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# **Bank of England**

## **Discussion Papers**

**No 22**

**The syndicated credits market**

**by**

**I D Bond**

*March 1985*

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The object of this series is to give a wider circulation to research work being undertaken in the Bank and to invite comment upon it; and any comments should be sent to the International Financial Markets Group, International Division, at the address given below. The views expressed are theirs, and not necessarily those of the Bank of England.

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# THE SYNDICATED CREDITS MARKET<sup>1</sup>

## I INTRODUCTION AND OVERVIEW

1 The 1970s were years of marked change in the pattern and scale of international financial flows, and of the commercial banks' contribution to their intermediation. They were also notable for the less settled financial and economic environment: inflation in many countries reached levels significantly higher than had become accepted as normal; freely floating exchange rates were widely adopted amongst industrialised countries; interest rates were volatile and at times very high; and there were substantial changes in the pattern of wealth holding (primarily because of the massive increases in the price of oil relative to other commodities and to manufactured goods). Partly as a result of these developments, the syndicated credit became the preferred instrument for international lending by banks and, because of the wide publicity given to deals as part of the syndication process, opened up the details of banks' international lending - in particular, its terms - to much closer scrutiny than before. It is the information available from the study of this instrument and the insights it gives into banks' activities which are the focus of this paper.

The context of syndicated lending

2 The transformation of the structure of world capital flows in the 1970s has been widely documented.<sup>2</sup> It was characterised by

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1 This paper has been prepared by the Bank of England's International Financial Markets Group, members of which have monitored the development of the syndicated credits market since its inception. It is mainly the work of Ian Bond and (for the tax elements of section V) Simon Topping - assisted by Dennis Jones (section IV) and Simon Topping (sections II and III) - but draws heavily on earlier work by members of the Group. The contribution of Clive Briault to the early stages of its production was particularly valuable. A number of colleagues have made helpful comments: most notably, C A Enoch, D G Holland and L D D Price. So too did R M Pecchioli (OECD). The authors are of course responsible for any errors which remain.

2 See, for example, Stanyer and Whitley (1981).



banks assuming a predominant role in cross-border financing - particularly to the more wealthy of the less developed countries - and taking over from multilateral institutions and governments the largest share of international flows to all but the poorest countries (which still rely extensively on aid and other concessional flows). This is reflected in the rapid growth of euromarket activity. From small beginnings in the 1950s, banks' eurocurrency lending had grown to \$1000 bn by end-1980 (from only \$85 bn at end-1970). Lending to final borrowers of nearly \$600 bn was supported by an active interbank market which served as a wholesale money market for, and permitted the efficient deployment of, eurocurrency funds. Banks' international foreign currency lending was transformed from being predominantly short-term and trade related into a much longer-term form, playing a vital role in many less developed countries. By the end of the decade, it was an essential component of the inflows needed to finance payments imbalances and maintain growth rates and development plans which, though they seemed sustainable in a growing world, have proved not to be in harsher times.

3 Several forces lay behind this transformation.<sup>3</sup> Perhaps the most fundamental was that many banks were anxious to expand their international activities. They saw the international field as one in which they could expand free of the many restrictions and limitations of their domestic activities; and international lending not only looked profitable but also held out the prospect of further diversification of risks and a degree of insulation from the effects of domestic economic downturns. This strategy of internationalisation paralleled and was in part driven by that of banks' industrial customers, who frequently provided banks - through their demand for financial services to support their own international expansion - with the initial impetus to enter the international arena. At first it was only the largest banks who took advantage of the opportunities, led by US banks but followed in the early 1970s by their European and Japanese counterparts;

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3 The internationalisation of banks' activities is surveyed in, for example, Pecchioli (1983).

latterly, the main Arab banks have made their presence felt. In their wake, many smaller banks - which in retrospect may seem ill-equipped to have become involved to the extent they did - became swept up in the process.

4 Second, the two oil shocks had a significant impact on the pattern of wealth holding and on the need for financing during the periods of accommodation to the consequent changes in relative prices. At a very straightforward level, any alteration in the pattern of wealth holding necessarily has an impact on the pattern of financial flows; and oil-importing countries undoubtedly made greater demands for funds in the wake of the two oil price hikes, if only to ease their adjustment to the new realities. Perhaps more importantly for the form of the flows, the newly-emerged financial surpluses were in the hands of economic agents - most notably, oil producers - with a relative preference for bank deposits as a medium in which to hold their wealth. Though the oil producers' supply of funds to the euromarkets has only for short periods challenged in importance that of the more familiar suppliers, this preference made it easier for banks to attract these (predominantly dollar-denominated) funds to assist them in satisfying their strategic objective of shifting the balance of their portfolios towards international assets.

5 At the same time, the higher and more volatile rates of price inflation may have given banks an advantage in intermediating between surplus and deficit sectors around the world. Certainly, banks showed themselves to be more prepared to undertake floating-rate intermediation than the securities industry. The development and widespread use of floating-rate paper in the euromarkets suggests, perhaps, that it was the banks' readiness to seize their opportunity, rather than any inherent inability of the securities markets to offer floating-rate instruments, which was decisive; but the volatility of inflation and interest rates undoubtedly favoured floating-rate intermediation just at a time when banks were looking for expansion of their international activities and had floating-rate instruments ready to hand.

6 A final relevant factor is the speed with which banks proved able and willing to respond to the increasing demands placed upon them as a result of the developments already noted. Though those responsible for the provision of funds through official channels were aware that undue reliance on commercial flows might not be ideal, there was on their part some relief that the strains posed by the very large volume of "oil funds" were being dealt with smoothly by the world banking system, and they by and large acquiesced in the substantial shift in the balance between commercial and official funding which was thereby set in train. They were to a large extent pre-empted by the eagerness of commercial banks to fill the need for intermediation, which reduced their own need to respond. For their part, borrowers doubtless saw benefits in commercial, unconditional, loans - once they were available - and became reluctant to return to the discipline of borrowing from multilateral agencies and the limiting conditions frequently attached to bilateral, government to government, loans.

7 How do syndicated credits fit into this picture? In purely numerical terms, there is now something in the region of \$400 bn outstanding in syndicated form, and in 1981 - the peak of market activity - some \$130 bn of new loans were announced. This compares with total net international bank lending - as measured by the BIS - of some \$1,100 bn at end-1983, and outstanding international bond issues of about \$300 bn.<sup>4</sup> There are, of course, other channels of medium-term bank financing: traditional foreign loans (that is, loans in the domestic currency of the lending bank) are still made - and have increased sharply recently; and floating-rate euromarket paper is becoming more important. But it is syndicated lending which now predominates in banks' longer-term claims.

8 The influence of the syndicated credit on the development of the euromarkets and of banks' involvement in international lending is less easy to establish. Certainly, the syndicated credit has

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4 Source: Orion Bank (1984)

proved an instrument capable of mobilising substantial quantities of funds with the minimum of complexity or delay, and was an important factor enabling banks to respond quickly to the demands made on the financial system during the 1970s. It is arguable that, without this, banks would not have been as successful in intermediating cross-border flows and that, as a result, their share of claims would not have risen so quickly or so far. It is also arguable that the very simplicity of syndicated credits and the ease with which even small and internationally inexperienced banks could participate in them meant that the range of banks drawn in to international lending was broader than would have been ideal. On these arguments, which carry some weight, the syndicated credit is not simply the vehicle through which banks' strategies have been realised but was a prime force behind the momentum built up by the euromarket, particularly in the latter part of the 1970s and early 1980s.

9 Nevertheless, it is easy to go too far in attributing a causal role to the syndicated credit and to the importance of the oil shocks in its development. It is, first of all, notable that the growth of the syndicated credit market was rapid before 1973: as is discussed in section IV, from small beginnings in 1968, the syndicated credit was already a significant vehicle for lending well before "OPEC surpluses" and "recycling" became policy issues. It is also relevant that euromarket paper is now satisfying many of the needs previously met by syndicated credits, so there does not seem to be anything unique in the syndicated credit's ability to satisfy borrowers' needs. The safest conclusion is probably the simple one that the syndicated credit benefitted from being the most effective instrument to hand when the need was greatest, and that its subsequent development is so inextricably linked with that of the euromarkets as to make it difficult if not impossible to disentangle the effects of the one on the other. Beyond that, speculation as to what would have happened had the syndicated credit not existed is probably of little value.



## Scope and structure of the paper

10 The Bank of England's International Financial Markets Group has been compiling data on the syndicated credits market since 1972, with particular emphasis on information relating to market conditions. The primary purpose of this paper is to make these data and the statistics derived from them more widely available. Its secondary purpose is to provide sufficient detailed information on the construction and interpretation of the figures, on the economic background to the market's development and on the operation of the market to facilitate their use by those not already familiar with them. It does not attempt to provide a thorough theoretical analysis of the market or of the many interesting facets of behaviour which the data highlight - largely because of space constraints - nor does it explore the important policy issues connected with banks' international activities.

11 The next three sections provide some of the basic background to understanding the market and the International Financial Markets Group's statistics: section II briefly describes the operation of the syndicated credits market (both primary and secondary) and is followed by an overview of the criteria used in the compilation of the statistics - the details of which are set out in the Annexes; section IV documents the development of the market from its inception to date, outlining the economic environment in which this took place. Section V contains the bulk of the original material presented in this paper and provides statistics - many of which have never been available before - derived from the basic data. The final section offers a brief assessment of the prospects for the syndicated credit.

12 The major part of the statistical information contained in this paper is set out in tables 1 to 16, which are gathered together at the end. Most of these contain time series of annual and quarterly data for the full period 1972 to 1984, disaggregated into nine geographical areas. The various charts presented in the body of the paper are largely drawn from this information.

## II OPERATION OF THE MARKET

13 Syndicated credits are loans arranged through a group of banks and range in size from less than \$1 mn to more than \$5 bn, though the majority of publicised deals are for amounts between \$10 mn and \$200 mn; the minimum contribution of any one bank is rarely less than \$1 mn.<sup>5</sup> The funds are almost always provided at a rate of interest which varies over the life of the loan and is expressed as a spread (margin) over a reference rate related to banks' funding costs. The most common reference rate is LIBOR (London Interbank Offered Rate) for the currency in question - typically US dollars - though domestic rates such as US prime are a commonly available option.

14 Servicing payments are made at regular rollover dates, which most commonly fall every six months - though one, three and twelve month rollovers are possible. During the grace period, which may typically be as much as half the life of a normal loan, only interest payments are made; these are calculated by applying to the amount outstanding since the previous rollover the sum of the spread and the value of the reference rate ruling at the previous rollover date (although for some loans a slightly different procedure is followed - see the section on US prime on pp 50 to 54 below). The loan is amortised (that is, principal is repaid) in equal instalments on rollover dates falling in the repayment period.

15 Although there is no standard fee structure for syndicated credits, two main types of fee may be identified. The first are one-off front-end fees payable to the lead manager when the deal is signed: these are made up of a *praecipium* (a small percentage of the total amount of the deal - almost always retained by the lead management group); an amount to cover expenses; and underwriting and participation fees, reflecting the levels of each member of the group's original commitments and final retentions. The second are annual fees for the management group and other participants in the form of a commitment fee on undisbursed commitments (or facility fee for standby facilities) and, for the agent, an annual agency fee.

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5 The structure of the market is examined in more detail in Section V below, pp 33 to 36.

The primary market: putting together a syndicated credit<sup>6</sup>

(i) bidding for the mandate

16 The process of putting together a syndicated credit may be initiated by either borrower or banks: the borrower may inform bank with whom it has regular dealings that it is in the market for funds or its borrowing plans may be well-publicised generally; banks may be looking for lending opportunities or acting on their own initiative by approaching borrowers thought to be looking for funds.

