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CEE Loan Transaction Trends 2022



Global and regional trends impacting CEE loan markets

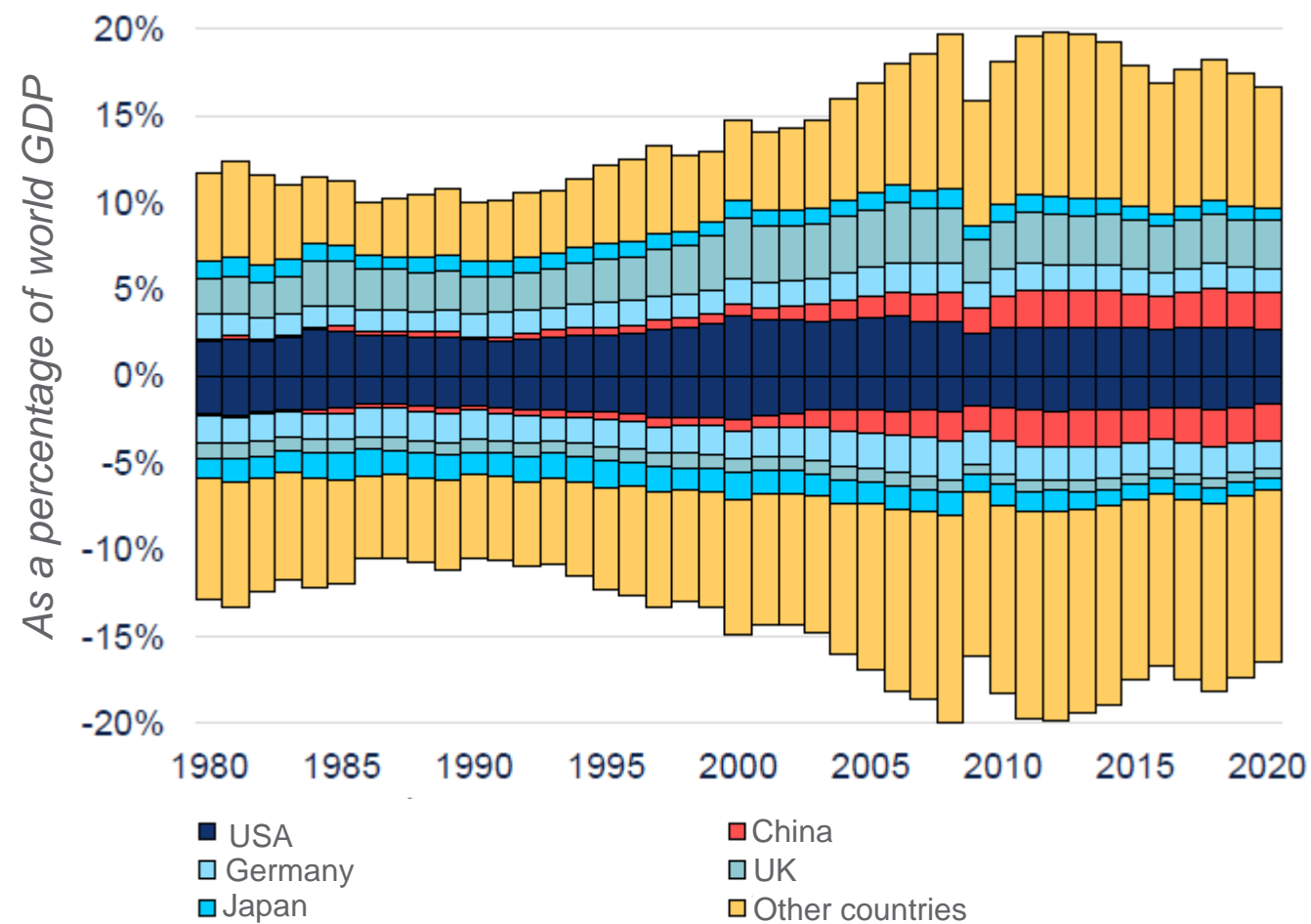
Attila K Csongrady
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A brave new world:
the end of financial
globalisation as we
know it?



