KangaNews is proud to present its inaugural awards for the best houses, deals, issuers and personalities in the Kangaroo and Kauri bond markets in 2007. Votes from investors, issuers and intermediaries were collated to produce the results in the following pages.

BY LAURENCE DAVISON

The year 2007 has been characterised by differing fortunes for the Kangaroo and Kauri bond markets. For the first six months it seemed that Australia would continue to build on the phenomenal growth seen in 2006, matching or even just beating the previous year’s record issuance of just under A$32.5 billion (US$28.3 billion) in Kangaroo bonds. Meanwhile, New Zealand’s Kauri market got off to a typically sleepy start with NZ$1.2 billion (US$901 million) issued by mid-year – although even this figure marked the first year issuance had surpassed a billion dollars – and little outward indication of an explosion to come.

From June onwards, however, a spectacular role reversal occurred. A global credit crisis that originated in the US sub-prime mortgage market in late 2006 spiraled to the point that not a single deal was priced in the Kangaroo market between JPMorgan’s A$950 million two-tranche deal on June 14 2007 and the return of small triple-A taps starting with a A$100 million EUROFIMA increase on September 5.

Meanwhile, concern about illiquid and overpriced government bonds in New Zealand led to a change in repo-eligibility rules on July 17, allowing domestic asset managers to use NZD-denominated bonds from pre-approved triple-A issuers for repo purposes. With the ground for these changes having been carefully laid by local originators, investors,
regulators and international borrowers, it was a matter of days before the first of a steady stream of supranationals, agencies and semi-governments came to the Kauri market for the first time.

By the end of November total Kangaroo market issuance had reached A$19.1 billion – under two-thirds of the full year 2006 level and with just A$2.25 billion priced since mid-June. During the same period in 2007, new Kauri deals reached NZ$5.8 billion, six times more than the total figure for 2006.

Towards the end of November KangaNews took the temperature of the market by asking participants on the buy and sell side as well as intermediaries to nominate the best firms and individuals in the Kangaroo and Kauri bond markets, in a number of key categories. The results of those nominations are presented on the following pages and they provide a fascinating illustration of a year split into two distinct halves in both Australia and New Zealand. They are also a good guide to how the Kangaroo market coped with both bull and bear runs, and how the Kauri market managed its new-found growth.

REWARDING INNOVATION
Despite the contrasting fortunes between the two countries, the year has been marked in both markets by ongoing processes of innovation and development. In Australia, the first half was characterised by the drive to bring new issuers and new deal structures to market, with originators trying to match investor demand for better-yielding bonds in what had become a cheap credit environment. KangaNews’s Kangaroo Deal of the Year award reflects this earlier environment, with Wachovia and Swiss Re coming out joint winners, based predominantly on investor votes. The award discussions that follow ask parties to some of the most exciting deals ever seen in this market when their like might be seen again.

Later in the year the atmosphere changed to one where identifying pockets of demand became key to making progress, and liquidity in the secondary market became a watchword. The winners in the Kangaroo Primary Market House of the Year (RBC Capital Markets) and Kangaroo Secondary Market House of the Year (TD Securities) awards were able to continue their activities in harder market conditions, having established a firm base before the storm came. This characteristic was also a key determinant of the Kangaroo Issuer of the Year award (won by European Investment Bank).

Outside the issuers and intermediaries, there have been several notable market developments in support businesses throughout 2007. Most importantly, Austraclear’s exit from the issuing and paying agency space and the scrutiny of the role of ratings agencies in global credit markets have left a space for market participants to carve themselves new niches. Victories for BNY Trust Australia and Standard & Poor’s in these categories give an early indication of which firms have made significant strides.

NZ MARKET AWARDS
Across the Tasman Sea, the banks and borrowers that have taken the Kauri market to its new level all deserve acclaim, but the issuer awards (won by World Bank and Rentenbank) in particular give a strong indication of what the investor community wants to see from its Kauri issuers. Indeed, across the deal and issuer awards in both markets a strong message comes from the investor community about what issuers need to do to win favour – a message the award winners have not missed.

Whether 2008 will see the Kangaroo market recover to its 2006 levels remains to be seen. Even in the recent downturn issuance across the year was higher than any year before 2005 and the ever-growing investment pool in Australia leads many to believe a gradual return to form is inevitable. The Kauri market also now faces the challenge of sustaining a record year. While it will be interesting to see how both markets deal with their new circumstances, one thing for certain is that the firms and individuals named in the following pages will be central to the process.
RBC Capital Markets

As the global credit crunch worsened through the second half of 2007, the flow of Kangaroo primary market activity dried up completely before starting to come back in a trickle. With no new deals emerging from outside the triple-A sector from July onwards, RBC Capital Markets (RBCCM) has been able to exploit its global, diverse distribution network to recapture top spot in the Kangaroo league table for the year (including self-led deals) – acting as sole lead manager on five of the 10 deals printed from September to the end of November and joint lead on another.

RBCCM’s ability to complete deals in both favourable and unfavourable market conditions and consistent commitment to this market are reasons why the bank has been acclaimed with this award, achieving a comfortable lead in votes from investors, issuers and peers.

Accepting the award on behalf of the bank, RBCCM’s Sydney-based head of debt capital markets, Asia Pacific, Enrico Massi, explains that his firm sees its Kangaroo business as globally significant. “This market matters enormously to us – we have been in it for many years, servicing issuers and investors even as far back as the Aussie dollar Eurobond market,” he says. “We have a great focus on the Kangaroo market through our origination and sales force globally, to whom AUD product is very important.”

One of the investors who ranked RBCCM top of the pile in primary market activity explains: “They just offer consistent, really high-quality service. They do a good job in representing the investor community to issuers, while also being very strong at providing information to investors and being clear and honest at all stages of the process.”

By November 26, RBCCM had been on the top line of 12 Kangaroo deals totalling A$3.55 billion (US$3.09 billion) – including one self-led deal – in 2007, making it the biggest-volume originator in the year and over A$500 million clear of second place in the league table including self-led transactions. The house specialises in triple-A transactions, with only its two self-led deals falling below this level on the rating scale. This process could be helped by a widening of the Kangaroo investor base internationally – an area on which RBCCM focuses. The majority of deals done since the credit crunch have sold predominantly offshore, with RBCCM in particular exploiting its ability to identify pockets of demand for triple-A paper to complete transactions.

