. Indeed, as the new kid on the block, WestLB has its share of criticism and praise. Those who criticise, argue that WestLB reached a "leader" status by tagging along in club basis deals. Those who praise WestLB counter stating that this past year, most big deals in the US had at least two lead arrangers, and it is even more so in the southern hemisphere where banks were limiting their exposure...

Regardless, WestLB obviously pleased a few sponsors and bankers alike in the process as shown by the bank's presence in most big transactions completed this year and by the number of deals it sole arranged in the Americas, north and south.