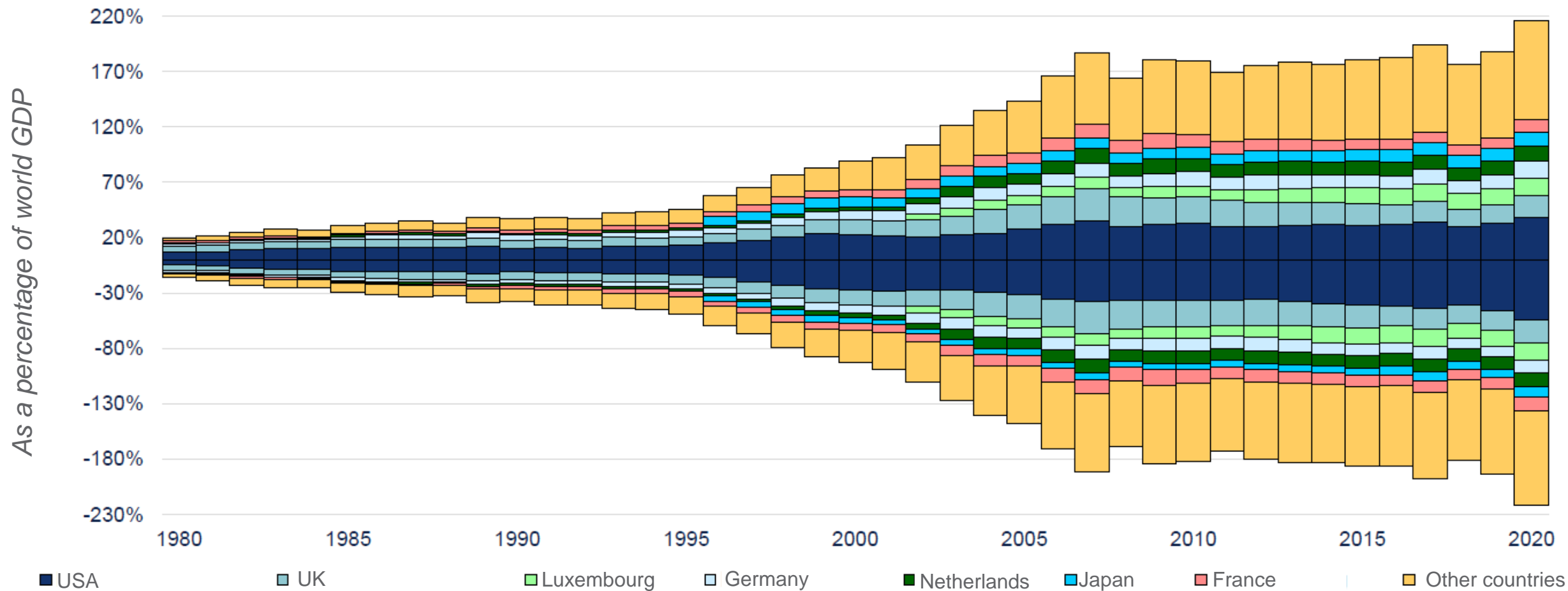
Globalisation in the real economy has doubled...



International exports and imports by countries

Source: IMF, World Economic Outlook (2022)

...while financial globalisation has grown tenfold



International investment position (IIP) by country

Source: IMF, World Economic Outlook (2022)

Changed status quo: Russia-Ukraine war

“Actions include sweeping financial sanctions and stringent export controls that will have profound impact on Russia’s economy, financial system, and access to cutting edge technology.”

White House press release, 24 February 2022

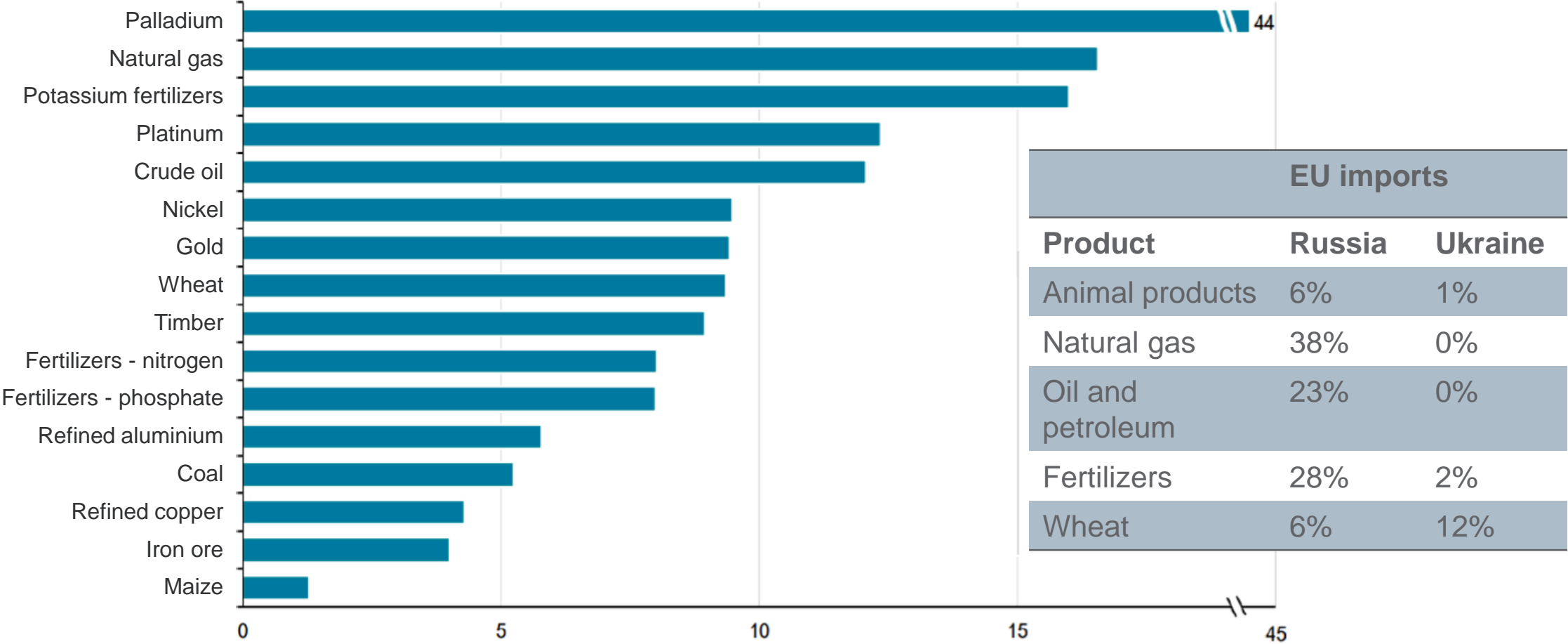
“The access of Central Bank of Russia to all BIS services, meetings and other BIS activities has been suspended. The BIS was following all international sanctions as applicable, and would not be used to circumvent sanctions, the spokesperson added.”