“The disconnect between investors and issuers is a structural problem this market has to deal with,” Massi claims. “With the investor pool in Australia being proportionally smaller, it only takes one or two expected buyers to pull out of a deal for final volume to be affected. Widening the investor base does help a lot in normal market conditions, and if that is a trend it will improve the situation.”

Despite the potential, the coming months are likely to offer intermediaries difficult terrain, but Massi says the harder decisions can be mitigated to some extent by expertise. “You have to have a certain degree of risk appetite in this marketplace, even more so at time like this, for the inevitable challenges in certain sectors of issuers access the market.”

more all the time, although we certainly see short-term challenges in certain sectors of issuers access the market,” he comments.

The firm has already been involved in some areas of potential development for the market. For instance, late in 2006 it arranged a non-deal roadshow for French corporate issuer Total SA, which led to the establishment of that firm’s A$1 billion Kangaroo programme in April 2007. Massi believes market fundamentals will eventually dictate a widening of the issuer base in Australia. “Issuers nowadays really do need diversity of investors even if they have a strong domestic market – it is not just something to pay lip-service to,” he says. “Australia as a market has become much more on the radar screen of offshore issuers – for some it could definitely become a core market, or at the very least a strategic one.”

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KANGAROO DEALS LED BY RBCCM IN 2007

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* indicates sole lead manager

SOURCE: KANGANEWS NOVEMBER 30 2007

KANGANEWS AWARDS

KANGAROO PRIMARY MARKET

HOUSE OF THE YEAR

KANGAROO PRIMARY MARKET

HOUSE OF THE YEAR
The second half of 2007 brought the importance of the Kangaroo secondary market into focus for all market participants. Even before the credit crunch, voices had been suggesting that development in secondary trading had not kept pace with primary market issuance. And as demand dried up around the world from July onwards reports in Australia suggested it was harder than ever, and in some cases impossible, to move in and out of positions.

Market conditions have undoubtedly created a difficult environment in which to win KangaNews’s first award recognising secondary market support. TD Securities (TD) has earned recognition in the category through its commitment to ever-improving market coverage and support. Joe Azzam, managing director, global fixed income Asia Pacific at TD in Sydney, says: “We are proud to receive this award which we feel speaks to TD’s commitment to Kangaroo product, not only as a primary dealer but as a liquidity provider and price-maker even in the most challenging of markets.”

Deal support in the secondary market is not new for TD. When KangaNews explored post-deal coverage before the liquidity crunch (see July/August 2007 issue) the firm took a strong line on its offering in the area. “Any deal we bring to market we will always trade from day one to the day of maturity,” Azzam said at the time. “Across time zones we will always put a price on a deal we brought to market. The price might not be exactly where everyone wants it but it will be there.”

TD’s fixed income trading team is structured globally across three time zones to support not just AUD activity but the dollar bloc business as a whole, a setup which Azzam believes “gives us a scale which is hard to achieve with just one product or currency”. The bank has established a global presence in non-core dollar funding markets like Australia, Canada and New Zealand.

In the variable credit markets of 2007 this has not gone unnoticed within the investor and issuer communities, leading to TD topping the secondary house poll in a narrow win over RBC Capital Markets. One investor says: “We are realistic and accept that in a developing market liquidity is hard to guarantee. Overall we feel the service we get from TD, in terms of

TD Securities would like to thank Borrowers, Investors and our Peers for voting us the Kangaroo Secondary Market House of the Year.

TD is proud to receive an award which recognizes our commitment to the secondary market in a year of volatile and challenging credit conditions. We look forward to partnering with our clients in 2008 and maintaining our leading position in both primary and secondary markets.

TD Securities
A Division of The Toronto-Dominion Bank
PUBLISHED 10 TIMES A YEAR, KangaNews IS A ONE-STOP INFORMATION SOURCE ON THE KANGAROO AND KAURI BOND MARKETS.

EACH ISSUE PROVIDES ALL THE INFORMATION MARKET PARTICIPANTS NEED TO KEEP UP TO DATE WITH THE DEALS AND TRENDS MAKING HEADLINES IN THE MARKETS; IN-DEPTH ISSUER AND INVESTOR INSIGHTS; DEAL AND LEAGUE TABLES; AND STATISTICS.

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increased exponentially in recent months,” says Azzam.

From the issuer side, one major triple-A Kangaroo borrower says: “TD’s support for our deals – and, from our monitoring of the market, other issuers’ deals – has never been in question. This gives us extra confidence to deal with them.” Interestingly, TD attracted award support from some issuers which have not to date used the bank as a lead manager on a Kangaroo transaction.

Voters were asked to consider which house had been most willing and able to act in the secondary market in 2007, making competitive prices in benign market conditions and still being active in difficult conditions. That involved making prices in deals the bank originated as well as ones in which it was not initially involved, in addition to ability to make both bids and offers.

It is clear that in the Kangaroo market there is still a strong link between primary market strength and secondary capability. According to Alf Costanzo, TD’s London-based head of origination and syndication: “TD is second in the non-self led Kangaroo league table for 2007, so it is good to be strong on the primary side of the market and to have this recognition for our secondary business – particularly in these market conditions when secondary activity has been difficult.”

As with the primary market category, global distribution has proved important to maintaining operations during the difficult second half of the year. TD has been involved as an effective offshore agent on a number of triple-A Kauri deals in 2007 and has also been able to price a number of primary Kangaroo deals in volatile conditions from October onwards – again, often based on international demand.

With a temporary disconnect between primary and secondary market pricing allowing bargain-hunting investors to source paper in the secondary market more cheaply than primary deals are pricing, TD is proud of its continued ability to act in both markets and the way it has been able to remain active since the credit crunch. “Our secondary market volumes increased exponentially in recent months,” says Azzam.

**KANGAROO DEALS LED BY TD SECURITIES IN 2007**

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**SOURCE:** KANGANEWS NOVEMBER 30 2007

Although the Kangaroo market is still relatively young, it is already characterised by a number of notable personalities. For this reason, KangaNews asked market participants to nominate an individual originator who stands out based on quality of service and communication with issuers. The award recognises that although deal-making is a team job, some individuals can make a significant difference to the success or otherwise of their bank’s trades.

Asking which individual originator had most impressed in 2007 prompted a wide variety of responses with nominations for individuals from a wide range of Kangaroo intermediaries. A number of bankers impressed by their availability to clients, ability to work in syndicate, responsiveness to questions and overall impact on deals brought. But Commonwealth Bank of Australia (CBA)’s Sydney-based executive manager and head of corporate securities origination, Peter Christie, takes the honours.