17 Once it is clear that a deal is in the offing, competing banks will often approach the borrower with rival bids for the borrower's mandate to arrange the deal. The bidding may be from single banks, from groups of banks, or from small groups offering a club deal (somewhat akin to the private placement of a security issue) which would not require any further syndication.

18 At this stage the borrower will normally have specified only the amount it wants to borrow, the timing, and perhaps some idea of the terms it expects. After appropriate analysis of the borrower's creditworthiness, and having devised a syndication strategy, rival bids will be submitted to the borrower specifying the terms on which each bank or group of banks is prepared to approach other banks. Offers may be fully underwritten, in which case the lenders guarantee that the full amount of the loan will be available, or only on a "best efforts" basis, in which case the success of the deal depends on its market reception. At subsequent negotiating sessions further details of terms, fees, legal documentation and the syndication strategy will be agreed, until the borrower is content to accept one offer and give a mandate to the lead managers to begin syndication.

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6 For a more detailed exposition of the syndication process and legal aspects of syndicated loans, Chase Merchant Banking Group (1981), McDonald (1982), Slater (1982) and UN (1983) are useful sources.

(ii) syndication strategy and management roles

19 It will normally take about two months from awarding the mandate ("announcement") to signing the deal ("completion").<sup>7</sup>

As well as assisting the borrower in the preparation of an Information Memorandum and the loan documentation, the lead manager will contact perhaps hundreds of other banks looking for recruits to join the management group or the general syndicate. Different management roles are offered according to the amount each bank will commit; those committing as much as the mandate holders may become joint lead managers, while those committing less may be managers or co-managers. Another role is that of agent (who will probably be one of the mandated banks), who distributes the interest due to participating banks and, if problems arise during the life of the loan, handles all dealings between the borrower and the lending banks.

20 The management group may then sell down part of their stake to smaller participants in the market. Traditionally, perhaps 30-40% of this stake would be sold down, although when market conditions are difficult - as they have been recently, with many of the smaller participants withdrawing from the market - it is difficult to sell down any but the very best-rated credits. If, together with the amount the management group has retained, more is raised from this general syndication than is required, the lead manager may offer the borrower the opportunity to increase the size of the loan, the percentage sold down by the management group may be increased, or participations may be scaled down.

21 Once the total amount of the loan has been secured and the documentation completed, the deal will normally be sealed by a signing ceremony and frequently marked by the publication in the press of a "tombstone" setting out the main details of the deal and the names and roles of the lending banks.

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7 Table 6 presents some data on the average time between announcement of a deal and its completion.



The secondary market: transactions in existing participations

22 With the notable exception of transferable loan facilities - a very recent innovation - which provide explicitly for secondary market trading, participations in syndicated credits are not designed to be negotiable: the banks who initially lend the funds are presumed to want to hold the asset until maturity. Nevertheless, some transfer of existing participations do take place. Details of transactions and the amounts involved are rarely publicised, so there is no firm evidence on which to quantify turnover in the secondary market (though it seems that the great majority of deals involve quality loans). However, activity seems to be small in relation to the stock of credits outstanding. Several large banks have recently developed active asset sales programmes, which suggests that activity may be increasing - or, at least, that secondary trading of participations is becoming an explicit balance sheet management tool. There have recently also been well-publicised reports that trading of claims on troubled debtors has developed, but again such deals represent only a small fraction of the debt outstanding and tend to take the form of swaps of claims on one troubled debtor for those on another.

23 Sub-participations, as on-sold participations are usually called in the UK, have traditionally served three main purposes. First, they make space available in the balance sheet of the selling bank for further loans and the fees which can be earned on them. Second, they enable purchasing banks to build up a portfolio quickly - this has been an important motivation for secondary market activity by new entrants to the market. Third, they permit the "re-packaging" of loans. This often takes the form of "maturity stripping": on-selling as short-term debt an intermediate part or the remaining portion of a longer-term loan. By altering the effective maturity of the loan in this way, banks not wishing to take on a long-term commitment are given limited access to the syndicated credits market.

24 The motivations for the recently reported trading in claims on troubled debtors may be rather different. Such trading may be more dependent on differences between banks in perception of relative risk, or be used by a bank to reduce the concentration of risk in its balance sheet and so reduce its vulnerability to interruptions

in debt servicing or to asset losses. There may be an additional stimulus to such deals from differences between countries in supervisory attitudes to provisioning and capital adequacy; and, perhaps also important, differences in tax regimes.

25 An important problem with sub-participations is that their enforceability and legal status may often be open to question.<sup>8</sup> The only way to be sure that the sub-participant has full and direct recourse to the borrower and that the original lending bank is free of any obligation to either of them is to obtain the borrower's permission for the transfer. This is not often done, either because the original bank does not want to affect its standing with the borrower or because the borrower might not be willing to see its obligations transferred - and because of the costs involved (a new loan document would be needed); sub-participations are therefore frequently "silent" and so of uncertain validity. Of the four main methods of transfer - substitution, legal assignment, formation of a trust and equitable assignment (used when a sub-loan is contemplated) - it would seem that only the first is fully watertight. The potential for conflict was well illustrated by a case put before the US courts towards the end of 1983 (but subsequently withdrawn) by Michigan National Bank of Detroit, which attempted to sue Citibank (the original lending bank) over a \$5 mn sub-participation in a Pemex loan which was caught up in debt renegotiations.

26 Though the many complex legal issues raised by sub-participations in existing loans remain largely unresolved, there have been moves recently to allow explicitly in new loans for secondary trading in participations. This, it is hoped, will circumvent the difficulties noted above. Such transferable loan facilities (or transferable loan instruments, depending on the precise format adopted) add to the syndicated credit many of the tradeability attributes of securities, and may if widely adopted bring about some convergence of the euro-credit and europaper markets. As yet, however, this is still an innovation and experience of its effectiveness is consequently limited.

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8 Bray (1984) and Ryan (1984) provide up-to-date expositions of the legal issues raised by sub-participations and the techniques used in the market.

### III BANK OF ENGLAND DATA

27 The Bank of England's International Financial Markets Group has been collecting and collating information on publicised syndicated credits since 1972. The data are compiled from a number of sources; these include the daily press, specialist weekly and monthly publications, and any other form of public announcement. The principal objective of this monitoring is to assess market conditions rather than to measure the level and direction of capital flows precisely. For this reason, particular attention is paid to the terms on which mandates are awarded and participation secured. It is the date of announcement that is taken as the key reference point (though information on completion dates is also recorded) when constructing time series of relevant magnitudes.

28 The criteria for inclusion of particular credits are described in detail in Annex 1; briefly, the credits must be new, publicised loans made by groups of banks to residents or non-residents, which are in a currency foreign to the location of at least some of the lending banks and which have an original final maturity of one year or more.<sup>9</sup> Creditor government guaranteed export-related loans and foreign loans (cross-border loans made in the domestic currency of the lending banks) are excluded, as are standby facilities and other loans where there is strong evidence to suggest that the funds have not been used.

29 The Bank of England is not the only organisation monitoring the market. Regular data on syndicated credits are also produced by others: the best known sources are probably the Organisation for Economic Co-Operation and Development (OECD) - whose data, together with an analysis of market conditions, appear regularly in their publication Financial Market Trends - and the Morgan Guaranty Trust Company - who publish their data in World Financial Markets. The World Bank (IBRD), who worked closely with the OECD in this area, ceased their activities in 1981.

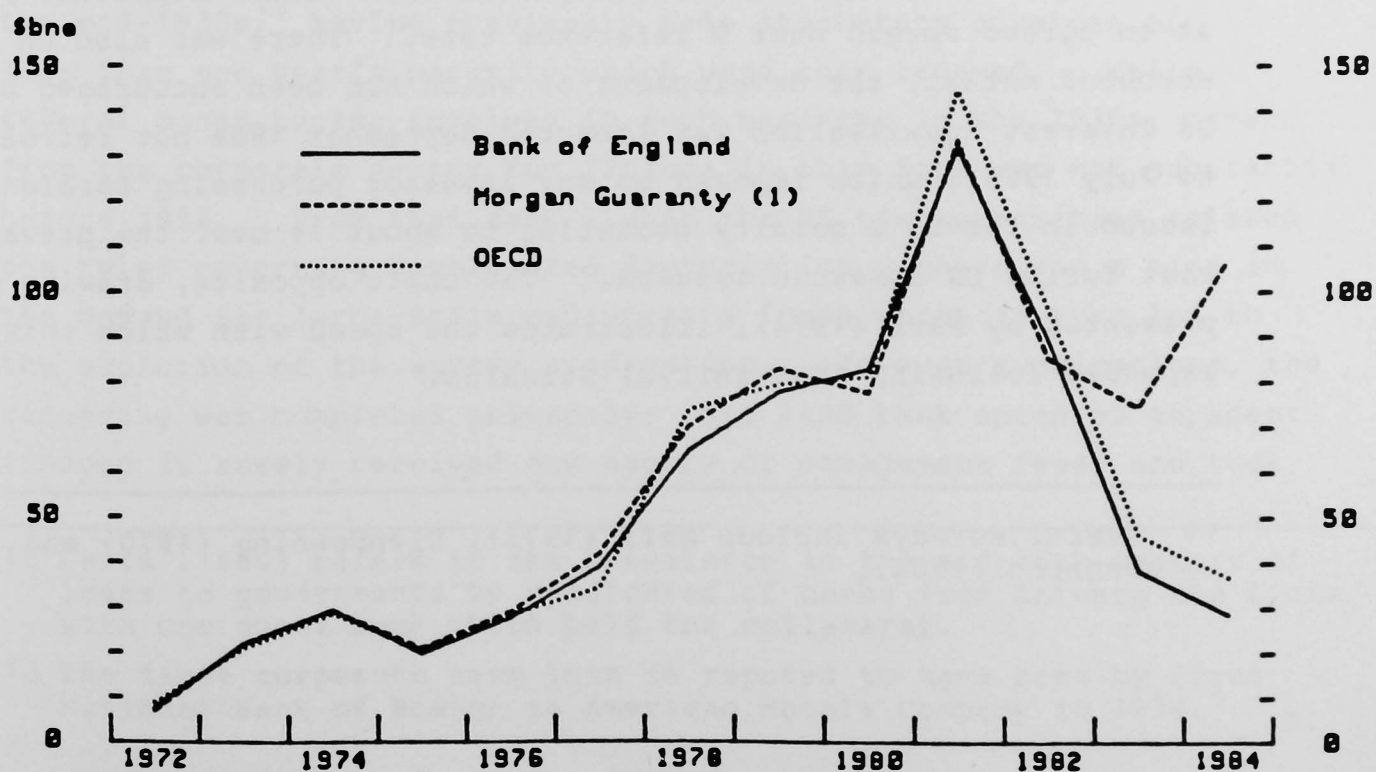
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9 Until 1979, only loans of three years or more original final maturity are included; before that date, loans of shorter maturity were apparently of little importance.

30 Detailed comparison of the data produced by each of these organisations is difficult. First, only the OECD figures are based on loan completions, which are closest to the true measure of new lending as would be given by drawdown data; the other compilers - including the Bank of England - monitor announcements, so their data may be viewed more as measures of the level of activity or buoyancy in the market. Second, the definition of eurocurrency business is in practice difficult to apply precisely and may differ between sources. Third, there may be differences in the comprehensiveness of the data collection undertaken by the various compilers.

