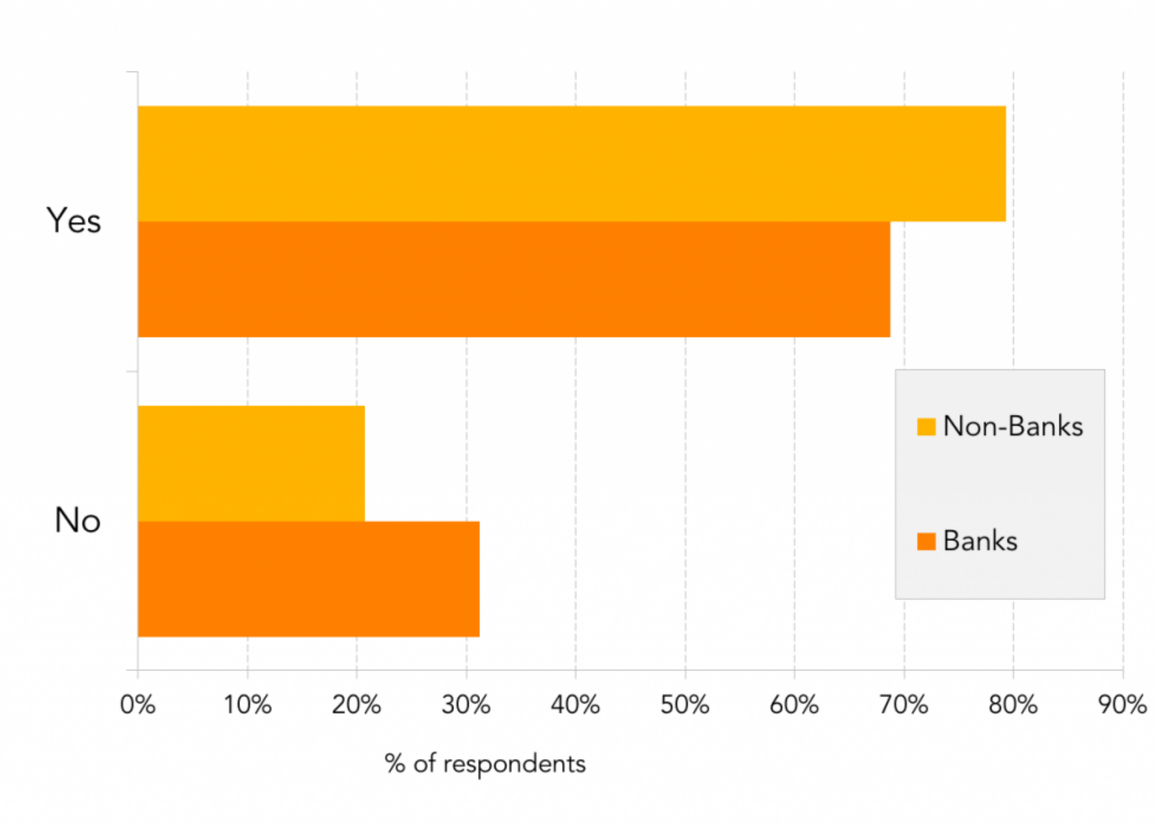
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-362017/

More middle market lenders expect to meet lending goals in 2017

LSEG | March 9, 2017



Middle market lenders' outlook has changed a bit after coming off of a year where competition intensified and the majority of banks surveyed along with half of nonn-banks reported falling below lending goals. But, according to Thomson Reuters LPC's most recent survey, the share of those who expect to fall short again in 2017 is much lower. Only one third of banks and one fifth of non-banks don't expect success, stating that continued competition and aggressive structures will hold them back. And then surprisingly, 80% of non-banks and nearly 70% of banks said they expect to meet their lending goal in 2017. What is their secret? First, hoping to take advantage of the fact that volatility comes and goes and the market can turn on a dime, some expect that volatility will re-appear and direct lenders will have a chance to step in to seize opportunities. Second, regulated banks said they are getting more looks at smaller sponsored deals as their competitors grow origination capability and move up market. Third, many lenders said they set more modest or achievable goals this year, even lowering the bar in 2017 given the runoff in 2016. One lender commented that they did not even use 2016 as the baseline for setting goals. So what do these more moderate goals look like? 80% of banks reported generally allocating about 10% more capital to lend this year, while non-banks have a bigger mountain to climb with one quarter of them allocating 30% or more to lend this year. Given record fundraising and intense competition among lenders to book assets, the climb may be steep.

Register to join TRLPC's 5th Annual Middle Market Loan Conference