One US-based issuer compliments Christie’s “very dedicated, very straightforward” approach, adding that both Christie and his firm “deserve recognition for their long-standing commitment to the Kangaroo bond market” [CBA brought the first-ever Kangaroo deal in 1996]. The funding manager comments: “Peter has been making the effort to come and visit us regularly for many years now. He has been pushing the market consistently from the beginning and has been a strong proponent of the market for some time.”

*KangaNews* speaks to Christie about his approach to the market, the state of play at the end of 2007 and prospects for 2008.

**How would you sum up the way you do business in the Kangaroo sector?**

The best thing we can do is to give clients the most accurate and informed advice we can, even when that advice may not be exactly what they want to hear. Markets are not perfect, and the intermediary’s job is to ‘read the tea leaves’ – to see if we can make the opposing objectives of investors and issuers meet in a manner satisfactory to both.

**What has changed as a result of recent market conditions?**

In bull markets you can be much more aggressive from the issuer side, but it is a bear market now and the balance has swung back to investors. The Kangaroo market has been...
built on a combination of triple-A issuers, which have kept it ticking over, and the financial institutions from mainly the US and Europe. The almost non-existent volumes for the latter in the second half of this year reflect the fact that investors have become very selective in the deals in which they wish to invest. At some point it has to be possible for them to issue again because financial institutions have to borrow, but it may take a significant amount of time for the current situation to unwind.

Does that make things especially hard for CBA, which has become known for its strong, deal-making approach?
At the moment you cannot be aggressive with respect to price and volume. You can't just look at mark-to-market levels and secondary prices and expect to be able to execute new deals based off them. Deals have to be structured around firm cornerstone investor interest – we are always looking at any relevant pockets of demand because we know you can't put trades out there on a relative value basis at the moment assuming that 'the market' will participate. So right now the intermediaries' job is more difficult.

For how long do you expect these adverse conditions to last?
In August and September we were hoping that things might settle down by year end, but now it seems difficult to assume that things will get back into their stride early in the new year. It may be Q2 or even Q3 2008 before we see the markets normalising. There is liquidity but it is not being put to use and likely won't be until investors are confident that the SIV unwinding is complete.

When the market is up and running again, do you expect there to be any long-lasting structural changes?
I don't think so – all markets overshoot on occasion. The longer the market stays as it is now, the less aggressive intermediaries will become, but people forget how competitive this market is. I don't really see a swing to a conservative business model and wider spreads in the long term.

Do you see any potential benefits for the Kangaroo market from the credit market fall-out?
Ironically it is now easier to talk to issuers and potential issuers than it is in a bull market, because they need the funding and have to look at all opportunities. The challenge now is to find investors. Realistic issuers would admit funding levels in 2006 and early 2007 were well inside what they would have budgeted for in terms of average funding costs over the long term. That was inevitably going to unwind and the fact that it has gone back the other way should not really be a surprise.

### JOINT WINNERS
**Wachovia’s A$1.45 billion multi-tranche senior and subordinated deal**
*Lead Managers: NABCAPITAL, WACHOVIA CAPITAL MARKETS, WESTPAC INSTITUTIONAL BANK*

**Swiss Re’s A$750 million two-tranche T1 deal**
*Lead Managers: DEUTSCHE BANK, UBS AUSTRALIA, WESTPAC INSTITUTIONAL BANK*

The candidates for best primary market deal of the year were largely restricted to the first half; although some issuers have impressed by their ability to bring deals in the volatile circumstances of the second half, the large, innovative transactions possible in the more beneficial, pre-credit crisis market before July certainly attracted stronger interest from the market when it voted for the best deal of the year.

In the end, two deals stood out to market participants: Wachovia’s multi-tranche, jumbo-sized trade issued on May 18 and Swiss Re’s innovative Tier 1 transaction brought a month earlier. Although very few deals have performed well in the chaotic second half, awards nominators were asked to consider deals which, in their view, were the most successful of 2007 up to initial pricing. This includes factors such as innovation, size, offer price and the communication of the issuer’s credit story, as well as depth and breadth of distribution.

**WACHOVIA: SMOOTH AND IN SIZE**
Commenting on the Wachovia transaction, one investor commended it as a “very smooth, large and well-managed trade,” adding: “Wachovia had a very good roadshow and transacted swiftly and in size. To bring a new issuer to market in that kind of volume, and that quickly, was a very good achievement – even if performance of all bonds in this sector has not been great this year.”

Wachovia and its bankers showed confidence in the credit by bringing a 10-year bullet subordinated debt tranche as part of its debut Kangaroo, even after some investors had described this approach as “ambitious”, and this confidence was rewarded when the final size of the transaction reached an impressive A$1.45 billion (US$1.26 billion). That was comprised of A$400 million of subordinated paper from
Wachovia Bank and A$1.05 billion from the holding company, Wachovia Corporation.

On receiving news of the award, Jim Burr, treasurer at Wachovia Corporation in Charlotte, said: “This is very exciting news. The entire experience was very rewarding for us and we appreciate the broad investor support of Wachovia’s inaugural Kangaroo issuance.”

Simon Ling, Sydney-based joint head of debt securities and syndicate at Westpac Institutional Bank (Westpac), which jointly lead-managed the deal with nabCapital and Wachovia Capital Markets (WCM), says: “The strong demand for the deal was clearly demonstrated by the quick turnaround from roadshow to printing the transaction.” He explains: “The Wachovia roadshow moved from Australia to Asia and we intended to start the execution once the funding team returned to its headquarters in Charlotte. However, strong investor demand for the name resulted in us changing our strategy and we printed the transaction while the team was still in Asia.”

Melissa Gribble, New York-based head of capital markets origination, North America at nabCapital, adds: “The ability to offer senior at the holkco level and subordinated at the bank level allowed the strong investor preferences voiced during the roadshow to be satisfied. One of the highlights undoubtedly was the success of the A$400 million 10-year subordinated bullet issue, somewhat of a rarity in the Australian market.”

On the execution side, Rey Espineli, managing director of Asian syndicate and debt capital markets at WCM in Hong Kong, highlights the way Wachovia dealt with its status as an unfamiliar name in Australia. “Many investors did not have Wachovia paper or much understanding of the credit before the deal, so we think treasurer Jim Burr and his team did an excellent job of telling the Wachovia story.”

In terms of selecting the Australian market to issue in, both the funding and DCM branches of Wachovia were impressed with what they saw in the market. “We took a very measured approach to advising Wachovia on where it should fund offshore,” Espineli comments. “The [Australian] market was already large enough to be interesting and it is clearly growing, plus we found a unique degree of sophistication among investors – sophistication which is growing as fast as the capital base.”