31 These differences warn against using a combination of data from different sources but do not suggest any easy way of assessing the superiority of one over the others: higher totals, for example, do not necessarily imply that collection is more thorough - they may simply indicate a looser application of the eurocurrency definition or the inclusion of some foreign loans. As the chart shows, however, the broad trends indicated by the different sources are very similar until 1982. For the last two years, comparison is complicated by the different treatments accorded to the reschedulings and "new money" packages for troubled debtors, which are excluded from the Bank series shown below (but see Section IV, p28).

#### Comparison of data sources 1972-1982



(1) Totals for later years include new money loans, note facilities and takeover-related loans.



## IV MARKET DEVELOPMENTS 1968-1984

## The origins of the syndicated eurocredits market

## (a) Development of the eu

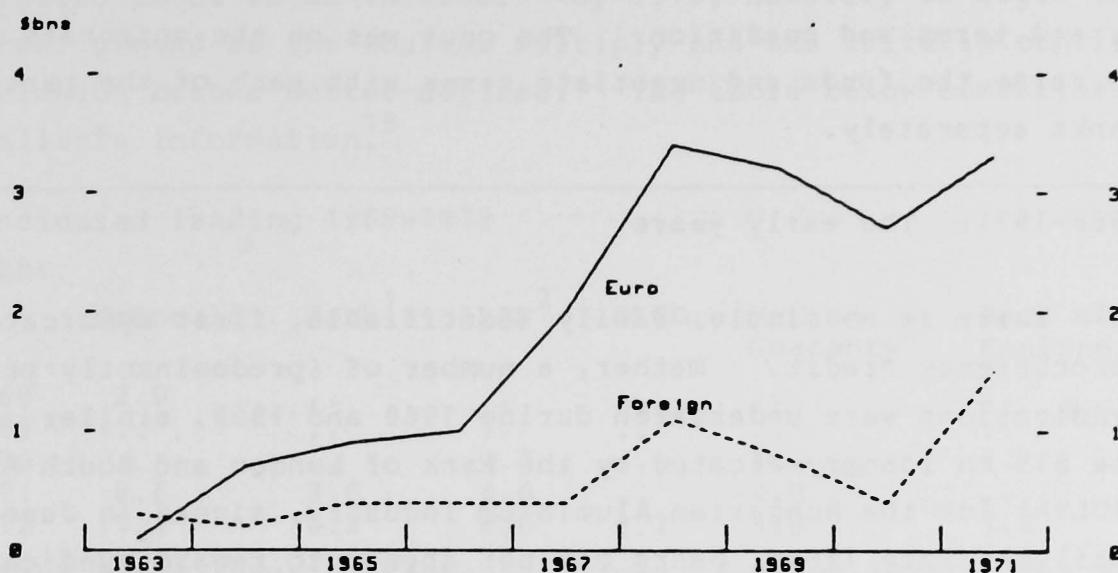
32 The origins of the eurocurrency markets are sufficiently well documented not to need extensive repetition here.<sup>11</sup> Briefly, a series of political acts and fiscal measures in the US (going back at least as far as the attempt in 1948 by the US Treasury to block the withdrawal of \$20 mn of Czech gold from the FRBNY), the significance of which was substantially increased by Europe's general return to external convertibility at the end of 1958, gave increasing impetus to the use of the euromarkets. The ready and growing availability of US dollars held outside the US, the overseas expansion of US banks - which were inhibited by domestic regulations and controls from rapid home-based expansion - and the growing internationalisation of corporate activity created an environment in which the euromarkets could flourish.

33 During the eurocurrency market's early years most cross-border bank lending - apart from foreign loans - was in the form of short-term trade finance funded by short-term euro-dollar deposits, onlent at an agreed spread over a reference rate. There was also an active eurobond market, the development of which had been encouraged by the US Interest Equalisation Tax (enacted September 1964 but retroactive to July 1963), which imposed on any investor purchasing foreign bonds issued in the US a penalty amounting to about 1% over the prevailing cost facing US domestic issuers. The chart opposite, drawing on data presented by Park (1974), illustrates the speed with which this market expanded following that initial stimulus.

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11 Useful surveys include Bell (1973), Clendenning (1970) and Johnston (1983).

### International bond issues in Europe



#### (b) Syndicated lending

34 Although there is historical evidence of syndicated bank loans as early as the 16th century,<sup>12</sup> the modern concept of syndicated lending has developed largely during the post-war period. Banks in the US had begun to make medium-term loans to corporate borrowers in the mid-1930s,<sup>13</sup> having previously made short-term advances of less than one year's maturity which were then renewed. While several banks became involved in such business in the 1930s, demand from the corporate sector for finance in this form was not substantial before 1954. From that date - when the US tax authorities relaxed the rules governing accelerated depreciation - there was a rise in the demand for large-scale medium-term funds which in turn led to the evolution of the agency syndication. In such syndications, the financing was completed privately; the lead bank acted as an agent (though it rarely received any agency or management fees) and took

12 Davis (1980) refers to the prevalence in the mid-16th century of loans to governments by syndicates of banks from Antwerp and Lyons with one agent bank which held the collateral.

13 The first corporate term loan is reputed to have been by First National Bank of Boston to American Metals Company in 1934.

the largest share as recognition of its status with the borrower. The participation request came from the borrower, not the lead bank: there was no concept of a mandate to a lead manager on the basis of agreed terms and condition. The onus was on the corporate borrower to raise the funds and negotiate terms with each of the participant banks separately.

#### 1968-1971: The early years

35 There is no single, easily identifiable, first syndicated eurocurrency credit. Rather, a number of (predominantly private) syndications were undertaken during 1968 and 1969, similar in form to the \$15 mn loan syndicated by the Bank of London and South America (BOLSA) for the Hungarian Aluminium Industry, signed in June 1968.<sup>14</sup> Until the late 1960s, banks did not appear to regard syndicated lending as a continuing line of business but rather as a set of specific, independent transactions, and the stimulus to its euromarket application is unclear. From 1969, however, with the establishment in London of a number of international banks which combined merchant banking skills with techniques developed in the eurobond market, there appeared to be some change in banks' attitudes to syndicated eurocurrency lending. The syndication process was still similar to the agency operation in the early years - involving a private placement strategy - though lead banks were beginning to approach other banks to form syndicates. (It was not until 1972/73 - as loan size increased - that the private placement strategy was supplanted by an underwriting and syndication strategy.) During this period, a significant role was played initially by the UK merchant banks - as arrangers and as lenders making profitable use of eurocurrency deposits - but it was the US money centre banks who attained a dominant position.

36 Statistics for this period are scarce, not least because many of the primary sources which are now available did not come into being until the early 1970s; and the prevalence of private syndication meant not only that details of loans were often vague or unobtainable but also that it was difficult to determine whether a loan should

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14 The funds were provided by BOLSA and eight other banks, and the loan was guaranteed by the National Bank of Hungary [see Bicknell (1969)].

qualify as a syndicated credit. Low (1971) suggests that medium-term euro-loans (of which syndicated loans were probably only a part) were running at between \$1 bn and \$1.5 bn per annum until the late 1960s, and McDonald (1982) estimates that new syndicated loans totalled about \$2 bn in 1968. By 1970, however, we begin to reach firmer ground as the sources multiply and the criteria applied for inclusion become better-defined. The table below summarises the available information.<sup>15</sup>

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Syndicated lending 1968-1972

\$ bns

	McDonald	Park <sup>1</sup>	IBRD <sup>2</sup>	OECD	Morgan Guaranty <sup>3</sup>	Bank of England
1968	2.0	..	..	..	..	..
1969	..	..	..	..	..	..
1970	..	..	4.7	..	4.7	..
1971	8.6	3.6	4.0	..	4.0	..
1972	11.4	6.2	6.6	8.7	6.8	7.4

1 Park (1974) quoting Financial Times, 5 March 1973. The figures quoted in this source for the stock outstanding (\$30-\$50 bn) are clearly inconsistent with these data for new loans, and may relate to a broader measure of lending.

2 Quoted in Dennis (1984)

3 Quoted in Goodman (1980); the authors have confirmed the figures for 1971 and 1972 in World Financial Markets.

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37 Though the increase in activity over this period was relatively rapid, the market's expansion was restricted because the customer base was still dominated by the needs of US corporations; its subsequent development was dependent upon a broadening of the customer base to include sovereign, public sector and European corporate borrowers.

#### 1972-1975: advance and retreat

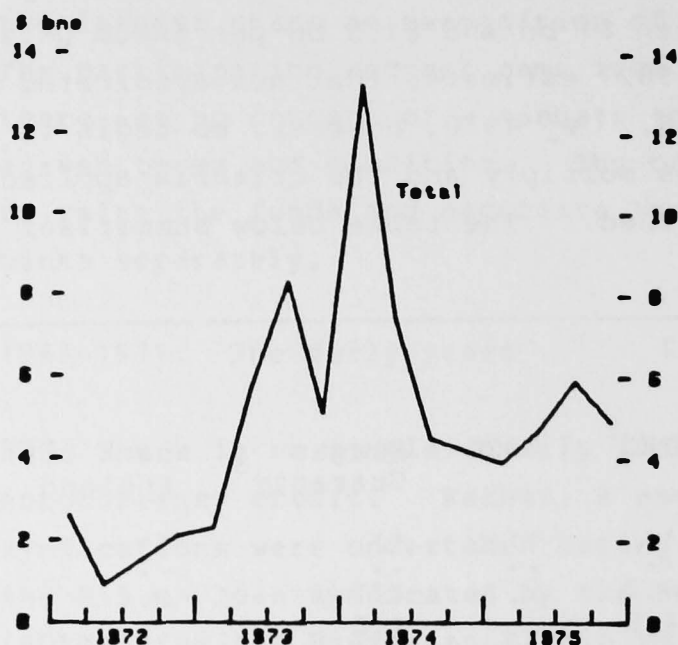
38 The years 1972 to 1975 encompass not only a period of continuing rapid expansion and broadening of the syndicated credits market, but also the first period of retrenchment, in the wake of the troubled conditions in the eurocurrency markets - and in financial markets more generally - in 1974. Bank of England data (which are used

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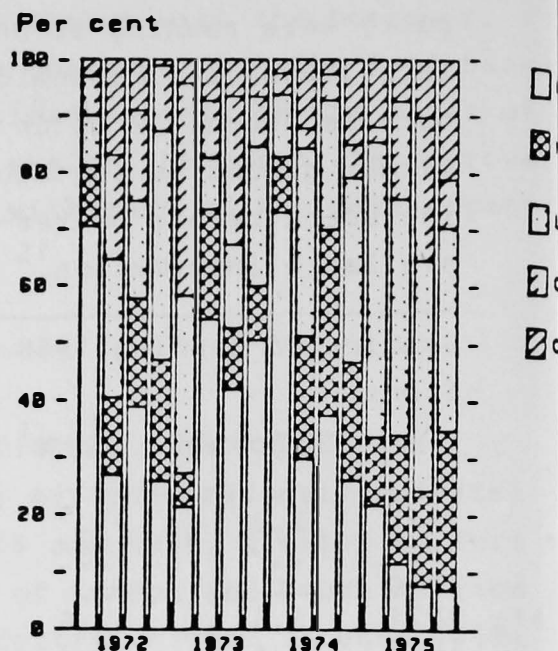
15 It is sometimes difficult to establish the independence of early sources of market data, though it is believed that all those shown in the table are in fact based on separate compilations of statistics.



