

Press Release

Loan funds to complete corporate financing

- BaFin criticism regarding lax bank lending is another argument to strengthen market-based financing
- BAI publishes FactSheet and a series of documents related to Private Debt

Bonn, 6th September 2018. **Bundesverband Alternative Investments e.V.** (BAI), the central advocacy association for the alternative investment industry in Germany, advocates, with regard to the BaFin criticism regarding lax bank lending standards, that market-based financing of companies must be strengthened in Germany.

The head of banking supervision at BaFin, Raimund Röseler, has criticised in an interview with “Wirtschaftswoche” at the end of August, that BaFin determined lower standards in lending activities of banks to companies, especially – similar to the financial crisis ten years ago- less restrictive covenants.

BAI- Managing Director Frank Dornseifer commented about this topic as follows: “Meantime the market for corporate financing in Germany is in a fundamental change. Like the Anglo-Saxon trend, lending to companies is more and more provided by loans. Typical scenarios for this kind of market-based financing are take-overs (LBOs), recapitalisations, or growth financing for SMEs.

Financial Covenants mentioned by BaFin thereby have a very high priority; not only for asset managers themselves, but also for their investors, i.e. insurance companies, pension funds, etc. which specify for example collateralization of their financing.”

Fundamental reasons for the collaboration of companies with credit funds are – in comparison to banks – a greater flexibility in structure and use of financial instruments, as well as repayment provisions. In addition, another advantage is the rapidity of transfers and of the overall credit process, which needs to be completed – starting from the credit check and ending with the credit monitoring and management.

Dornseifer remarks further: “After the launching of credit funds in Germany, which we promoted and enhanced significantly, Private Debt has become another focus of our work at BAI. Besides the market survey about Private Debt in Germany, which we are undertaking meanwhile, we are providing comprehensive information about this topic to investors and companies. We want to establish this asset classes in Germany effectively. Especially when we take a look at the changing banking landscape, we should increase

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Bundesverband Alternative Investments e.V.

the support of the entire Asset Management industry in Germany. BAI follows the Agenda Fund domicile Germany 2025!”

The BAI FactSheet about Corporate Private Debt you can find here:

<https://bvai.de/en/publications/factsheets.html>

More information about credit funds/Private Debt you can find on our BAI-Homepage:

<https://bvai.de/en/main-topics-of-the-association-work.html>

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Bundesverband Alternative Investments e.V. (BAI) is the central advocacy association for the alternative investment industry sector in Germany. The BAI serves as a catalyst between institutional and professional German investors and recognized providers of alternative investment products worldwide. Particularly, one goal is to make it easier for institutional and professional German investors to more effectively diversify their financial assets into Alternative Investments, especially as many of those investors are responsible for safeguarding long-term retirement pensions. Another core task of the organization is to improve public awareness and enhance the understanding of asset classes and strategies in public. The BAI maintains an intense dialogue with political institutions as well as supervisory bodies. Furthermore, the BAI cooperates with various national and international organizations and industry associations. It advocates for legal reforms to design an attractive and competitive regulatory environment for Alternative Investments in Germany. At present, BAI counts 200 members from all areas of the professional alternative investments sector.