Wachovia Corporation also commented on the local investor base, with Burr saying he was “particularly impressed with Australian investors when we met them on our roadshow in May. They were very engaged and we appreciated their sincere interest.”

One of the key questions for the Kangaroo market in 2008 is whether financial institutions, especially US-based ones, will be able to return as issuers in anything like the volume they reached in 2006 and the first half of 2007. While Westpac’s Ling accepts that it will “take Australian investors time to put this pain behind them”, he does not foresee the door remaining closed forever. “Globally, investors will begin to buy once they see ‘too-good-to-miss’ value,” he explains. “I think we are nearly at the point where investors look at the absolute return and decide it is such a good buy-and-hold position that they don’t care if it goes wider in the short term.” Ling adds that it is important not to forget that Australian investors have cash to spend and other asset classes are going to be in short supply. “My guess is that we will have to wait until March to see financial institution Kangaroo benchmarks return. But we are in uncharted territory, which makes any forecasts about the future very hard.”

**SWISS RE: HYBRIDS WILL COME AGAIN**

When Swiss Re priced its A$750 million Tier 1 deal on April 20, there was widespread hope that the transaction would be followed by a pickup in the number of deals in the hybrid space in the Kangaroo market. Swiss Re was just the third T1 Kangaroo, following Rabobank in 2004 and AXA in 2006, and prior to the credit crunch many investors were clamouring for more issuers to bring hybrid and subordinated deals to Australia.

At the Westpac/KangaNews Speed-Meeting Summit held in Sydney at the end of March 2007, an entire forum was devoted to the hybrid market, and after the event investor appetite for the product was sufficient to make Swiss Re’s deal the largest such transaction to date. Despite the difficult market conditions after issue, investors are still keen to see future deals of this type – once the market has returned to normality.

“It wouldn’t be right to judge Swiss Re – or any deal this year – on its recent performance,” says one investor. “The fact is we were keen to see that kind of transaction at the time and when the deal was brought it was strongly executed and well distributed. Obviously we aren’t asking for more of the same as things stand but Swiss Re was a good marker and we hope there will be more such deals in the future.”

According to Simon Maidment, Sydney-based managing director and head of fixed income at UBS Australia (UBS), which joint lead managed the Swiss Re deal with Deutsche Bank and Westpac Institutional Bank (Westpac), structure and distribution marked the transaction out in 2007. “Over 2006 and early 2007 there was strong appetite for highly-rated but subordinated exposure to financial institutions – we had really only seen domestic banks and a few insurance companies doing franked deals, which local investors often cannot access,” he says. “The lack of highly-rated gross-pay hybrid paper from domestic issuers enabled us to distribute the Swiss Re trade to around 40 accounts, mainly real money, local institutional investors.”

The distinct strategic trend for deal and issuer of the year winners in the KangaNews awards is for a measured build up to a debut deal involving roadshowing – sometimes repeated roadshowing – and a willingness to listen and respond to investor input. This is certainly the case with Swiss Re, for whom Juerg Hess, treasurer in Zurich, says: “We came to Australia in December 2006, undertaking a one-week non-deal roadshow to introduce investors to our credit and to gauge the market’s interest for a T1 deal from Swiss Re. We had previously done T1 deals in dollars and euros and we were interested in exploring alternative markets. The result of the

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**SWISS RE: HYBRIDS WILL COME AGAIN**

When Swiss Re priced its A$750 million Tier 1 deal on April 20, there was widespread hope that the transaction would be followed by a pickup in the number of deals in the hybrid space in the Kangaroo market. Swiss Re was just the third T1 Kangaroo, following Rabobank in 2004 and AXA in 2006, and prior to the credit crunch many investors were clamouring for more issuers to bring hybrid and subordinated deals to Australia.

At the Westpac/KangaNews Speed-Meeting Summit held in Sydney at the end of March 2007, an entire forum was devoted to the hybrid market, and after the event investor appetite for the product was sufficient to make Swiss Re’s deal the largest such transaction to date. Despite the difficult market conditions after issue, investors are still keen to see future deals of this type – once the market has returned to normality.

“It wouldn’t be right to judge Swiss Re – or any deal this year – on its recent performance,” says one investor. “The fact is we were keen to see that kind of transaction at the time and when the deal was brought it was strongly executed and well distributed. Obviously we aren’t asking for more of the same as things stand but Swiss Re was a good marker and we hope there will be more such deals in the future.”

According to Simon Maidment, Sydney-based managing director and head of fixed income at UBS Australia (UBS), which joint lead managed the Swiss Re deal with Deutsche Bank and Westpac Institutional Bank (Westpac), structure and distribution marked the transaction out in 2007. “Over 2006 and early 2007 there was strong appetite for highly-rated but subordinated exposure to financial institutions – we had really only seen domestic banks and a few insurance companies doing franked deals, which local investors often cannot access,” he says. “The lack of highly-rated gross-pay hybrid paper from domestic issuers enabled us to distribute the Swiss Re trade to around 40 accounts, mainly real money, local institutional investors.”

The distinct strategic trend for deal and issuer of the year winners in the KangaNews awards is for a measured build up to a debut deal involving roadshowing – sometimes repeated roadshowing – and a willingness to listen and respond to investor input. This is certainly the case with Swiss Re, for whom Juerg Hess, treasurer in Zurich, says: “We came to Australia in December 2006, undertaking a one-week non-deal roadshow to introduce investors to our credit and to gauge the market’s interest for a T1 deal from Swiss Re. We had previously done T1 deals in dollars and euros and we were interested in exploring alternative markets. The result of the
visit was very positive, preparing the way for Swiss Re's successful inaugural Kangaroo deal.” The issuer visited Australian investors for a second time preceding the actual launch of the transaction.

Hess says he received confirmation that Australian fund managers were “very sophisticated” with respect to their credit analysis and understanding of hybrid capital. In addition, also thanks to the non-deal roadshow, the execution process turned out to be quite efficient and was completed in two weeks.

Grant Bush, director in debt capital markets at Deutsche Bank in Sydney, adds: “At the time we brought the Swiss Re transaction we had been seeing steady and growing demand for hybrids as investors sought to enhance returns by going down the capital structure. Ultimately the transaction came together exceptionally well with orders coming in through the roadshow itself, which allowed us to bring the timetable forward and roadshow, launch and price in the same week.”

