



## Impact Credit Crisis on Healthcare banking: *Blessing in Disguise??*

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# Liquidity: a scarce resource!

Current situation in money markets and capital markets

- Banks transfer liquidity costs to customers;
- Long term funding (> 5 yrs) is hard to get (and expensive);
- Competition is weak (focus on current relationships);
- Only “good risks” have access to funding;

*Healthcare industry has to compete for scarce funding with other industries --> pricing of credit will increase!*



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# Healthcare banking: poor reputation!

- Complex (government regulation);
- Long maturities;
- Low returns (due to limited risk);
- Limited opportunities for X-sell (M&A, Corporate Finance, etc.);
- Not a global market (due to national legislations);

*Limited support for Healthcare in the Board Rooms of banks.*

*Healthcare banking is not sexy, but .....*

# .....times are achanging!

Due to the Crisis

- Fundamental review of Banking Industry;
- Banks need to regain the trust of politicians and the general public;
- Investment Banking activities will (probably) be separated from Lending and Saving banks;
- Banks will focus more on sustainable business which adds value for their customers: "Back to Basics";

*What used to be dull may become sexy!*

# Healthcare..... sexy????

- Large growing market (demand will continue to increase);
- Hardly subject to economic Ups & Downs;
- People value health(care) tremendously;
- Budget constraints will increase opportunities for private healthcare (also on for profit basis);
- Differences between national Healthcare systems will slowly decrease;
- Sector requires major capital investments;

*Rabobank: Global Food & Agri Bank!  
& Healthcare Bank.....? (why not try ....again)*



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## Recent example: Isala Hospital (Zwolle)

- Rabobank (MLA of banking syndicate) has provided a committed termsheet to Isala Klinieken (in Zwolle) for constructing a new hospital (appr. Euro 500 mln., including refinancing, working capital & medical equipment);
- RAROC (Risk Adjusted Rate on Capital) is positive;
- Provides a boost to the local economy (e.g. construction companies, hospital workers);
- Provides opportunities for X-sell to doctors & employees;
- Provides a critical service to the local community;

*This transaction supports the strategy and core values of the Rabobank;*