BIS spokesperson, 11 March 2022

“Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn. Reduced supplies of these commodities have driven their prices up sharply.”

Pierre Olivier Gourinchas (IMF), 19 April 2022

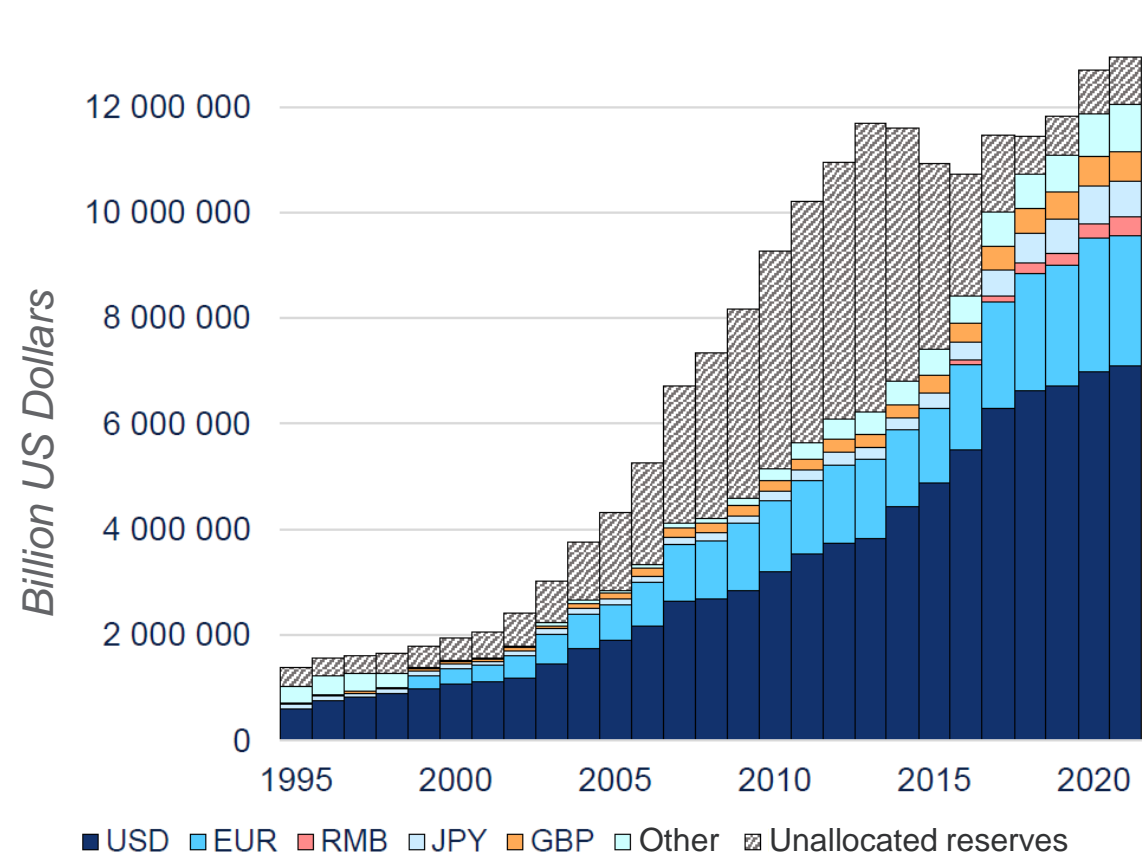
Russian participation in global goods production