This is echoed by Westpac, for whom Nicholas Chaplin, director of debt securities and syndicate in Sydney, says: “The momentum for the transaction built quickly as investors were able to leverage their understanding of the structure from work done on the AXA issue. As such, the transaction was able to be executed in a very short timeframe by Australian market standards and in particular for hybrid issues. In this respect, the Australian hybrid market was able to demonstrate that it is as sophisticated as offshore markets and will accept structures that have originated internationally.”

Hess says his firm remains keen to keep in touch with Australian investors. For example, when Swiss Re issued a sterling-denominated hybrid earlier in 2007, Aussie investors were informed that this would not affect the issuer’s determination to issue in Australia. Also, Swiss Re visited Australian investors again in late November 2007 to present an update on the company’s results and to discuss investors’ experience with the transaction.

He adds: “Generally, Swiss Re continues to look out for matching the firm’s need for hybrid capital with investor interest in credit quality, duration and yield. I would say this holds true in Australia, particularly because with the amount and growth of funds under management it will remain a powerful hybrid market going forward.”

Both the issuer and intermediaries remain confident that when markets return to normality there will be more T1 Kangaroo deals. According to Chaplin: “I really do think, medium-term, that there is a pipeline of issuers – not just insurers but other financials – who will have looked at Swiss Re and AXA and want to follow when the market settles down, hopefully after Q1 2008.”

To demonstrate the natural desire for T1 product by Australian investors, Chaplin points to the way the Swiss Re deal priced three basis points inside the sterling deal it priced just a few weeks prior to the Kangaroo. “Swiss Re itself will come back to this market, I am sure of that,” he concludes.

In the Kangaroo market investors have long liked to see signs of commitment and responsiveness from borrowers – and this has become even more apparent as a troublesome year forces assets into safe-haven securities. Investors prefer regular issuance from institutions that are clear about their strategy and not seen as purely opportunistic.

The Kangaroo Issuer of the Year award was designed to recognise the issuing institution which has most impressed the market in 2007. Important factors are the firm’s visibility and responsiveness to questions and issues, its perceived commitment to the Kangaroo market on a long-term basis, impressions of its roadshows, support for its existing deals, and the performance of its paper in the open market.

While a number of issuers received support, including EUROFIMA in the triple-A space and Wachovia among financial institutions, in the end European Investment Bank (EIB) scored a clear victory. Its Kangaroo deal volumes underscore that success: the supranational is the second-largest all-time issuer (behind KfW Bankengruppe) with €6.15 billion (US$5.35 billion) issued to November 30 2007 and also has the second-largest outstanding to the same date, its €5.55 billion narrowly trailing Rentenbank.

Of perhaps even greater significance to investors, EIB is also the only issuer in the Kangaroo market to have four separate lines of €1 billion or more. As one banker who supported EIB for the award explains: “EIB has built a very nice curve. They haven’t covered the market with a line in every maturity – if you want long-term exposure you are pretty much restricted to the 2017s, for example – but when they are in the market they are there in big enough size to trade in and out of easily.”

Another supporting banker takes the same line, saying: “EIB issues liquid benchmarks, coming to the market regularly and in timely fashion. They aren’t seen as purely opportunistic and, while they are not afraid to tap, they do so at appropriate times so their lines don’t become illiquid.”

EIB itself describes its Kangaroo strategy as a gradual accumulation of investor confidence and market familiarity which allows it to come to the market regularly and in size. Speaking earlier in the year, Eila Kreivi, Luxembourg-based head of funding, US and Asia Pacific, explained: “We want to do large-sized issues and build up a curve [in any market]. Most often you have to start with something more modest and you build up your curve and liquidity when you get confidence from investors and more players come in. In Australia this has been feasible since the beginning of 2006 and we hope this will continue.”
The supranational has been commended by investors for its open approach to tapping and its commitment to only increasing in large amounts when demand is sufficient. Even though Kreivi says EIB “cannot guarantee that we will always keep to a certain size... if domestic Australian investors or Asian investors stop buying”, which would certainly appear to have been the case in late 2007 – on September 17 EIB became the only issuer to price a Kangaroo deal of A$500 million or above after the credit crunch.

“EIB has been very clear to the market about its own guidelines, for instance sticking to the large minimum tap size which helps protect liquidity,” says the first banker. “It has been very transparent to this market overall, in fact – there is no doubt that the Kangaroo market is very important to EIB even though it does not provide a massive percentage of its overall funding.”

The good news for the Kangaroo market is that, with €50 billion (US$74 billion) to fund annually, the credit crunch seems unlikely to affect EIB’s strategy. “Fundamentally we don’t at this stage think the strategy needs to change,” Kreivi says. “Although nothing is carved in stone and we will adapt if necessary, it is indicative that we priced a A$500 million deal in September, which would have been a large triple-A transaction even in the first half. We may not be able to issue as often in present conditions, but we are still confident about this market and we see no reason to dramatically adjust our strategy at this stage.”

Although EIB has said it might not be able to continue issuing large deals if either the domestic or offshore bids dry up in the Kangaroo market, Kreivi says the institution is not overly concerned that either set of buyers is likely to disappear. And while she acknowledges that the offshore bid has been predominant in recent months, she also says EIB is “hearing noises that domestic investors are waking up”.

Until 2007 there would almost certainly have been little competition for an issuing and paying agent (IPA) award in the Kangaroo market, with Austraclear serving almost as a default choice for the vast majority of issuers. However, in March Austraclear announced that, as part of the strategic review conducted in the wake of the merger of owners Australian Stock Exchange and Sydney Futures Exchange, it would no longer be taking on new IPA business.

Into the breach stepped three existing global custodians: BNY Trust and Computershare, which had both had some involvement in the Kangaroo business prior to 2007, and new entrant Perpetual Corporate Trust. While the competition continues, the early signs are that BNY Trust has made the biggest impression, and this is certainly borne out by the firm’s win in this KangaNews award category. One Australian banker says the firm has been “more proactive in terms of its marketing” than the competition and has made the “biggest strides” towards filling the gap left by Austraclear.

Michael Thomson, chief executive at BNY Trust in Sydney, says: “We are very pleased to be a recipient of this award. In particular, our global reach and relationships and the ability to provide US tax reporting services for US issuers through our parent Bank of New York Mellon has been key to our success, as well as the fact that corporate trust services – including acting as issuing and paying agent for Kangaroo bonds – are a core product offering for us.”

