

ACTA 2021 Loan Market Update

May 2022

Private & Confidential

2021 Year In Review

Busiest year on record, by both volume and number of transactions

Strong deal momentum throughout the year

2021 experienced record volume in nearly every quarter, primarily driven by record levels of M&A activity in the region and refinancing opportunities

All sectors had been active in the market

After a quieter 2020, Infrastructure and Utilities & Real Estate bounced back strongly, comprising 36% of loan market volumes. There has also been activity across all sectors as lenders diversify portfolios and corporates took advantage of improved market conditions to refinance early.

3-5 year tenor remained prevalent

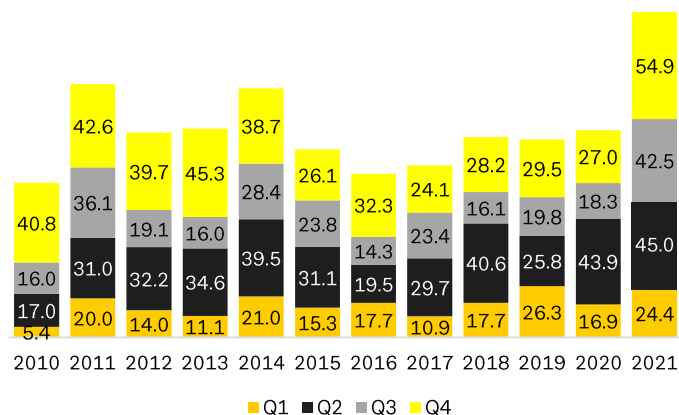
Up to 5 years was broadly available in the market, with shorter tenor being notably prominent in 2020 reflecting the pick up in short term additional liquidity facilities. A shift to >5 year tenor with notable demand and interest has also been evident in 2021.

M&A and Leveraged Finance helped drive volume increase

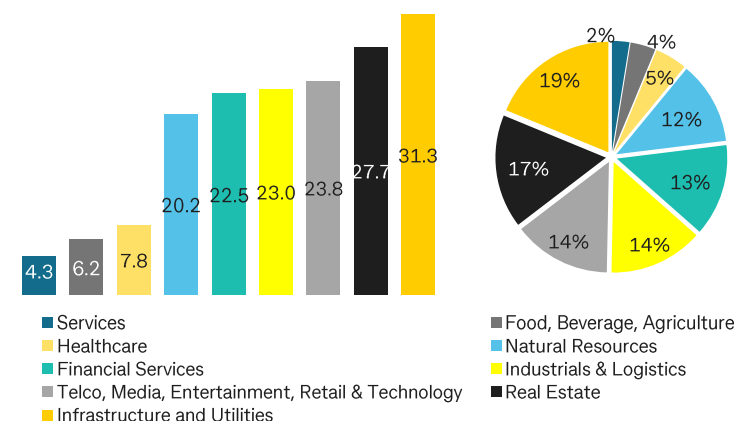
M&A and leveraged finance volumes saw large year on year increases in volume, with refinancing activity also up significantly from a volume perspective (although down from a percentage basis).

Source: CBA, Refinitiv LPC

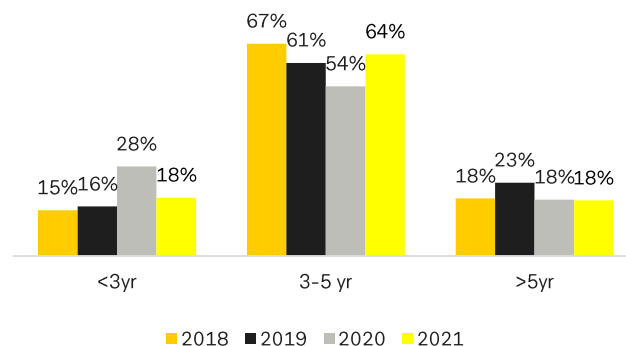
Australia and New Zealand Loan Market Volume (US\$bn)



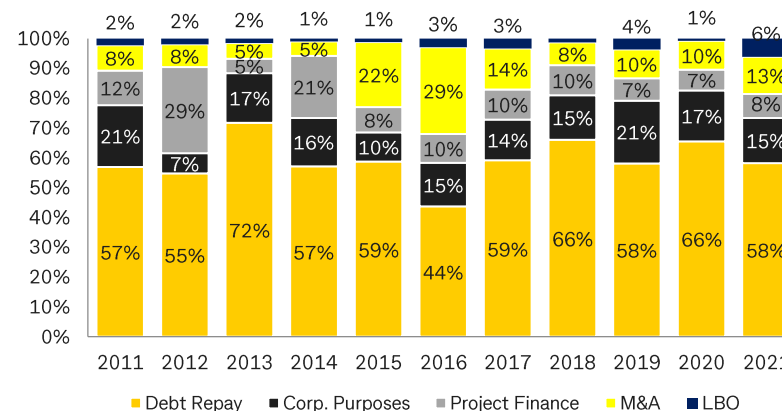
Sector Breakdown (US\$bn) and as a Percentage of Total Volume



