

## Awards



## Strong New Business Development: Origination | Execution | Distribution Kommunalkredit New Business – a brief 2017 Review

Kommunalkredit targets to contribute tangible benefit to the Community by investing into sustainable infrastructure that improves the quality of people's lives, to become the partner of choice for key clients and to deliver secure, safe and sustainable yield to its shareholders.

In summary, we jointly strive to become a leading bank for infrastructure and energy financing in Europe. In 2017, we took an important first step towards such direction. The bank is well on track to deliver its growth story, looking back on its best year in infrastructure finance so far.

### Major achievements in 2017:

- **Significant Growth in New Business:** We managed to close 26 projects in 13 countries with commitments worth EUR 635m. Of this, EUR 469m have been disbursed in 2017. New business generation contributed a gross income of EUR 17.1m to the bank's performance (i.e. close to 1/3 of total gross ordinary income employing 16% of the bank's balance sheet), partially being set aside for distribution.
- **Client Impact:** We established a strong network of anchor clients incl. Bouygues, CVC, Iridium, Meridiam, Sacyr, Strabag and Wheelabrator (origination) and investors such as asset managers, insurance companies and banks incl. Aviva, HUK Coburg, Edmond de Rothschild, UBS AM, LBBW and Siemens Bank (all distribution) that continue to repeatedly work with us. Client centric activity boosted new business and delivered a P&L impact of more than 50% above original budget.
- **Successful Distribution:** Early on, we ramped up distribution - we placed new business worth EUR 194m for a total of 9 projects (in addition to approx. EUR 200m from the legacy portfolio). Distribution activity testified our market conformity in terms of structure, pricing and risk management. Projects to be highlighted in this context include A2 (45%), A21 (40%) Kemsley (100%) and Riverside (50%).
- **Well-balanced Portfolio Mix:** New business is strongly diversified in terms of product, region and asset class with attractive risk/return profiles and, actually a decreasing duration, thus contributing to an improved asset-liability matching.

### Notable Transaction Closings:

- Waste-to-energy: Kommunalkredit acted as Mandated Lead Arranger (MLA) in the EUR 240m financing of the Gipuzkoa Plant in Spain. We became lender of record during primary syndication of the North Wales WtE transaction with project debt totaling GBP 135m, as well as in the GBP 235m financing of the WtE plant in Kemsley, UK.
- Transportation: Kommunalkredit acted i.a. as MLA in the EUR 182m refinancing of the A21 shadow toll road in Spain and in the EUR 230m refinancing of a section of the A2 motorway in Poland to which we provided a 50% underwriting.
- Telecoms: Kommunalkredit acted as MLA in the EUR 130m acquisition of Invitel, a leading fixed line telecom operator in Hungary. Furthermore, we took part in both the EUR 105m financing of the leading Baltic mobile operator Bité and the refinancing of EUR 400m in outstanding notes of Vivacom, the largest telecom provider in Bulgaria.

■ **Deal of the Year:** We started to reap the first industry rewards, such as the Pedemontana Veneta project, which was chosen as the "Europe Transport Deal of the Year" by the leading infrastructure journal "PFI". Kommunalkredit acted as Manager, Joint Bookrunner and Underwriter in the EUR 1.2bn senior funding of an Italian greenfield motorway via an unrated project bond. We took part in the GBP 505m debt refinancing of Riverside, a UK waste-to-energy plant. The transaction was ranked as one of the top 10 infrastructure deals in 2017 by "Inspiratia", another highly regarded infrastructure journal.

■ **New set-up of the Banking Division:** A new organisational structure has been introduced. We strengthened our team by hiring highly experienced experts with a strong international track record in managing risk and growing business.

The progress achieved in 2017 provides us with an excellent foundation for further business growth in 2018. Main goals are to significantly widen distribution channels, thus increasing our underwriting firepower and enhancing the de-risking of our exposure as well as to broaden our asset class footprint to generate strongly P&L accretive transactions across Europe. We secured a strong pipeline of new mandates across asset classes and products in advisory, restructuring, debt underwriting and distribution. One of these assignments relates to the EUR 800m financing for the building of Markbygden, Europe's largest single site onshore farm in Sweden's far north. This project was chosen as "Europe Wind Deal of the Year 2017" by "PFI". Also, we closed our 1<sup>st</sup> 2018 transaction with Zaragoza Tramway earlier this week with fin'l close of Dt. Glasfaser immediately to follow. Furthermore, we procured our 1<sup>st</sup> seven digit P&L advisory mandate to close in Q1/ 2018.

Our strong relationship with core clients combined with both sector and regional diversification and new distribution channels sets the stage for striving towards a high level double digit growth of the business in 2018. Compliments to the transaction teams for their strong achievements to date and all colleagues within Kommunalkredit for their contribution pivotal to this success.