While the IPA arena is often overlooked by Kangaroo market participants, a number of missed maturity payments since 2006 brought it into focus, with IPAs offering different solutions to Australia’s particular time-zone issues. BNY Trust, for example, is an advocate of earlier funding for payments to investors in Australia. The firm has said it is trying to make issuers focus on avoiding funding problems and the success of IPAs in this field is an important systemic factor for the market overall.

The discussions issuers have with IPAs can also be a good guide to future flows in the market. For instance, Thomson highlights an area of current geographic interest, saying: “We have had particular interest from Spanish issuers looking to enter the Kangaroo bond market and we are working with a number of parties to leverage our global ability to provide Spanish withholding tax services to these issuers to allow them to access the Australian investor base.”
Mallesons
Stephen Jaques

While the Kangaroo market itself has seen radical development over the past decade, and 2007 has been one of its most tumultuous years so far, Mallesons Stephen Jaques (Mallesons) has remained the market’s law firm of choice ever since it helped introduce Kangaroo bonds in the 1990s. The firm says it acted for issuers or intermediaries on around three-quarters of Kangaroo deals in 2007 and has been consistently at this level for the past three years.

Mallesons is a clear winner of the first Kangaroo Law Firm of the Year award, with a large majority of voters citing the firm for its consistency, ease of service and commitment to the market. However, other firms are making waves in debt capital markets as one banker says: “Although Mallesons is still hands down the market leader, we also think Blake Dawson Waldron has contributed a lot to the development of the market, for instance with their work on GPS120.”

Nonetheless, Greg Hammond, Mallesons partner in Sydney, believes his firm has the right setup to stay ahead of the field. “The depth and breadth of our team is unrivalled,” he says. “We clearly have the largest DCM, securitisation and derivatives team with 55-60 partners and solicitors working in our Australian, London and Hong Kong offices.” He says although they do not all work on Kangaroos, each client has the advantage of a group of senior lawyers “any one of whom they are happy to see take charge of a deal”.

Hammond acknowledges that by being there at the start of the Kangaroo market Mallesons has an inbuilt advantage and he says the DCM practice is “at times as much a question of ‘lore’ as it is of law”. But he also insists that the firm is not resting on its laurels, citing Chambers Global Guide’s reference to the firm’s unparalleled level of senior associate expertise as an illustration of the firm’s commitment to the market.

With the perspective of experience from the entire history of the Kangaroo bond market, Hammond predicts that 2007’s troubles will not stunt development. He highlights the factors he believes will be significant in 2008, starting with greater issuer transparency through heightened investor due diligence, less reliance on rating agencies and more time being taken to assess credits. Hammond notes that Mallesons’ move to increase the stressed assumptions it uses for both credit ratings and surveillance of existing ratings, we are increasing our scrutiny of originators and underwriting standards, and we recently acquired a company called IMAKE to give us access to state-of-the-art modelling and analytical tools.”

Standard & Poor’s

While 2007 has undoubtedly been a challenging year for funding and fund managers alike, it is possible to make the case that the most long-term damage to be caused by the credit crisis will be suffered by rating agencies. As the rest of the credit world slowly picks up the pieces and starts to rebuild, several commentators argue that sub-prime mortgage fallout has done irreparable damage to the rating agency model.

Standard & Poor’s (S&P) has acted to refute those claims, however, and Kangaroo participants have unanimously anointed the firm as Rating Agency of the Year. One banker who put S&P top of the pile explains: “Obviously we talk to investors on a daily basis and it really seems that S&P is the go-to firm for a clear majority of them. Questions have been asked about rating agencies overall but we also get the feeling those at S&P are asking themselves those questions too.”

Chris Dalton, managing director for Australia and New Zealand at S&P in Melbourne, says the firm has a clear focus on Kangaroo and Kauri bonds: “S&P uses its local analytical team and large global network to provide comprehensive research of Kangaroo and Kauri issuers. We see Kangaroo and Kauri issuance as a core part of both markets. This dedicated research function is a value-added service that sets S&P apart.”

S&P has already made clear steps to secure its status in the investment community and reassure users that its model can withstand the rigours of the contemporary credit environment. On November 2 the firm presented a live update on “sub-prime and related rating matters” to its Asia Pacific audience as part of an ongoing attempt to ensure that “dialogue about credit ratings be based on accurate information about how credit ratings agencies work and how ratings are used”.

The agency has acknowledged concern that its analytical processes mean ratings actions cannot keep pace with rapidly changing markets. Dalton comments: “Like other market participants, the recent difficulties in the US sub-prime market have provided us with the opportunity to take stock and reflect on our systems and processes. We have already moved to increase the stressed assumptions we use for both new ratings and surveillance of existing ratings, we are increasing our scrutiny of originators and underwriting standards, and we recently acquired a company called IMAKE to give us access to state-of-the-art modelling and analytical tools.”
No winner in 2007

The concept behind the Best-Performing Deal of the Year award was to recognise the bond which market participants believe performed best in terms of pricing and liquidity throughout the year. This could be a result of ratings or trading activity, was expected to take into account successful increases, and was not restricted to deals issued in 2007.

However, during consultation with investors and intermediaries it became increasingly clear that market conditions have proved so trying though the second half that trying to identify a best-performing deal would be, in the words of one banker, “like trying to find the biggest lifeboat on the Titanic”. Although he does not believe the market is sinking, the banker adds: “Even in a confidential vote we would be worried about looking foolish by nominating a best-performing deal. There literally isn’t a Kangaroo security out there that hasn’t widened over the year – you only have to look at the spreads for triple-As to see that – not to mention the fact that liquidity has been inconsistent to say the least.”

Signs of the malaise are not hard to find. On November 19, Instituto de Crédito Oficial (ICO) – a solid triple-A credit – priced a A$200 million increase to its 2011 Kangaroo at 82 basis points over the government benchmark. The last Kangaroo deal to price this far outside government bonds was the subordinated tranche issued by double-A rated Wachovia Bank in May. This widening certainly cannot be ascribed to lax execution: not only was ICO’s deal managed by Kangaroo Primary Market House of the Year, RBC Capital Markets, but when KfW Bankengruppe brought its own A$200 million tap on November 26 – with TD Securities (Kangaroo Secondary Market House of the Year) leading the transaction – the spread to government had widened yet further, to 95 basis points over.