Amounts raised



Market shares by area

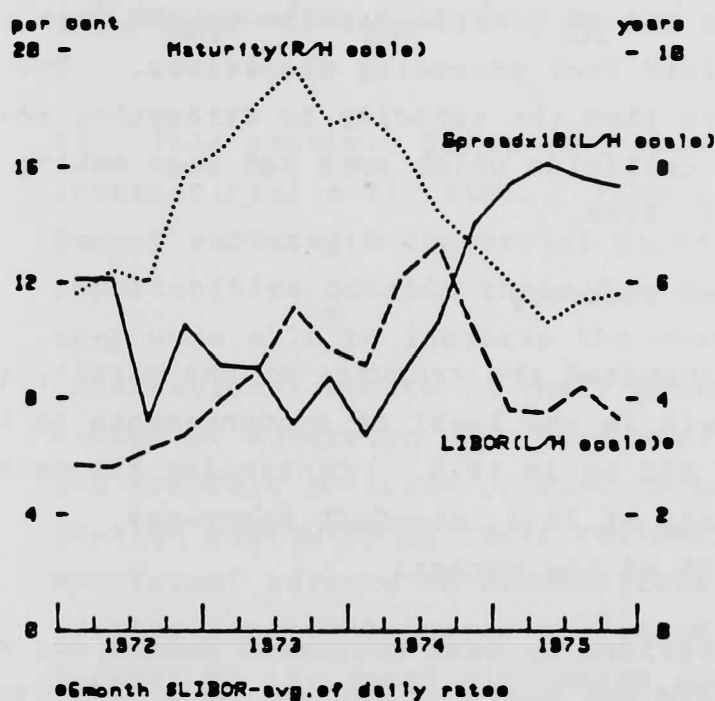


throughout the remainder of this paper) show a very rapid rise in activity in 1973, continuing into early 1974 but sharply reversed later that year and stable - at about the 1973 level - in 1975. An increasing share of business involved loans to borrowers outside the OECD area: a combination of increasing competition in the market, tightening of exchange controls in some industrial countries and the emergence of substantial borrowing requirements among the developing countries - which the syndicated loan proved ideally suited to meet - rapidly broadened the market. The second chart - which shows the geographical breakdown in each quarter - illustrates this shift.

39 The latter part of this period provided the first real tests of the resilience of the eurocurrency markets in general and of the syndicated credit in particular. Against a background of turmoil in foreign exchange markets following the failure of the Smithsonian agreement of December 1971, and the generalised floating of exchange rates from March 1973, there were two major shocks. The first was the sharp rise in oil prices in the second half of 1973, the so-called "first oil shock", and the consequent disruption of the familiar pattern of world capital flows. The second was the disruption in banking markets resulting from bank failures, the most notable and significant of these casualties being the Franklin National Bank (which collapsed in May 1974) and Bankhaus Herstatt (which failed in June of the same year).

40 The effect of these shocks is evident not only in the levels of activity but also - perhaps more significantly - in the terms on which funds were made available, though there is little evidence of any immediate effect of the March 1973 exchange market developments: spreads continued their downward trend until the first half of 1974 and maturities did not peak until the third quarter of 1973. The downturn in average maturities in the fourth quarter of 1973 - the start of a trend which continued well into 1975 - may owe something to the uncertainty engendered by developments in both the foreign exchange and the oil market: the oil price rose by about 75% in the second half of 1973 and jumped a further 125% at the end of that year; but the evidence is not conclusive.

#### Interest rates and maturities



41 The clearest evidence of effects on the market is, perhaps not surprisingly, provided by the aftermath of the banking troubles in mid-1974. For a brief period, many banks' funding was put under strain as confidence fell - particularly within the interbank market, which is vital to euromarket activity.<sup>16</sup> For some 4-6 weeks after the collapse of Bankhaus Herstatt, only the strongest foreign and US money centre banks could raise interbank funds at normal rates. These banks simultaneously reduced their placing lines with

correspondent banks, except those of equal status. Outside this circle there was substantial tiering, with premia as high as 2% being faced by Japanese and Italian banks and certain smaller banks which relied heavily on interbank funding.

<sup>16</sup> The operation and significance of the international interbank market are discussed in BIS (1983b).

42 An important factor in the pricing on a syndicated credit is the return required by the marginal bank the management group aims to attract as a participant, so the prevalence of tiering inevitably put upward pressure on spreads - even though some banks could still fund themselves at normal prices. As the chart<sup>17</sup> overleaf shows, spreads continued to rise until the first half of 1975 and did so for all groups of borrowers. Most significantly, the lowest spread on syndicated credits went above 1% and did not return to its previous level of 0.5% until 1978.<sup>18</sup>

43 The cutback in lending and the stabilisation of terms in 1975 indicate that equilibrium had been re-established but in a much less buoyant market. It is tempting to characterise this period as a "lenders' market", given the short maturities and high spreads (although "intermediaries' market" might be more appropriate, as it was the banks who benefitted from this); but a more accurate description would perhaps be one of general caution on the part of banks, who did not want to risk over-extending themselves. The higher spreads doubtless gave them the capacity to strengthen their resources and deflected the criticism which some had been making that margins were imprudently fine.

#### 1976-1978: consolidation and recovery

44 The next three years witnessed the recovery of the market, with the resumption of rapid growth in the level of announcements to total \$65 bn in 1978 against only \$20 bn in 1975. Continuing the pattern established in the second half of 1974, non-OECD borrowers predominated - with about 60% of the market.

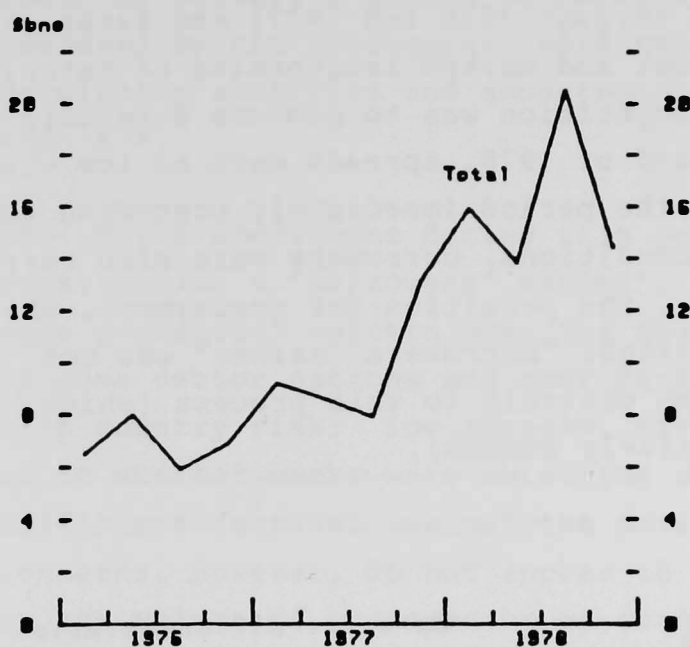
45 This period was characterised by weak corporate demand for credit in domestic markets (which did not begin to revive until 1978) and a faltering world economic recovery, accompanied initially by increasingly large balance of payments financing requirements. The widening of the OPEC surplus in 1976 was reversed in the following year, but more than offset in its effects on euromarket liquidity by the increasing US deficit.

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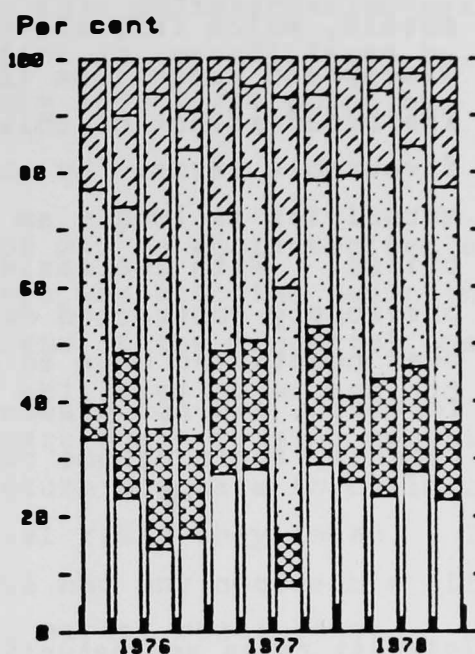
17 In this and subsequent charts in this section on general terms, the spread and maturity data are averages for all borrowers (see Tables 13 and 15); LIBOR is the quarterly average of daily rates of 6 month \$ LIBOR (source: OECD).

18 See Section V, pp 45 to 48, for more detailed information.

Amounts raised



Market shares by area



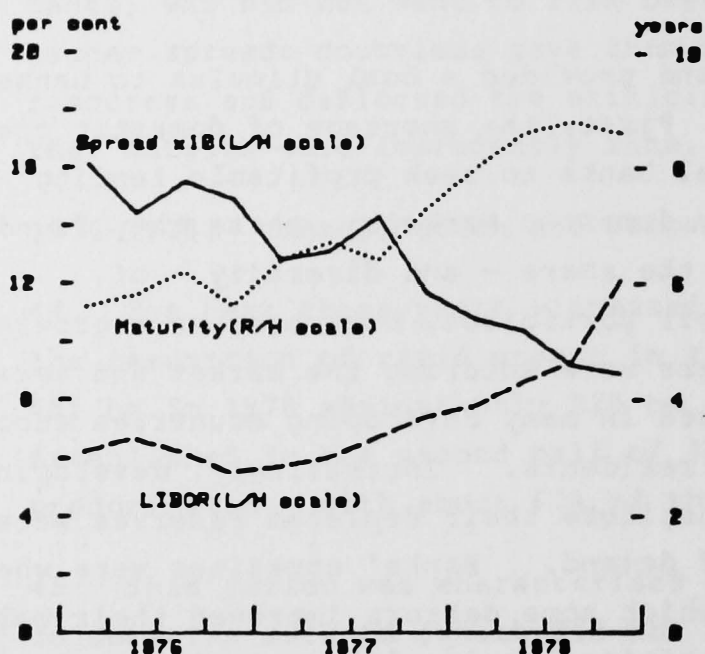
46 This economic background provided a dual stimulus to banks' international activities. First, the shortage of domestic credit demand encouraged commercial banks to seek profitable lending opportunities outside their domestic markets; these they found, and they were able to increase the share - and diversity - of international assets in their portfolios, both because a growing number of sovereign borrowers were entering the market and because the economic policies pursued in many developing countries encouraged foreign borrowing by their residents. Increasingly, developing countries' efforts to reconstitute their depleted reserves were a further important source of demand. Banks' appetites were whetted further by the speed with which some debtors improved their balance of payments and reserves positions during 1977 and 1978. Second, the rapid growth of liquidity in the market - particularly in 1977 and 1978 - made it easy to fund such lending at competitive rates; indeed, it is tempting to conclude that the rapid growth in lending was supply driven in these years.

47 Although there was substantial demand for new funds, very few of those wishing to borrow could be regarded as good risks. Thus, with banks seeking to increase their international lending, there was

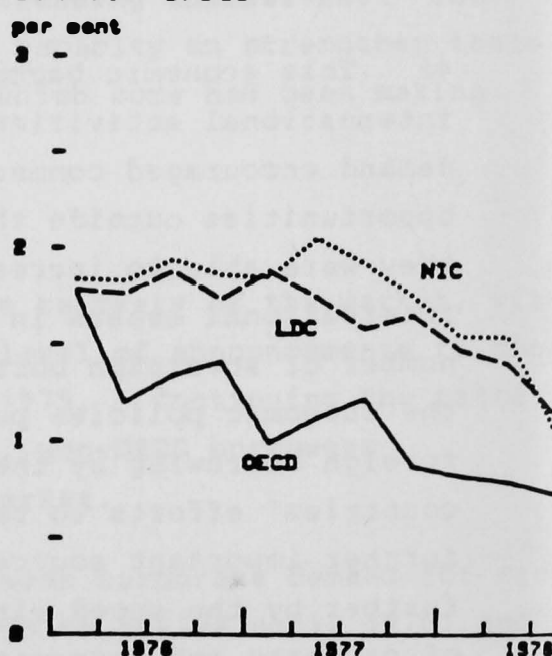


intense competition initially for the limited number of quality assets available and then for other assets. This emerged first in improved terms for OECD borrowers (especially the spreads they could obtain, which fell sharply through 1976 and 1977) and later in more widespread reductions in cost and marked lengthening of maturities. The broad effect of this competition was to produce generally favourable terms: by the end of 1978, spreads were as low - and maturities as long - as in the period immediately preceding the 1974 crises. With the easier conditions, borrowers were also refinancing previously contracted debt: the penalties for prepayment, which had been negotiated when an outright "borrowers' market" was not foreseen, did not present an obstacle to this process (which has recently again become relatively common).