Russia's worldwide commodity production

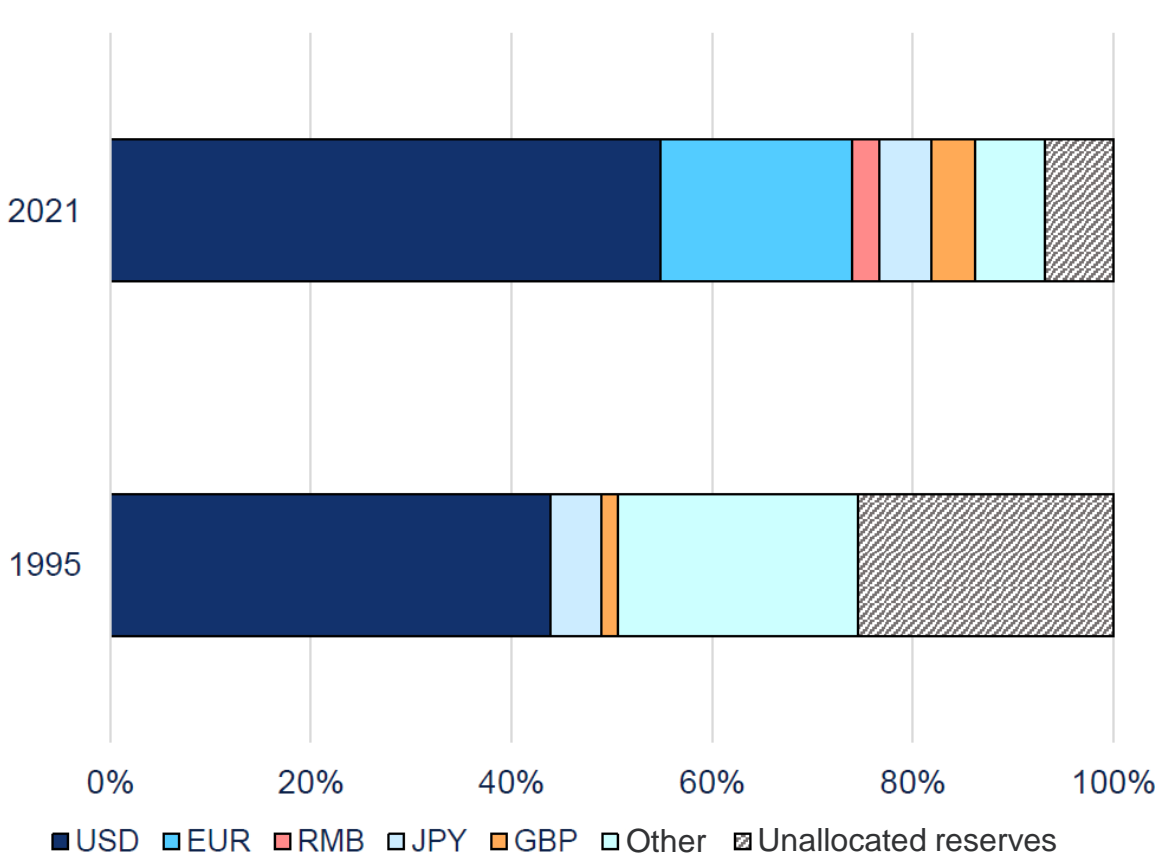
Source: J.P. Morgan Asset Management (2022) Eurostat, J.P. Morgan Research, World Bank

The US Dollar is now a global currency



Currency composition of official foreign exchange reserves

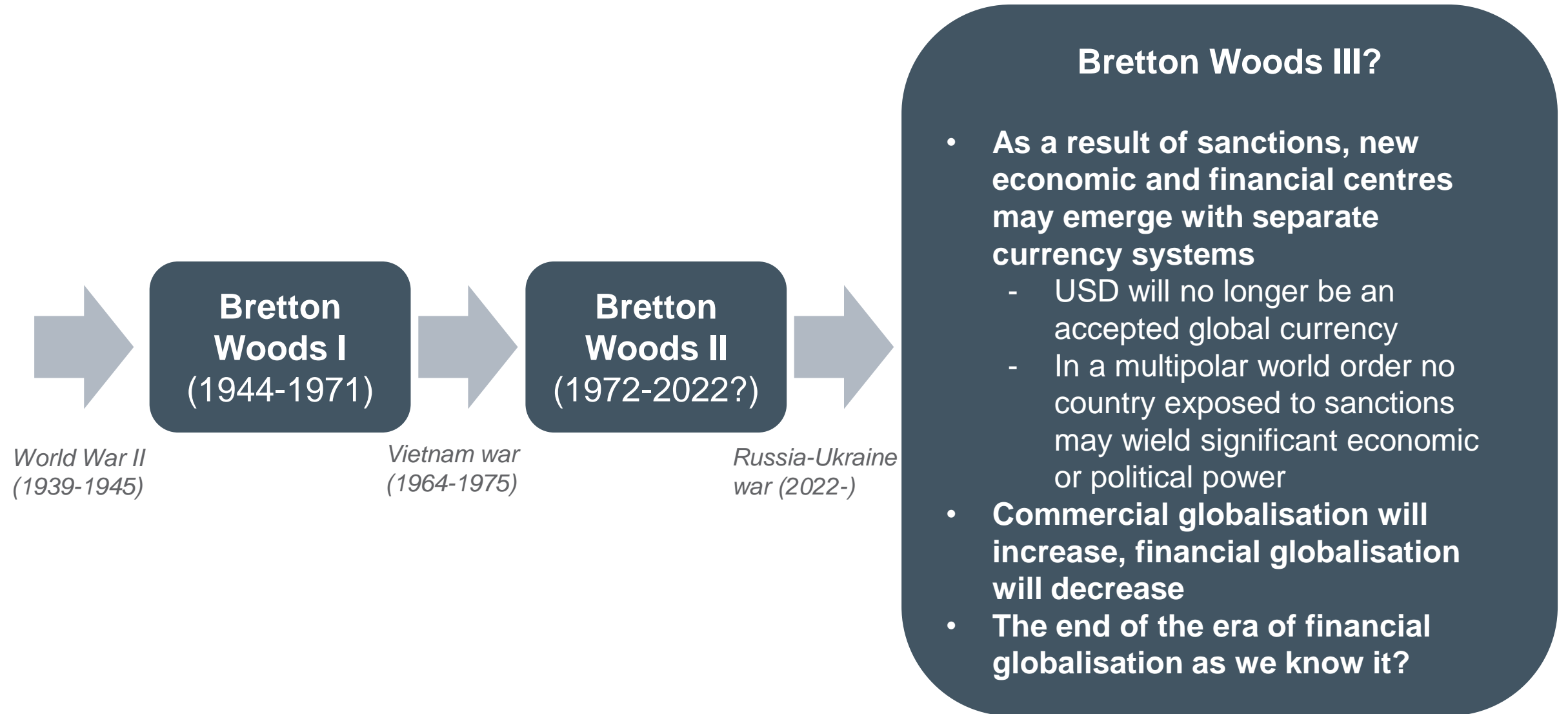
Source: IMF COFER (2022)