To put the relationship into perspective, Wachovia Bank’s Kangaroo – which has been nominated as one of two Kangaroo Primary Deals of the Year in the KangaNews awards – was being quoted at 2.5 per cent over government bonds by November 27 and is not considered an outlier – with the majority of the US financials, including Citigroup, being quoted in the same range. This contrasts with the widespread consternation when the private equity buyout of Sallie Mae was announced in April; with Moody’s Investors Service threatening to downgrade the US student loans firm to sub-investment grade, its spreads – in thin trading – barely went as wide as the financials did in mid-November.

ANZ Institutional

Unprecedented growth in the Kauri market in the second half of 2007 saw two main beneficiaries in the banking space: every single triple-A transaction featured either or both of ANZ Institutional (ANZ) and Bank of New Zealand (BNZ) on the top line. While TD Securities and RBC Capital Markets also acted as joint lead managers on deals – to bring their offshore distribution to the market – and Kauris outside the triple-A sector were arranged by a number of other banks, the focus on supranationals, semi-governments and agencies made the Kauri House of the Year award a two-horse race.

And while there was significant support for BNZ in the process, with investors commenting on the way the bank has helped develop the market overall and commending its ability to bring a variety of new issuers – like Export Development Canada (EDC) – to New Zealand, in the end ANZ’s greater deal volume saw it capture the award. The EDC trade on November 21 was in fact the first triple-A Kauri deal not to feature ANZ on the top line, and that consistency swung the investor vote.

One fund manager says: “ANZ and BNZ between them have really driven this market forward in 2007 – including work that went on before the deal flow even started – and both have done a lot in terms of bringing names to New Zealand. But at the end of the day ANZ has led virtually every deal going and it is difficult to look past that record.”

ANZ’s John Marsh, head of credit and markets in Wellington, describes the process leading up to the repo-eligibility changes in July that facilitated the market opening up as being spurred by a concern about the dysfunction of New Zealand’s government bond market.

“Our success in the Kauri market was driven by the realisation in late 2006 of the increasing difficulties investors faced due to the large proportion of NZ government bonds held offshore,” he says. “The effect was problematic government bond liquidity and significantly wider and more volatile bond-swap spreads. We were acutely aware of the problem and saw the large global frequent issuers as providing the solution by helping create a sovereign proxy for domestic investors.”

This situation, combined with the awareness that the combined NZD Eurobond, Uridashi and global bond markets amounted to four times domestic issuance – yet remained largely inaccessible to local investors – led to “conceptual
discussions” between ANZ, domestic fund managers and a potential issuer in early 2007.

While there were hurdles to be cleared in the form of changing domestic mandates to allow triple-A Kauris as government bond proxies and convincing international issuers that a domestic bid for their Kauris would be present, ANZ was satisfied that the Reserve Bank of New Zealand’s repo-eligibility changes were the necessary catalyst. “Our strategy from there was to communicate our views to our London and New York frequent borrower team,” Marsh says. “One of the absolute keys was that we had people such as Nick Howell in London and Tom Irving [then based in New York] who had trusted relationships with the global frequent borrowers and who could take our view that changes were imminent and what that meant for New Zealand bank prudential investment books.”

Nick Howell, director, syndicate at ANZ in London, adds: “From an issuer’s perspective these changes could not have come at a better time – with the Kangaroo market grinding to a halt and other markets virtually closing, the talk of a new market with investor diversification potential was naturally of great interest.”

With Kauri issuance reaching an unprecedented NZ$5.8 billion (US$4.4 billion) for the year to November 30, market participants are asking whether it is reasonable to hope for the same success in 2008. One area in which it should be possible to grow the market is in the institutional investor sector; by common agreement, the biggest buyers of triple-A Kauris in 2007 were bank liquidity books, with offshore demand growing from a small base and domestic institutional investors participating sporadically.

The domestic institutions have started the process to change mandates and securing consistent interest from this sector could be key to the sustainability of the new market. For instance, one fund manager contacted by KangaNews had not yet participated in a single Kauri deal – a fact which would be insignificant elsewhere, but with barely a handful of sizeable institutional fixed income managers in New Zealand it is clear that every ticket counts.

KAURI DEALS LED BY ANZ INSTITUTIONAL IN 2007

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* indicates sole lead manager

Source: KangaNews November 30 2007

KAURI DEAL OF THE YEAR

World Bank’s NZ$350 million 7.5 per cent 2014 bond

LEAD MANAGER:
ANZ INSTITUTIONAL AND TD SECURITIES

While bond markets globally suffered in the second half of the year, 2007 saw a historic breakthrough for the Kauri market. When in July the Reserve Bank of New Zealand changed its rules to allow pre-approved triple-A bonds to be used for repo purposes, it opened the door for a flurry of top-rated credits to issue in New Zealand and sparked a six-fold increase in primary market Kauri activity in the year.

As the first issuer to bring a Kauri after the rule changes, World Bank’s NZ$350 million July 2014 bond caught the eye of investors in New Zealand and is a comfortable winner of KangaNews’s first Kauri Deal of the Year award. Priced at 67 basis points over the April 2015 NZGB or 26 basis points through swap, and jointly led by ANZ Institutional (ANZ) and TD Securities (TD), World Bank’s Kauri garnered the lion’s share of nominations from investors in New Zealand as both a trendsetter and a cleanly-executed deal. According to the leads, 83 per cent of investors were domestic accounts.

“As the first of the supras to come to New Zealand the far-reaching impact of the deal can’t be underestimated,” one institutional investor says. “But quite apart from its significance, and especially given the fact that this was essentially a new market, it was a nicely-executed deal that built a lot of confidence for the triple-As that followed through the second half of the year.”

World Bank had prepared the ground for its Kauri debut well in advance, and was also an appropriate first issuer given its familiarity with the market. “World Bank visited New Zealand a few times leading up to the its inaugural Kauri bond, including in March 2006 and again in April 2007 when we had a series of investor meetings that proved very helpful in designing the Kauri bond in a way we hoped responded to investor expectations,” says its Washington-based head of investor relations and new products, Heike Reichelt.

The most recent roadshow paved the way for a four-month planning process leading up to the debut issue, about which Reichelt says: “Besides taking into consideration investor requests on the design and timing of issuance, we remained in very close contact with the authorities and banks to make sure that the inaugural World Bank Kauri bond would be successful.
Starting early also enabled us to have the necessary bond documentation in place to be able to issue when we did.”

The supranational was undoubtedly quick off the mark. It mandated lead managers for its debut transaction on July 16, a day before the RBNZ rule changes were confirmed, and was able to price the transaction by July 20 – thus beating European Investment Bank to the post by four days.

