

Seward & Kissel Presents:

MEET THE FUND BANKER SERIES

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The regional banking crisis earlier this year, which disproportionately impacted the fund finance industry, and the exit of other lenders from the fund finance market has resulted in a liquidity crunch in the fund finance space. Now that the dust has settled from the banking crisis, market participants have been asking: What bank and non-bank lenders will emerge to fill this shortage of supply? To answer this question, Seward & Kissel's Fund Finance Group has created this "Meet the Fund Banker" series.

The goal of this series is to highlight those lenders who are leaning in to the fund finance space and actively looking to serve as financing partners. In order to facilitate connections between funds and potential lenders and provide clarity around the "new normal" of fund finance, this series will introduce the primary people standing behind the new market leaders and provide color on what those lenders look for in potential clients. Each installment of the series will feature a Q&A with the individual banker who is heading up the lender's fund finance business.

We hope that this series is a helpful resource for all participants in the fund finance industry. Readers should feel free to reach out to the bankers who are being featured for more information or to Jeff Berman, Steven Starr and Rob Wood at Seward & Kissel for any assistance with their fund financing needs.

Best,

Jeff, Steve and Rob



Jeff Berman



Steven Starr



Robert Wood

If you have any questions, please contact Jeff Berman (berman@sewkis.com, 212-574-1232), Steven Starr (starr@sewkis.com, 212-574-1405) or Robert Wood (wood@sewkis.com, 212-574-1244).

SEWARD & KISSEL LLP



BEN BARBANEL

HEAD OF DEBT FINANCE, OAKNORTH BANK

What is your position/role at your bank?

I am the Head of Debt Finance at OakNorth. I lead a team that, since its launch, has closed over \$12 billion in loans across hundreds of businesses and industries.

How did you come to work at OakNorth?

I was one of the first people hired by OakNorth's co-founders, Rishi Khosla and Joel Perlman, when they were looking to obtain a banking license to create what would become only the third new bank formed in the UK in the last 150 years. At that time, I had been working in commercial lending for about 15 years and had seen first-hand how legacy systems and processes could delay lending decisions and produce a troublesome mix of frustrated borrowers, rigid off-the-shelf products and "computer-says-no" decision-making. Joining OakNorth gave me the opportunity to create a customer experience that was fast, transparent, flexible, and entrepreneurial.

What appeals to you most about the fund finance industry?

Our focus as a lender has always been on servicing the "Missing Middle", i.e., mid-size firms that struggle to access the lending market and find a suitable finance partner. Fund finance is an industry in which we have seen an acute need for our bespoke middle market funding solutions. We have found that many of the incumbent banks in this sector are not interested in lending to smaller or new funds or providing facilities of less than \$50 million (or equivalent).

What developments do you expect to see in the fund finance market over the coming year?

Economic times are tougher now than they were 12 months ago, and we expect this trend to continue for at least another 12 months. As a result, it is likely that the timelines for raising investor capital for new funds will be pushed out further and the total commitments in investor closes will trend lower, as we have already seen. As a result, funds will likely request smaller subscription facilities from their lenders. Despite these difficult times, I am optimistic about the growth potential in the fund finance industry and we are still finding strong lending opportunities in this sector.

What is the biggest challenge facing the fund finance market right now? Are there any solutions that will help address that challenge?

With the current downturn expected to continue in the near to mid-term, we expect that many funds will need to mark down the value of their assets. This will have a negative knock-on effect on overall fund performance, which will make it more challenging for funds to obtain financing. In addition, many funds are struggling to hit their target capital raises, which has implications for the availability of capital call lines for these funds. At OakNorth, our mission is to find solutions to these problems for our fund clients.

Where do you see your bank positioned in the fund finance market? What does your bank offer that sets it apart from other banks?

We have encountered many managers of funds with AUM from \$50 million to \$1 billion (or equivalent) that struggle to access the lending market and to find a lending partner who will provide a full suite of financial products (including capital call, GP, NAV, liquidity, and hybrid facilities). Since completing our first transaction in the fund finance space in 2016, we have taken a tailored approach to address each fund's specific needs instead of providing a "one-size fits all" offering that is more typical of some other banks.

OakNorth is a UK bank with a primarily UK client base. How does the US fund finance market fit into your bank's strategy?

While our primary focus is on the UK market, we have seen many opportunities to service the "Missing Middle" in the US fund finance space as well and we are actively pursuing those opportunities.

What potential clients is your bank most interested in?

Our typical loan size ranges from \$5 million to \$60 million (or equivalent), so our ideal clients are funds with AUM ranging from \$50 million to \$1 billion (or equivalent).

What is your bank's strategy to grow its market share of the fund finance market?

Our strategy is to cultivate a reputation as a reliable lending partner who lends with confidence throughout the business cycle in order to drive better outcomes for our clients. Strong client relationships and a laser focus on the middle market are the pillars of our growth strategy.

What is your favorite thing to do when you're not working on fund finance?

Watching my favorite soccer team: Tottenham Hotspur!

For more information, you can reach Ben at ben.barbanel@oaknorth.co.uk.