Distribution of official foreign exchange reserves

Source: IMF COFER (2022)

A new type of world economy is emerging: financial de-globalisation?



Some global trends (also) impacting loan markets



Continued
Americanisation
and
Anglicisation

Rise of private
capital

'Asian Century'

Sustainability

Digital
transformation

Future ways of
working

Some overarching regional loan market trends



Excess liquidity

Sustainable
lending on the
way to
becoming
mainstream

Continued
impact of
COVID-19 – “K”
shaped
recovery

Loan terms
leaning ever
further in
borrowers'
favour

Additional debt
capacity
increasingly
takes center
stage

Going digital
and virtual,
strong IRL
comeback,
hybrid is here to
stay

Transition to
RFRs on the
top of agendas

Private debt
starting to gain
traction

Real estate and
REF

NPLs and
restructuring

Renewables
financings

Taking and
enforcing
security



CEE loan transaction trends 2021-2022*

Our moderators

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RTPR
Romania

Glib Bondar
AVELLUM
Ukraine

Stefan Tiefenthaler
Binder Grösswang
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Croatia

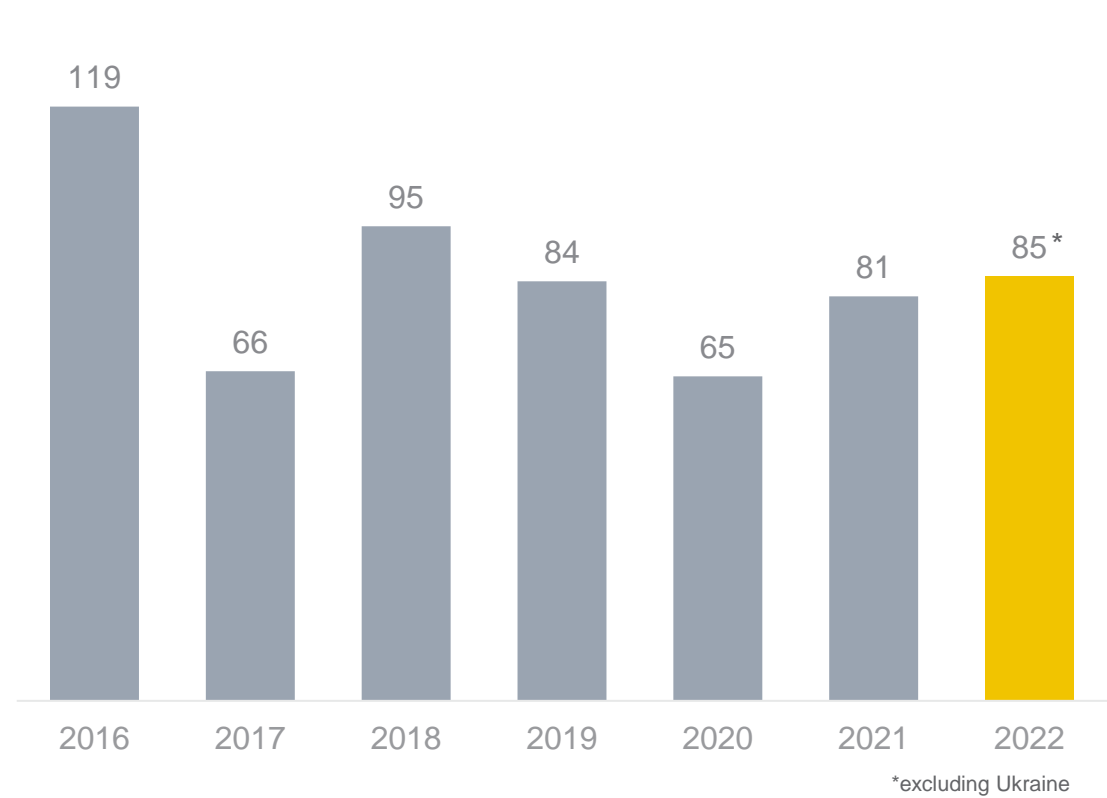
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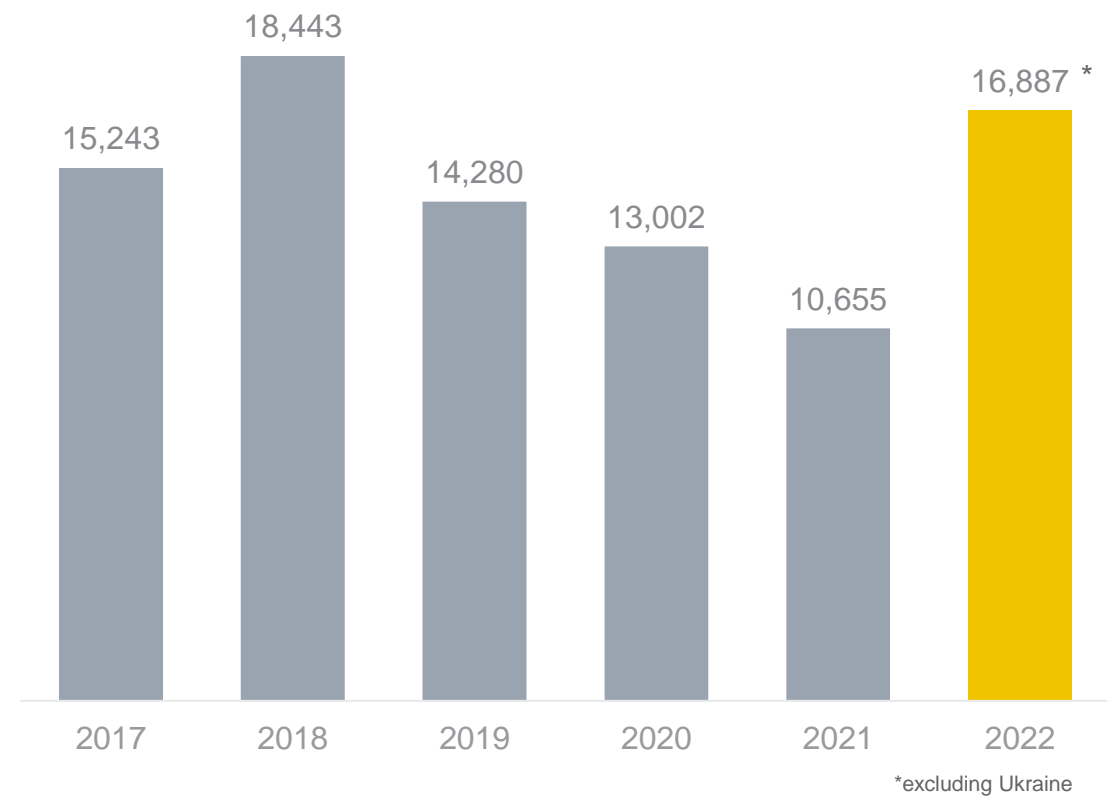


595 deals | EUR88.5bn total volume

Total number of deals



Total volume of deals (in EUR million equivalent)

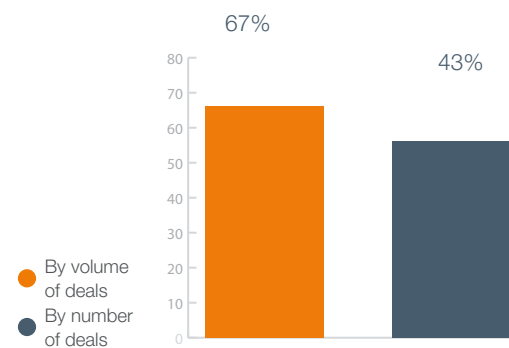


Trends in the CEE loan market 2022

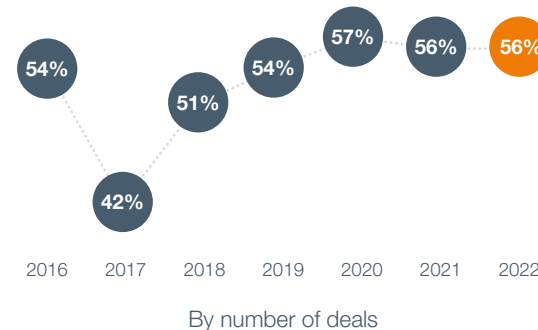
Hot topics from around the region

Excess liquidity	Transition to RFRs on the top of agendas
Sustainable lending on the way to becoming mainstream	Private debt starting to gain traction
Continued impact of COVID-19 – “K” shaped recovery	Real estate and REF
Loan terms leaning ever further in borrowers’ favour	NPLs and restructuring
Additional debt capacity increasingly takes center stage	Renewables financings
Going digital and virtual, strong IRL comeback, hybrid is here to stay	Taking and enforcing security