Tenor Composition as a Percentage of Annual Volume (%)



Purpose of Borrowing

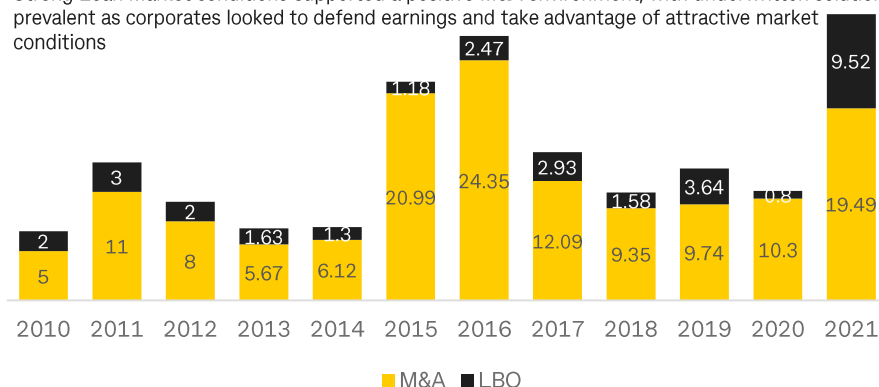


2021 Key Themes

2021 saw the acceleration of many growing themes (ie. ESG and Benchmark reform), but also the return of several previous themes

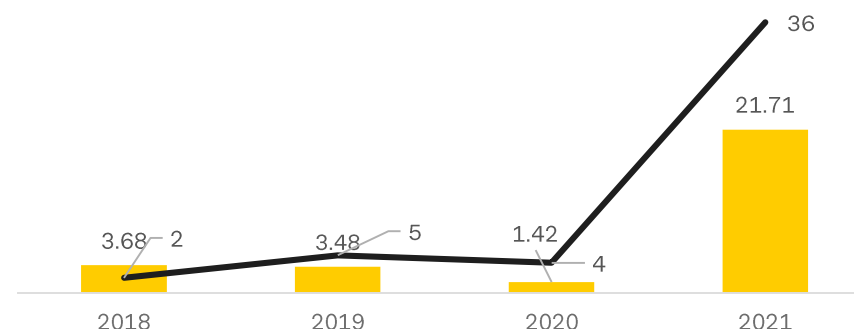
M&A (and the Barbarians) are back!

Strong Loan Market conditions supported a positive M&A environment, with underwritten solutions prevalent as corporates looked to defend earnings and take advantage of attractive market conditions



Green & Sustainability Linked Syndicated Facilities Become Mainstream

Green and Sustainability Linked facilities moved from a bespoke bilateral facility to mainstream as corporates looked to link their ESG strategies to their financing



Benchmark Rate Reform is Here!

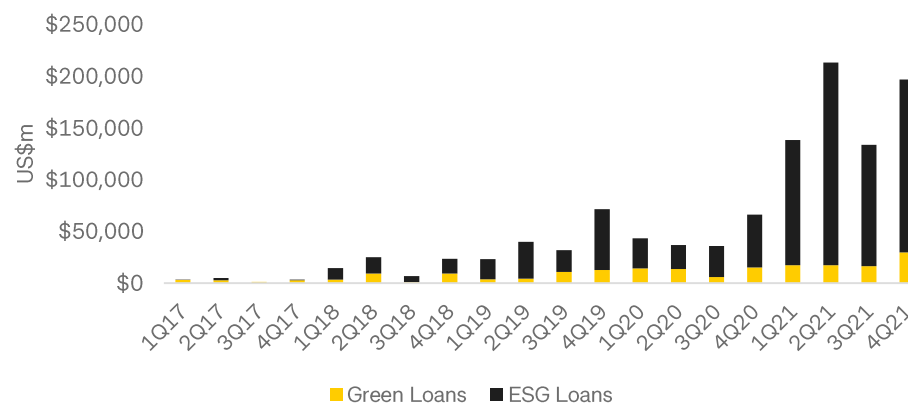
After years of talking about it, interest rate benchmark reform was (surprisingly) suddenly upon us, with Sterling LIBOR officially ending on the 31st December 2021

Currency	New Base Rate	Effective From	IBOR ceases to be quotes
GBP	SONIA	01/04/2021	31/12/2021
US\$	SOFR	01/01/2022	30/06/2023
A\$	AONIA	TBD	TBD

For Borrowers with foreign currency drawings lenders will look to begin transitioning to US\$ SOFR in 2022, with any facility to be refinanced expected to transition at the time of refinance

Globally Sustainability & Green Debt Issuance Sky Rocketed

Lack of policy certainty and network connection issues had seen renewable volumes decline from their 2018 high, but 2021 saw a bounce back as investors looked through the (ongoing) policy uncertainty, and M&A became more prevalent as the projects from 2018 completed



Source: CBA, Refinitiv LPC

Loan Markets Originations & Syndicate Teams

Experienced team with average experience of ~19 years in the syndicated loan markets

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