Interest rates and maturities



Spreads: differentiation between areas



48 The differences in the timing of the improvement in conditions are most evident in the average spreads facing borrowers: average maturities showed little systematic variation between areas during this period. As the chart shows, a sharp differentiation emerged during 1976 between the spreads typically obtainable by OECD borrowers and those offered to developing countries - which remained broadly

unchanged until the second half of 1977. By comparison with the early 1980s, however, when there was a persistent divergence of terms faced by different groups of borrowers, this differentiation was lessened by the subsequent rapid reduction in spreads faced by developing countries and amounted to only about 1/4% point by end-1978.

49 While conditions during this period may be characterised aptly as constituting a "borrowers' market", there was also the beginning of some prudential concern over the soundness of the financial position of some debtor nations and over banks' abilities to assess and cope with country risk; low spreads, too, were again raising questions as to whether banks were obtaining a return adequate to build up sufficient reserves against the potential risks they faced. These concerns, however, do not appear to have had any noticeable effects on the volume of business or on general market conditions.

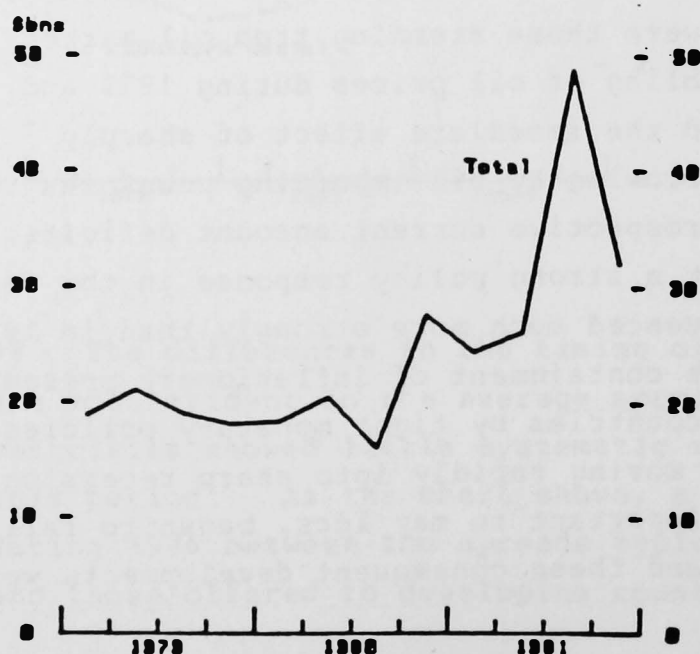
1979-1981: the second oil shock and some early casualties

50 While the syndicated credits market was not directly under strain during the years 1979 to 1981, the attendant economic and political climate became increasingly unfavourable to rapid increases in lending, though banks in the major industrial countries still wished to expand their international business - particularly as corporate demand for domestic credit remained weak - and found no shortage of demand for international loans. Foremost amongst the economic factors affecting lending were those stemming from oil market developments, with the doubling of oil prices during 1979 and into 1980. While this had the immediate effect of sharply increasing the level of borrowing by oil-importing countries to finance their actual and prospective current account deficits, it at the same time brought about a strong policy response in the developed countries. This was influenced much more strongly than in 1973/74 by a preoccupation with the containment of inflationary pressures, and was evidenced in many countries by tight monetary policies. By 1981 the world economy was moving rapidly into sharp recession; and non-oil commodity prices, important to many ldc's, began to fall. Compounding the oil shock and these consequent developments were

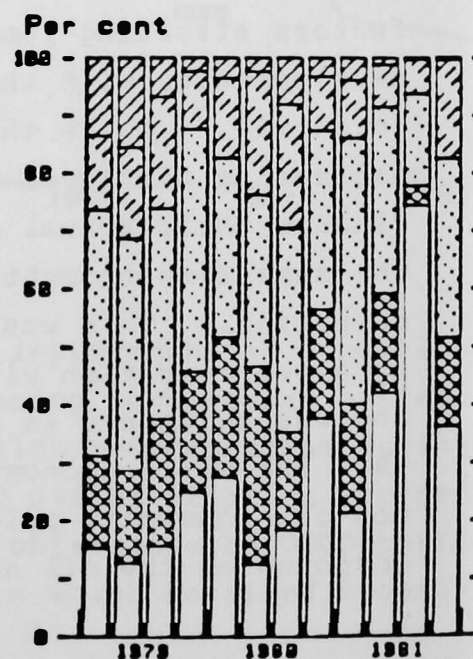
political upheavals in Iran from 1979 and in Poland from late 1980, which forced upon bankers the realisation that sovereign lending was not always free of significant risks; and debt difficulties in much of the East bloc - though most notably in Poland. The US authorities' efforts in 1979 to freeze all Iranian assets denominated in US dollars was a significant shock to the markets, which had for long disregarded the possibility of this type of action.

51 In conjunction with these events, banks' perceptions of risk which had perhaps been overmuch influenced by the relatively good loan-loss experience of previous years - were beginning to change. As a consequence, banks became hesitant to increase their exposure in certain areas, particularly to those countries perceived to have vulnerable external positions. Smaller banks - for most of whom syndicated lending has perhaps always been a fringe activity - began to avoid involvement in new loans to these countries and the broad sharing out of syndicated loan participations became increasingly difficult, leading in some instances to the employment of different lending techniques and the development, for instance, of "club loans" - whereby small groups of large banks took up an entire loan themselves. This began to be reflected in the levels of new business: not only did the rate of increase in new lending during

Amounts raised



Market shares by area



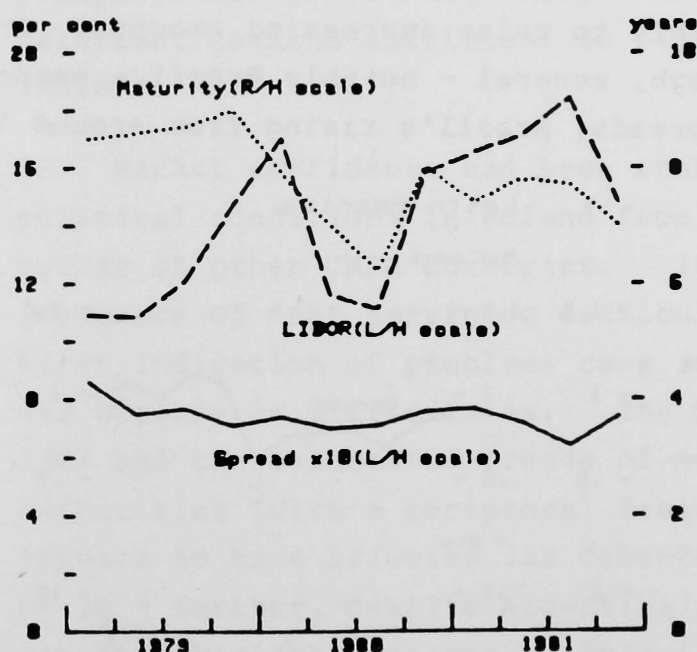
1979 and 1980 fall back from that of the previous two years, but an increasing proportion tended to be raised by prime customers, mainly OECD borrowers. This trend continued into 1981, though the figures for the latter part of the year are - perhaps artificially - inflated by the \$35 bn committed in standby loans associated with oil company takeover activity in the US at the time.

52 At about this time, there was also growing official concern over banks' exposure to international risks. This was exemplified by the Japanese authorities' action in virtually halting (from October 1979) the participation in syndicated loans of Japanese banks and their foreign branches; and other G10 countries also considered ways of introducing greater caution into banks' international lending policies. There was, in short, a growing belief that the lower margins on which loans to many countries were being extended did not now adequately reflect the risks.

53 One result of this cautious atmosphere was a fragmentation of the market. Prime customers were actively sought, with major OECD borrowers in particular able to borrow at spreads consistently lower than for any previous period and at slightly longer maturities.

Meanwhile, borrowers within the newly industrialising countries (NIC) and other non-oil developing countries (LDC) groups found that they could not for long borrow at spreads below 1%: in the tighter conditions which they faced, some could only gain access to the syndicated loan market by accepting higher spreads and shorter maturities and from mid-1980 spreads - for NICs especially - were moving back towards 1 1/2%. The growing fragmentation of the credits market is further evidenced by the widening disparity between highest and lowest spreads.<sup>19</sup>

Interest rates and maturities



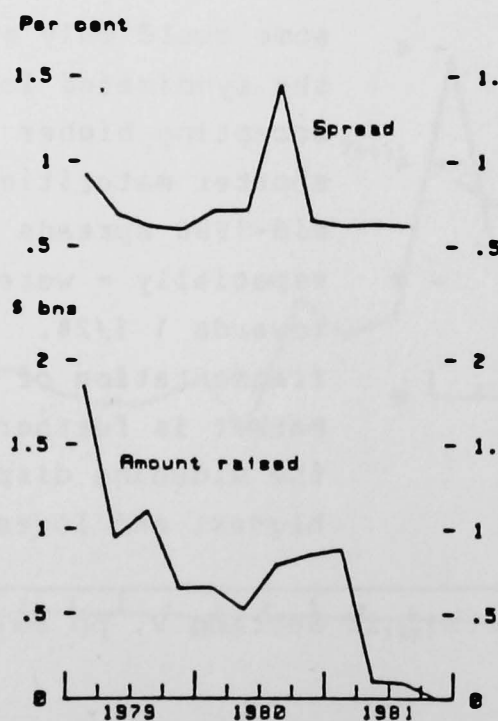
19 This is covered in more detail in Section V, pp 46 to 48.



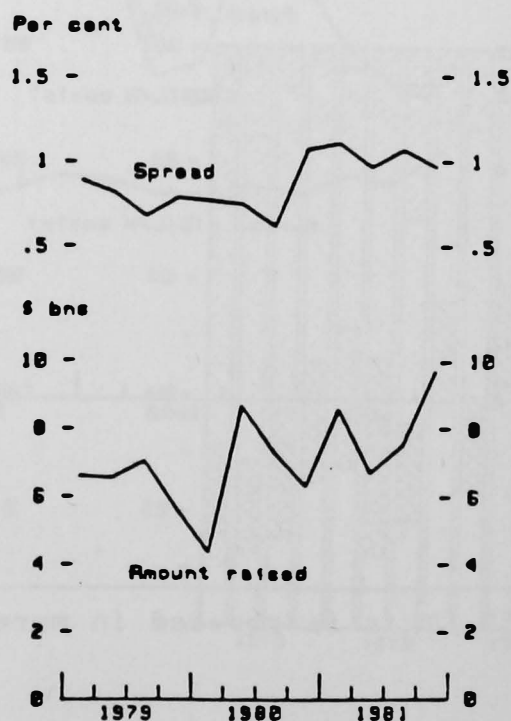
54 This period, then, saw the end of the general borrowers' market of 1977/78; but there was little evidence of a general tightening in conditions, with spreads for borrowers in aggregate remaining constant and little overall tendency for loans to be arranged at shorter maturities. Rather, there was a growing divergence between the borrowing conditions faced by prime names (usually in industrial countries) and less-favoured customers (in non-oil developing countries). Also, when market conditions seemed to be worsening - particularly through the first nine months of 1980 and in the second half of 1981 - this was reflected at an aggregate level in shorter maturities rather than in higher spreads.