It should not be assumed that the apparent speed with which the transaction was completed means the process was plain sailing, however. According to Alf Costanzo, head of origination and syndication, Europe at TD in London: “At the time the World Bank Kauri wasn’t an easy deal to get done – it was the first of the triple-As in this market and conditions were choppy at the time, so it wasn’t easy to get the timing right. The trade involved a lot of work, particularly with international investors.”

This is not even World Bank’s first transaction in the New Zealand market. Reichelt explains: “World Bank has actually followed the New Zealand market for many years. In fact, we first launched a New Zealand dollar global bond in 1990, and the only reason that transaction was not the first Kauri bond is that the term had not been used yet to describe such products.”

Nick Howell, director, syndicate at ANZ in London, says the two-day investor roadshow ANZ arranged for World Bank in April certainly paved the way for a new issue and helped in ensuring support from domestic fund managers, insurance companies and bank liquidity portfolios – who accounted for 83 per cent of the transaction. He comments: “In the weeks leading up to the trade seven-year swap spreads had been sitting in a 95-102 basis point range, but in the final stages we witnessed this level diminish day by day to reach 83 on July 19, before pushing back over 100 by the start of August. The strength of the domestic book meant this was not so much of an issue.”

Although it is yet to be seen whether 2007’s historic Kauri issuance levels can be maintained into 2008 and beyond, World Bank believes the market has enough potential to make devoting resources to it worthwhile. This includes further roadshows, as issuers who visit domestic investors are so far proving especially popular among fund managers in New Zealand.

“For us, meeting the investors and learning from them what aspects were and are important to them was key to designing a product that would be successful,” Reichelt explains. “We are very grateful for the guidance they provided to us and hope that we can keep a dialogue – despite the distance – that will enable us to return to the market and provide other successful transactions that fit well with investors’ portfolios and investment strategies. As we do in other markets, we will try to see investors on an ongoing basis, regardless of whether or not a transaction is in the immediate pipeline, to be able to continue to be informed about changing needs and be in a better position to respond quickly to them.”
developments in the market much better. For example, the choice of maturity was in direct response to feedback we got during the meetings.”

Rentenbank’s Kauri process was structured from beginning to end to fit investor needs says John Marsh, Wellington-based head of credit and markets at ANZ Institutional – which joint lead-managed Rentenbank’s first Kauri deal with TD Securities. “New Zealand investors respond particularly well to roadshows as they believe issuers who are prepared to come all this way show excellent intent toward the market, and they seem to reward the issuer with their interest,” Marsh comments. “Rentenbank listened closely to investors and responded with the first deal to be issued directly over a NZGB benchmark. I think this could well be a feature of deals in the future and will be well received by both domestic and international investors.”

Goebel says Rentenbank does have a commitment to returning to New Zealand periodically in future; even if the agency is not expecting to issue it will repeat the roadshow, though probably not on an annual basis. He explains: “As we are a safe-haven triple-A credit with a very stable legal framework and business model, investors typically give us the feedback that they are fine to get updates every two or three years. We are likely to follow that pattern for New Zealand but we will also respond to investor wishes that deviate from that. Should the domestic investor base grow significantly beyond those we have already met, that might also be a reason to return to New Zealand next year.”

Rentenbank was confident from the initial opening of the triple-A Kauri market that it would not have to be in the first wave of issuers in order to complete a deal in 2007. When the Reserve Bank of New Zealand changed its repo-eligibility rules in July to include pre-approved top-rated paper – a move which prompted two deals within a week and a steady flow through July and August – Goebel told KangaNews his agency was taking a measured approach.

The agency started by amending its EMTN programme to include Kauri-specific language by the end of July, followed by a trans-Tasman roadshow at the end of September and fine-tuning of the offering leading up to the mid-October deal. This approach, Goebel said in July, “means we will not be part of the first wave of highly-rated issuers in the Kauri bond market. But it will also give us time to conduct more in-depth analysis on the depth of demand from New Zealand investors.”

It is clear that the debut bond was tweaked, with Rentenbank moving away from its initial expectation of a three- or five-year bond – which it had originally said intermediaries told the agency was the “sweet spot” for New Zealand bank investors – to the six-year product eventually priced. It is also clear that investors in New Zealand welcome this measured approach and would like to see other triple-A issuers follow the pattern of hands-on pre-deal contact and a clear response to demands.

One of the most common questions being asked in the Kangaroo market as 2007 drew to a close was when conditions were expected to settle down, and what effect a prolonged issuance hiatus might have on Kangaroo volumes in 2008.

With that in mind, at the end of November 2007 KangaNews asked intermediaries to predict the total level of Kangaroo issuance in 2008. Bankers were asked not to over-analyse the question but to make a gut-feeling estimate, based on how long it might take the market to get up and running again and how quickly a wide spectrum of issuers might respond to awakened investor interest. It is KangaNews’s intention to recognise the closest estimate when its awards for 2008 are published.

Although most of the intermediaries polled wished to keep their guesses private, there was widespread acknowledgement that late 2007 was as difficult a time as any to predict future activity levels – as revealed by the wide range of responses reported in the table below. One banker says: “These markets have been the most difficult in living memory; the Asian and Russian crisis in 1997 and 1998 was nothing like what we are now going through. We have been getting comments such as investors are not interested in buying anything because an issuer may printing as they might be in difficulty.”

Another banker suspects “the composition of issuance will be very different” next year, with US financial institutions finding it harder throughout 2008 to get value funding in non-core markets. However, he adds that he hopes this situation will ease as the year progresses. Elsewhere, few intermediaries were prepared to predict a return to full form for the Kangaroo market in Q1 2008, with Q2 or even later seen as a more attainable target.

<table>
<thead>
<tr>
<th>BANKER</th>
<th>PREDICTED VOLUME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simon Ling, Westpac Institutional Bank</td>
<td>A$30 billion</td>
</tr>
<tr>
<td>Peter Christie, Commonwealth Bank of Australia</td>
<td>A$27-30 billion</td>
</tr>
<tr>
<td>Nick Howell, ANZ Banking Group</td>
<td>A$20-22 billion</td>
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<tr>
<td>Stuart Raynes, JPMorgan</td>
<td>A$25 billion</td>
</tr>
<tr>
<td>Enrico Massi, RBC Capital Markets</td>
<td>A$10-15 billion</td>
</tr>
<tr>
<td>Simon Maidment, UBS Australia</td>
<td>A$15 billion</td>
</tr>
</tbody>
</table>

*SOURCE: KANGANEWS NOVEMBER 30 2007*