English law continues to be the dominant governing law in CEE deals



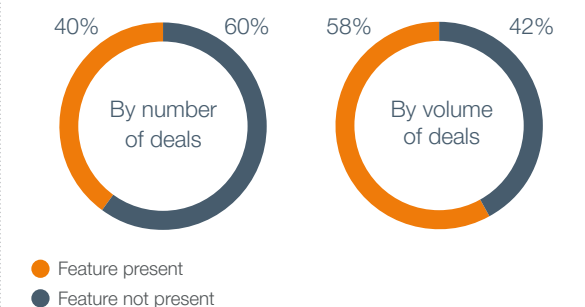
Popularity of English law bounced back after the Brexit referendum



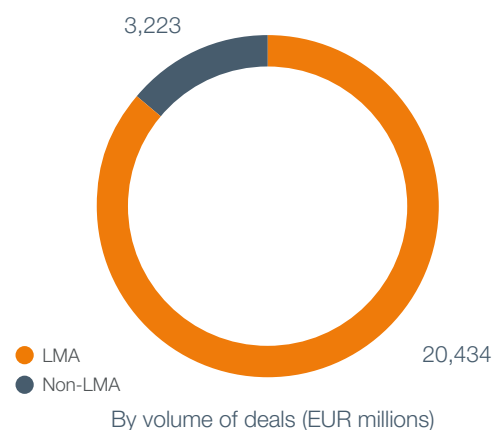
Some of the key factors driving parties’ choice of English law

Predictability – courts will uphold what parties agreed (eg acceleration, arranger liability)	Freedom of contract (eg non-assignability) and preventing nullity of transactions
Market acceptability and familiarity	Insulation against foreign intrusions (eg exchange controls). Contrast France, Germany, Luxembourg
Creditor orientation	International public utility – The Delaware factor

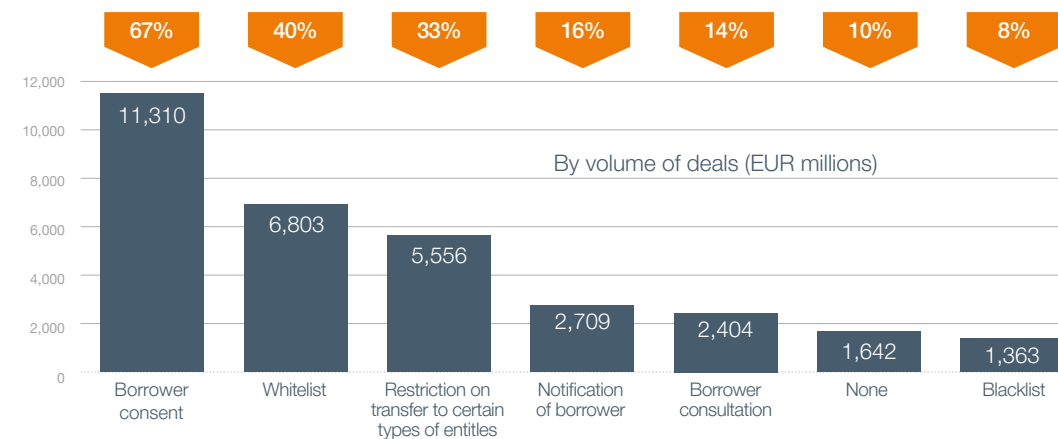
Additional debt provisions continue to feature in the majority of our deals



LMA documentation is prevalent



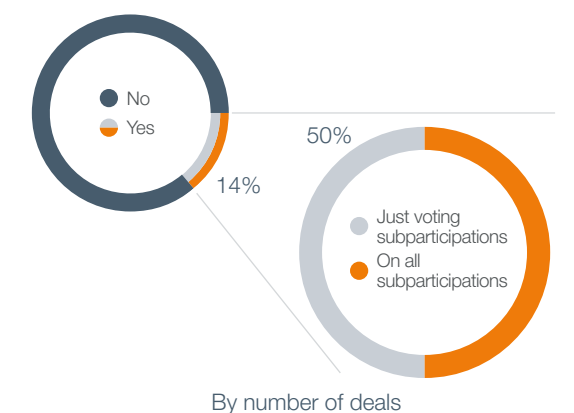
Transfers: what were the main limitations



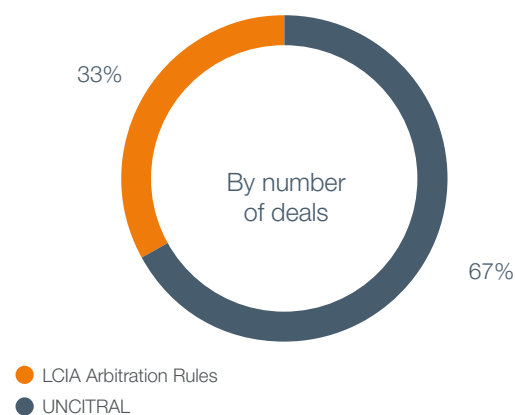
Transfers: where borrower consent/consultation applies, what were the main exceptions?