55 At a disaggregated level, there are some interesting contrasts in market conditions. The charts below show the amounts raised and average spread paid by East bloc and Latin American countries over this period, although they cannot make clear the experience of the individual countries. East bloc borrowers all faced fairly stable spreads throughout, and at levels substantially less than the average they paid in the preceding three-year period, up to the point at which each in turn withdrew from the market - the only exception being Poland, whose final borrowing (in 1980 Q3) was at spread of  $1\frac{1}{2}\%$ , some  $\frac{5}{8}\%$  point higher than its previous norm, and lies behind the sharp peak in the chart. By contrast, Latin American borrowers were able to raise increasing amounts: from the second half of 1980, though, several - notably Brazil - needed to concede much increased spreads, Brazil's rising from around  $1\%$  for

East Bloc



Latin America



1979 and early 1980 to more than 2% throughout 1981 in a deliberate effort to sustain inflows from the banks. This is not fully evident in the chart because some important borrowers - especially Mexico and Venezuela - were still borrowing at low spreads. These latter countries' oil wealth was doubtless a contributory factor to this difference.

#### 1982-1984: debt crisis and its aftermath

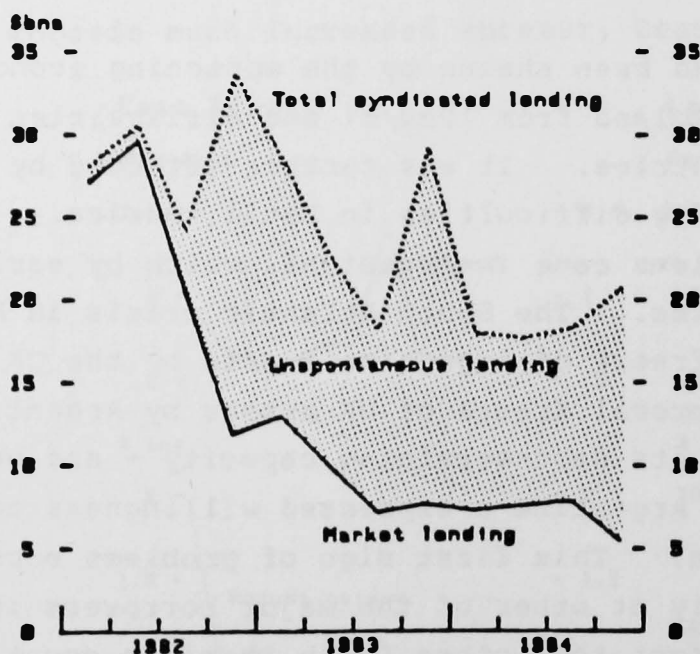
56 The pressures created by the second oil shock and the subsequent world recession came to a head for many countries in 1982. Developing countries' prospects had been set back by slower world economic growth following the oil price increases in 1979/80 and the subsequent concentration in the industrialised nations on anti-inflationary policies. This made unsustainable the development plans they had made and the success of which was crucial to banks' willingness to continue to increase their exposures to them. More particularly, the cost of servicing debt - much more of which was now at floating rates - had risen sharply as the altered stance and technique of US monetary policy in late 1979 raised dollar interest rates to levels not seen for many years. This meant that substantial net borrowing was needed simply to cover interest service on existing debts, at a time when the suddenly altered prospects for growth discouraged ambitious plans and made banks reluctant to lend sufficient to provide the anticipated net resource inflows.

57 Market confidence had been shaken by the worsening economic and political conditions in Poland from 1980/81 and difficulties in a number of other CMEA countries. It was further affected by the emergence of debt servicing difficulties in Latin America. The first indication of problems came in Argentina, which by early 1982 was already in difficulties. The South Atlantic crisis in April 1982 and the associated freeze of Argentine assets by the UK authorities (with a reciprocal freeze of UK assets by Argentina) appears to have affected its debt-servicing capacity - and perceptions of it - further, despite Argentina's expressed willingness to honour its financial obligations. This first sign of problems encouraged banks to look more closely at other of the major borrowers in the region, with the main effect that other Latin American countries found access to international bank credits more difficult and

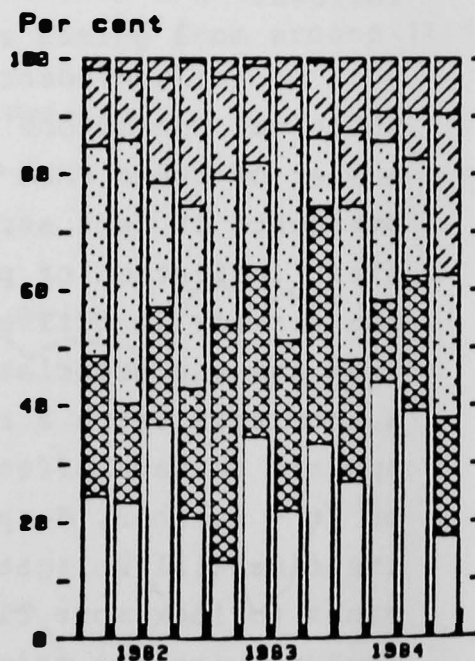
expensive - evidence of what the BIS calls the "regionalisation syndrome" (BIS 1983a, p 126).

58 A further blow to market confidence (and one which effectively marks the beginning of the debt crisis) was the sudden and unexpected suspension of external debt servicing by Mexico in the late summer of 1982 - precipitated by a massive flight of Mexican capital to the US, against a background of a weakening oil market. The crisis was partly attributable to Mexico's recourse over the preceding year or two to short-term finance, in order to avoid the more onerous terms which would have been necessary to obtain longer-term bank loans (the mean average maturity of its borrowings had fallen from a peak of 5.9 years in 1979 to only 2.5 years by 1982) and the erosion of bankers' confidence in the Mexican authorities' ability and willingness to adjust their plans in the light of economic developments. Borrowing subsequently became more difficult for a number of heavily indebted countries around the world; particularly in Latin America, where several major debtors had, like Mexico, come to rely increasingly on shorter-term borrowing and had extremely large gross financing needs.

Amounts raised



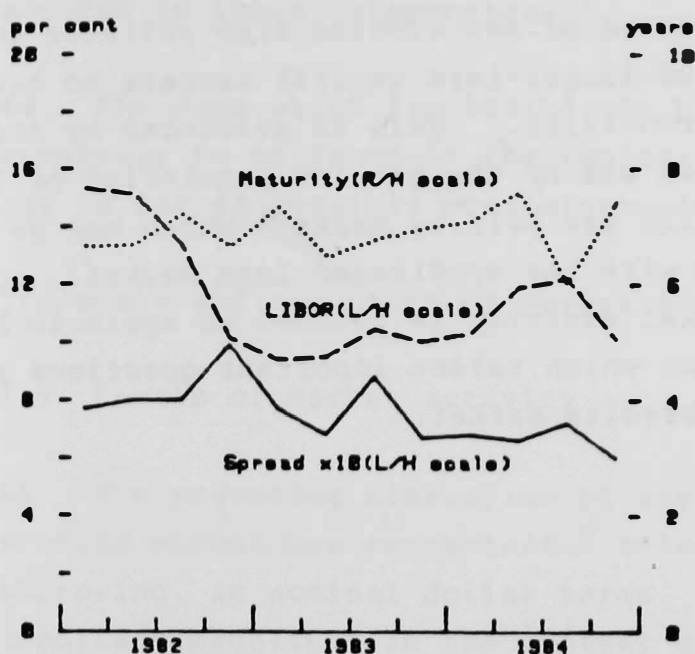
Market shares by area  
Spontaneous only



59 The effects of these various crises on the volume of lending are vividly illustrated in the chart opposite: the quarterly level of "spontaneous"<sup>20</sup> syndicated lending fell dramatically after the first half of 1982 and continued at a very subdued rate throughout 1983 and 1984. Although the proportion of loans raised by OECD borrowers did not change significantly, it is noticeable that both Latin American and Eastern European borrowers virtually disappeared from the market as takers of "spontaneous" credits, though the latter have returned to the market during 1984.

60 In analysing the market during this phase, the so-called "unspontaneous" lending to those debtors involved in reschedulings presents particular problems. Such lending is clearly not of the same kind as normal market loans, because the deals are not syndicated

#### Interest rates and maturities



freely in the market but are arranged with a predetermined group of banks for predetermined amounts based on banks' existing exposure. Nevertheless, the deals share many characteristics of normal syndicated loans and may affect normal activity in the market - by reducing banks' capacity for other business. They therefore cannot be disregarded. Even when they are included, however, the downturn in the market is still evident.<sup>21</sup>

20 The term "spontaneous" relates to loans syndicated normally in the market; it is used to distinguish such loans from those forming part of the financing packages for troubled debtors in which funds have been provided - largely on a pro rata basis - by existing lenders.

21 Because both reschedulings and "new money" packages result in gross new lending (though only the latter in net new lending), both are relevant and so are identified separately from normal market lending in the chart opposite. Full details of the amounts involved are presented in tables 3A and 3B; they are not included in any of the other tables or charts in this paper, nor are the terms of the deals included in the calculation of averages contained in tables 13, 15 and 16. Reschedulings are put onto a basis roughly comparable with the normal data by allocating the amounts as far as possible to the quarters in which the postponed amortisation payments would have fallen; "new money" packages can be treated in the normal way.

61 The effect of these difficulties on general market conditions appears to have been only short-lived, with the increase in average spreads in the latter part of 1982 reversed in the first half of 1983 and no clear evidence of shorter mean final maturities. Underlying the pattern of loan volumes, spreads and maturities during this period, however, is an increasing tendency for the syndicated loans market to become a source of funds only for more-favoured borrowers. This is well illustrated by the relative stability from the start of 1982 of both average spreads and mean final maturities for those borrowers still having access to the market. There is even some indication that, from mid-1983, conditions were beginning to improve slightly for such borrowers, with spreads falling and maturities lengthening.

62 The decline in the volume of new credits also reflects the increasing receptiveness of longer-term capital markets to borrowing from the main industrial countries. This is evidenced by increases in foreign and eurobond issues and by the growing popularity of floating rate notes<sup>22</sup> - many of which are held by banks - which may be seen as increasingly competing with the syndicated loan market. This securitisation of euromarket activity is touched on again in Section VI, for it is a development which raises important questions about the future of the syndicated credits market.

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22 See Ramsden (1984)



## V FEATURES OF THE MARKET

63 The previous section gave a broad overview of developments in the syndicated credits market from 1968 to 1984 and the economic background against which they should be set. This section presents further statistical information on the market, illustrating aspects of behaviour in it and showing in more detail the information which may be drawn out of the basic data. It looks first at measures of activity in the market, at the structure of the market in terms of loan size, at the stock of syndicated credits outstanding and at the growth of syndicated lending compared with that of bank lending as measured by the BIS; it next presents information on the involvement of different nationalities of bank as syndicate managers, and finally discusses various aspects of loan terms and the several pitfalls to be avoided in their interpretation.

64 The data which lie behind the charts in this section are generally to be found in the tables; where this is not the case, they are as far as possible consistent with them.

### The scale and structure of market activity

#### (a) Levels of market activity

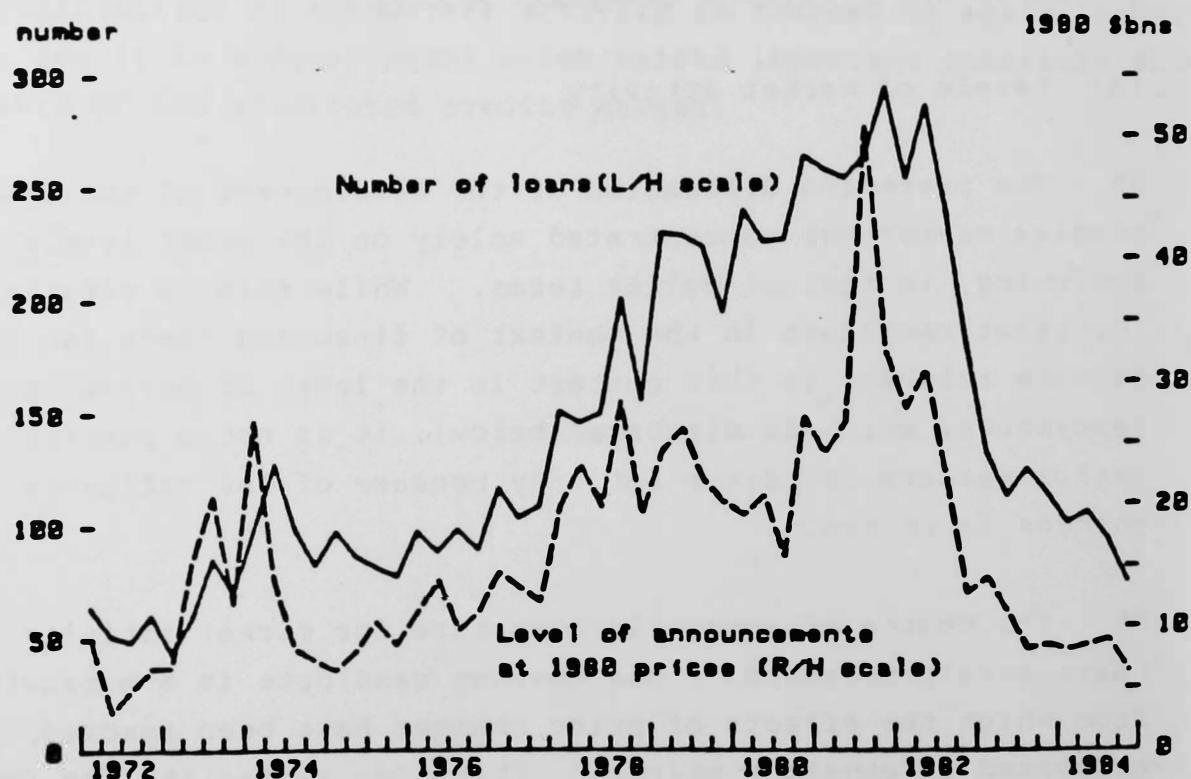
65 The preceding discussion of the development of the syndicated credits market has concentrated solely on the gross levels of borrowing, in nominal dollar terms. While this is clearly an important magnitude in the context of financing needs (an additional measure relevant in this context is the level of borrowing net of repayments, which is discussed below), it is not a particularly useful measure of market activity because of the influence on it of changes in prices.

66 The choice of appropriate measure for market activity is by no means straightforward. One obvious candidate is a borrowing series from which the effects of price changes have been removed, ie one expressed in constant prices. This then raises the far from trivial issue of the choice of price deflator: should it be export or import prices, a domestic price series or some other? Should the prices be

cyclically adjusted or not? Should some composite index be used? Another possibility is simply to look at the number of deals, which might be thought to be unaffected by price changes (but there is evidence - presented later - that this has not in fact been the case). A less obvious measure, but one which might be important, would be the number of separate participations or the number of banks involved in syndication.

67 The chart below illustrates two of these possibilities: the of gross new borrowing expressed in 1980 dollar prices (the deflator used is the IMF's series for world export prices); and the number of loans announced. It is immediately evident that these two measures do not tell the same story throughout the period: the 1973/4 surge is much less pronounced when measured in terms of number of loans, and the subsequent increase in activity much more strongly trended. The marked divergence between the two measures in the period 1978 to 1980 is particularly noticeable and is of course reflected in similarly marked changes in the average size of

Number of loans and announcements at 1980 prices



loans; this point is discussed shortly. On both measures, though, the level of activity since 1982 is as subdued as in the post-1974 slump.

#### (b) Loan size distribution

68 An aspect of the syndicated credits market which has so far only been mentioned in passing is its structure in terms of the distribution of loan sizes. It was noted in Section II that publicised loans have ranged in size from as little as \$1 mn to more than \$5 bn, but that most loans fell between \$10 mn and \$200 mn. Though the sizes of loans are not perhaps of vital importance in understanding and analysing the market, and there are doubtless many small loans which are (because of their size) unpublicised, the loan size distribution for publicised deals and changes in it over time are nevertheless of some interest: for example, the average size of loan has shown some marked fluctuations - as the chart opposite implies.

69 An important point to note at the outset is that the loan size distribution is very skewed: for instance, the interquartile range - that is, the range when one quarter of the loans have been discarded from each end of the distribution - is typically twice as large as the median loan size and the largest loans regularly exceed ten times the size of the average loan. This skewness makes it difficult to find simple measures which reliably indicate the shape of the distribution and changes in it; for example, very large loans, though infrequent, can have a substantial impact on the average and so distort this statistic as a measure of variations over time in the general shape of the distribution. When examining a period as long as 1972 to 1984, during which prices increased threefold, it is also important to isolate real changes in the size of loans from those which merely reflect increases in prices. For this reason, the data examined first have again been deflated by the dollar price index of world exports.

70 The statistics presented in the charts overleaf provide a number of measures of the shape of the loan size distribution. First, two measures of average loan size: the mean and the median; next, two measures of the range of loan sizes, chosen to identify



the core of the market and exclude the extremes: the interquartile range, and the interdecile range - similar to the interquartile range, but with only 10% of the loans discarded from each extreme; finally, the Gini coefficient, which provides a broad measure of the extent to which the distribution diverges from equality of loan size in each period.<sup>24</sup>

Gini coefficient

Per cent

80 -  
70 -  
60 -  
50 -  
40 -

80 -  
70 -  
60 -  
50 -  
40 -

Average loan size-1980 prices

\$ mns  
300 -  
200 -  
100 -

300 -  
200 -  
100 -

Mean

Median

1972 1974 1976 1978 1980 1982 1984

Range of loan size-1980 prices

\$ mns

600 -

-

400 -

-

200 -

-

1972 1974 1976 1978 1980 1982 1984

Interdecile range

Interquartile range

71 Taking the measures of average and range first, the years covered can be divided into three periods: 1972 to 1975, during which all measures rose sharply to a peak towards the end of 1973 and fell back abruptly to their initial levels; 1975 to 1978, which saw some increase of the size of the measures (mainly in 1975); and 1978 onwards, when average loan size and range of loan size declined to levels as low or lower than those seen in 1975 - much of the decline taking place between 1978 and 1980. The dampening effect of the difficulties is very evident and, while some recovery in average loan size and range of size did take place, the very high values reached in the buoyant conditions of 1973 have not been achieved again. There is evidence of relatively greater stability of the measures of range

24 The construction of the Gini coefficient and its limitations as a measure of inequality are discussed in, for example, Sen (1973)

from the late 1970s onwards, when the market had reached maturity, but no similar pattern is evident in the measures of average loan size. Recent events have reduced the sizes of deals in nominal as well as real terms.

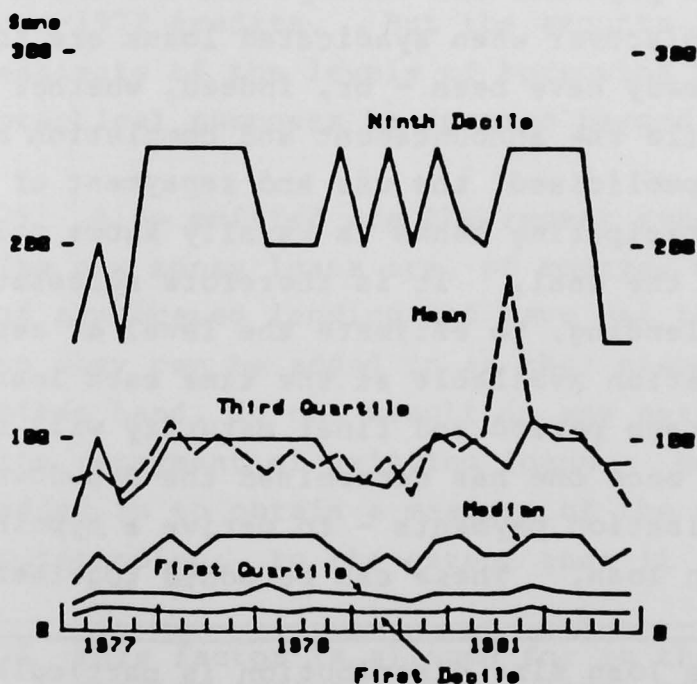
72 There is little sign of similar variation in the Gini coefficient. Indeed, apart from the peak in 1981 Q3 (a result, as is the corresponding peak in mean loan size for that quarter, of the oil "jumbos" announced then), there is no obvious systematic variation from 1976 onwards. Something of the 1972 to 1975 cycle is evident, as is the impact of the increase in range and average size of loans in the recovery period following the 1974 crisis; beyond that, the coefficient has no clear trend.

73 The Gini coefficient cannot, unfortunately, distinguish between a wide variety of sources of inequality; and there is no direct link between it and the other measures so far discussed. Nevertheless, some interesting features of the market can be highlighted by comparison of the measures. Such comparison suggests that, during the initial "loan size" cycle, the increase in average size and range of size was a reflection of an upward extension of the loan size distribution rather than a uniform increase in loan sizes at all levels of size - for the latter would have had no effect on the Gini coefficient. Similarly, the lack of reduction in inequality

during the 1978 to 1980 period suggests that the market was being affected uniformly - loans of all sizes were being scaled down, in real terms.

74 Most interesting, however, is that all the measures of mean and range were little changed in nominal terms between 1978 and the first half of 1982; and, as just noted, the Gini coefficient was also stable over this period. This

### Loan Sizes



all points to some standardisation of the nominal size of deals from 1978, despite the 50% increase in prices over the period. While this may just reflect a reduction - at a rate equal to that of price increases - in borrowers' real financing needs, it is difficult not to ascribe it to some form of money illusion. Further support for the thesis can be found in the deciles and quartiles themselves (rather than the difference between them): apart from 1972, there is little other than small, apparently random, variation in the nominal value of the first decile and quartile, but - until about 1978 - a marked trend in the values of the third quartile and ninth decile. From then until the latter part of 1982, as is evident in the chart, there is no significant variation in these measures.<sup>25</sup>

(c) The stock of syndicated credits and net syndicated lending

75 Two further indicators of the scale of syndicated lending are of particular interest. These, because of the methods used in their calculation, are conveniently described together: the stock of syndicated credits outstanding; and the net level of syndicated lending (that is, taking account of repayments of existing credits). The latter is most conveniently dealt with first.