Transfers: is consent necessary for sub-participations?



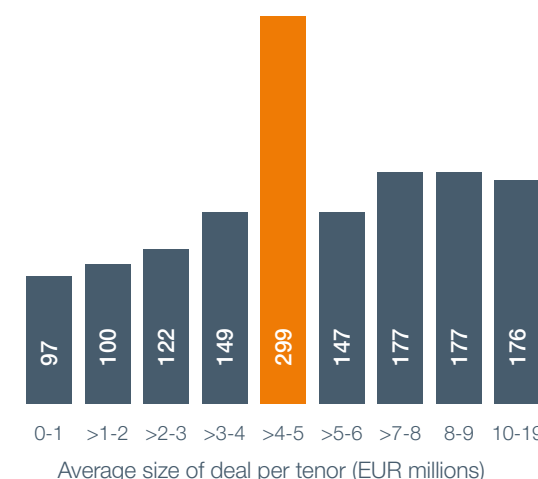
LCIA and UNCITRAL are the most frequently used arbitration rules



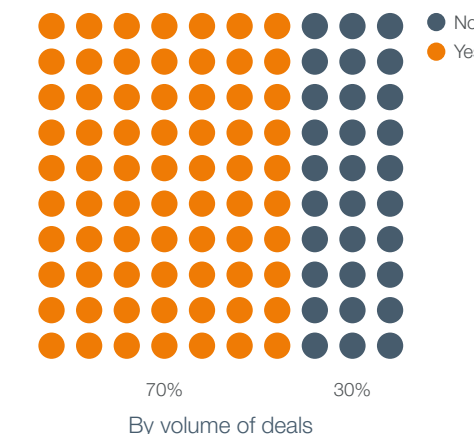
London remains the preferred seat of arbitration



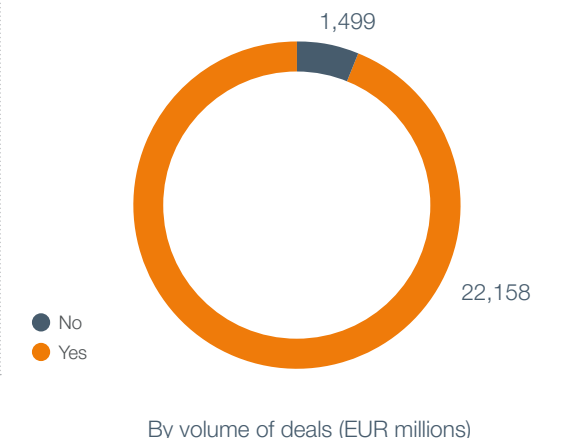
Average deal size per tenor



Corporate guarantees remain a standard feature in most deals



Sanctions provisions remain a standard feature in the region



Speaker profiles



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Attila is qualified in England and in NY and is a CEE banking and finance specialist. He lives in Vienna and works predominantly out of Allen & Overy's Bratislava office. Before moving to Vienna, Attila spent six years in Allen & Overy's leveraged finance team in London.

Attila works across product areas for commercial and investment banks, non-bank lenders and investors, sponsors and corporate debt issuers with an emphasis on leveraged and non-leveraged acquisition finance, project finance, trade finance, securitisation and other structured finance products and debt restructuring.

He is an outstanding co-ordinator and negotiator and his English law qualification and practice present him with a significant advantage for managing regional deals.

Chambers Global 2017

Attila Csongrady is well known and respected for his skills when it comes to complex banking and finance matters.

Chambers Global 2015

He is an excellent lawyer who works hard and is very focused on giving good client service.

Chambers Global 2019

He is praised for his experience in international transactions and in deal structuring.

Chambers Global 2018



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Peter joined the firm in 2007 and has been a member of our London banking and finance practice since then. As an English qualified lawyer he has worked on a wide variety of banking transactions including in the emerging markets, ranging from investment grade loans to leveraged finance, ECA-backed, real-estate, project and restructuring deals. He has experience working with all parties including arrangers, lenders and borrowers.

In 2011/2012 he undertook a 9 month secondment to the loans structuring and syndication desk at Citi in London, focused on the CEEMEA region. He has also been on secondments to our Singapore and Madrid offices and to UniCredit Bank Austria in Vienna.

Peter lived and went to school in Vienna before leaving for the UK to study. He moved back to Vienna with his family in 2016 and works out of our Bratislava office.



Questions?

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