76 First, a note of caution. Unlike bond issues, where the precise timing and amount of coupon payments and redemptions are known at the outset, it is not easy to discover when syndicated loans are to be repaid or whether they already have been - or, indeed, whether they were ever drawn down. While the announcement and completion or signing of deals are well publicised, the use and repayment of the funds committed by the participating banks is usually known only to those directly involved in the deal. It is therefore necessary, in deriving a series for net lending, to estimate the level of repayments on the basis of the information available at the time each loan is originally negotiated. Grace period and final maturity will be known, so it is possible - once one has determined the drawdown date and the frequency of amortisation payments - to derive a hypothetical repayment schedule for each loan. These can be added together to

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25 The ninth decile of the loan size distribution is particularly susceptible to random fluctuations - of as much as \$50 mn - because of the bunching of amounts around multiples of \$50 mn in the range at which this decile typically falls. Taking this into account, it showed no significant variation in nominal terms from the end of 1977 until the second half of 1982.

give a series for repayments of all loans included in the announcements series, enabling the calculation of figures for net lending.

77 Tables 7 to 9 present estimates based on the Bank of England announcements series. The estimated drawdown data in table 7 assume drawdown one month after completion or - if no completion date is known - four months after announcement. The implied syndication time for these loans is therefore three months, somewhat longer than the average for those for which this statistic is known (see table 6): it is a reasonable presumption that absence of known completion dates is likely to be associated with deals which prove difficult to syndicate. Table 8 shows the repayments calculated on the basis of the drawdown estimates in table 7 (amortisation is assumed to occur in equal amounts at six-monthly intervals during the repayment period) and table 9 the resultant series for net syndicated lending.

78 An estimate of the stock of syndicated credits outstanding can be calculated from the information in table 9 simply by cumulating the figures for net lending; the results are shown in table 10. It should be noted that these figures are based only on loans announced since the start of 1972, and so will understate the true stock - but by increasingly small amounts - just as the figures for net lending will overstate the actual amount to the extent of the repayments of pre-1972 credits. But the amounts involved are, on any reasonable estimate of the levels of borrowing before 1972, small and can for practical purposes be ignored beyond the mid-1970s.<sup>26</sup>

79 Also omitted are the recent reschedulings and 'new money' loans. The new money loans are, of course, net additions to the overall stock of syndicated lending and have yet to reach their repayment periods, so they can be added in as they stand. The reschedulings, on the other hand, do not result in any net new lending but simply postpone the repayment of existing loans. Nevertheless, they too need to be added in to obtain a measure of the total stock of syndicated credits outstanding: to the extent that it is existing, recorded credits

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26 This factor is allowed for in the next section, where a more precise estimate of the level of the aggregate stock in the years 1973 to 1976 is of some importance.

which were rescheduled, the estimates in table 10 reflect their repayment - which did not actually occur; and to the extent that is unpublicised credits or lending not in syndicated form which was rescheduled, it has become both publicised and "syndicated" through the rescheduling process. If all these reschedulings and new mortgage loans are added, the stock of outstanding syndicated credits may amount to some \$400 bn, of which a little less than \$25 bn represents oil jumbos from 1981.<sup>27</sup>

80 The data on aggregate net flows shown in table 9 do not add significantly to the information already presented above on market activity: as the chart in the next section confirms, there were clear surges of activity in the early 1970s, the late 1970s and the early 1980s even when repayments are taken into account. Rather more interesting, however, is the disaggregated picture, particularly when it is looked at in real terms (deflating, as before, by world export prices). This shows, for example, that - apart from some net increases in 1978 - the real stock of credits outstanding to borrowers in the major OECD countries was falling for most of the period 1975 to 1980; and that the oil exporters have intermittently been making net repayments in real terms since 1974. Also of interest is the experience of the groupings whose members have encountered difficulties in servicing their debts. In nominal terms, for instance, net borrowing by east bloc countries ceased in 1981; in real terms, there was a noticeable decline in their real outstanding syndicated borrowings in 1977 and 1980 too, with net borrowing (1980 Q4-1981 Q2) in only three quarters from the first quarter of 1980 to date. Net borrowing by developing countries was, in real terms, close to a standstill for at least two quarters around the end of 1979 and start of 1980. But, given the nature of these data and the way in which they have been calculated, it is probably unwise to relate them too closely to balance of payments developments at the time.

81 A final word is perhaps called for on the general relevance of the stock data to other aspects of euromarket activity. Because of the nature of a syndicated credit, with its regular rollovers and periodic adjustment of interest rates, the stock of syndicated

27 By way of comparison, Orion Bank (1984) gives an estimate of the stock of international bonds outstanding at end-1983 of about \$300 bn; this has probably increased by about 15% in 1984.



credits is probably an important determinant of the level of activity in the international interbank market, which is in effect the money market for international business. However low the level of new lending activity falls, there will for some years be a substantial volume of syndicated lending which must be funded; and it is to this stock, rather than the gross new flow, that we might expect the level of interbank activity to be linked.

- (d) Comparison of the growth of syndicated lending with that of BIS data on net international bank lending

82 To conclude this review of the scale and structure of market activity, it is perhaps helpful to put it in the more general context of banks' total lending activity. Syndicated lending represents only one of a variety of channels for international banking flows, and its relative importance has undoubtedly varied considerably over the life of the market. This section attempts to assess the scale and timing of these changes, by comparing estimates of net syndicated lending with BIS data on international bank lending.

83 The BIS data on international bank lending are compiled from data submitted to them by national authorities within the so-called "reporting area", which has expanded over the years and now includes not only the G10 countries but also some whose banks play only a small role in international lending.<sup>28</sup> These data comprise, in essence, the stocks of assets and liabilities of banks making statistical submissions to these national authorities.<sup>29</sup> The BIS data therefore capture actual lending by banks in the reporting area, whatever form it takes (subject, of course, to the bank reporting requirements which underlie the national submissions - which in some cases exclude important items such as banks' portfolio investment). This is in sharp contrast to the data from the syndicated credits market; for, as discussed above, the latter do not relate directly to the use and repayment of funds. The stock data, and net lending data, presented in the previous section are estimates of syndicated lending, whereas the BIS data are recorded levels of actual lending, in many forms.

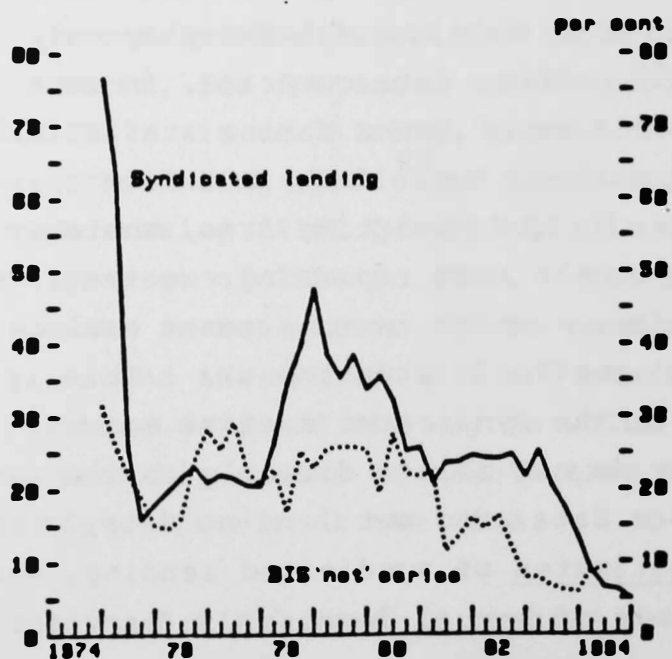
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28 Details of the coverage of the BIS data can be found in BIS (1984), which also notes the reasons for the various breaks in series.

29 The IMF has recently also begun to publish data on bank lending; these are more comprehensive in their coverage than those of the BIS, but not available for such an extended period.

84 With this general caveat in mind, we can compare the growth of the stock of outstanding syndicated lending as estimated from the Bank's statistics (table 10) with that of banks' total lending as recorded in the BIS statistics. The most frequently used of the several relevant BIS series is probably the BIS series for total net international bank lending.<sup>30</sup> Allowance is made here for breaks which affect the data (these occur at end-year in 1977, 1978 and 1981, and at end-March 1983) by rescaling earlier data to the new level at the break; this preserves consistent growth rates across the break point. The Bank series on the stock of syndicated credits is also amended, to allow for the amounts borrowed prior to 1972 which are not included in the Bank series. Drawing on the information presented on page 17 for the early years of the market, borrowing of \$1.5 bn, \$4 bn, \$6 bn and \$5 bn is assumed for the years 1968 to 1971; stock data have been derived by applying to these amounts a repayments profile similar to that implied by the 1972 data. Recent reschedulings and new money loans, as indicated in table 3, are also included; the 1981 oil jumbos are excluded, because a large proportion of these loans represented domestic lending by US banks to US corporations - which would not be captured by the BIS figures.

Growth Rates of Lending



85 The chart makes use of these two series to compare the growth of the syndicated credits market with the overall growth of banks' international lending and shows the year-on-year growth rates of both the BIS net series and the outstanding syndicated credits series. The BIS series starts in 1974 Q4, so the chart begins in 1974 Q4; but it still captures the end of the initial surge in euromarket - and, in particular, syndicated

30 It should be noted that 'net' is used here in a sense different from that used earlier in the context of syndicated lending, where it meant 'net of repayments': this BIS series nets out estimated double-counting resulting from the redepositing of funds between the reporting banks themselves.

loan - activity. Also evident is the rapid relative growth of syndicated lending in the late 1970s and, again, in the early 1980s (even without the 1981 Q3 oil jumbos).

86 One conclusion to be drawn from these results, which it is perhaps worth noting before moving on, relates to the possible value of data on syndicated credits as a leading indicator of the BIS series. BIS data are published only after a considerable delay, usually some four months, whereas syndicated credits data can be obtained immediately and - if it is an announcements series which is used - some months prior to the actual use of funds. It might therefore appear to be possible to anticipate the BIS data by as much as three quarters in this way. However, even allowing for the inevitable imprecision of the figures which would be obtained through the syndicated credits route, the historical data indicate that the divergence between the growth rates of the two series is too variable to offer any reasonable chances of success of this as a short-term forecasting technique. The recent trend towards securitisation of international lending may well have increased the divergence, to the extent that such lending is captured the BIS series.

#### Banks' involvement as managers of syndicated credits

87 An important aspect of the development of the syndicated credits market, but one which is not often discussed with any precision because of the lack of hard data on it, is the way in which the involvement in the market of different nationalities of bank has evolved. A commonly noted feature of the rapid expansion of the market has been the shifts over time in the nationalities which have been particularly active. Indeed, some commentators on the euromarkets give significant weight in their analysis of the growth of the market and of the competitive pressures within it to the changing pattern of involvement and, in particular, to the timing of the entry of new groups of bank into the market.<sup>31</sup>

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31 See, for example, Goodman (1980) and Llewellyn (1979), (1984).

88 In the context of euromarket activity more generally, it is of course possible to compile information on involvement from BIS data though it must be recognised that these data relate to the location of lending banks rather than to their nationality (location of head office). When one considers the more limited arena of the syndicated credits market, there is no obvious source of information on lending activity: even if one could find out the names of all the banks which participated in each loan - itself an almost impossible task - it is rare to know the extent of their participation; and the level of original participation may not be a good guide to the level of exposure at some subsequent date.

89 Narrowing the focus a little, however, and concentrating on levels of involvement in the syndication process itself, there is a more realistic possibility of finding some relevant data. The Bank of England data include records of the managers of a substantial number of loans, this information being derived both from publicised initial details of loans and from "tombstones". An analysis of managers is not, of course, an infallible guide to actual lending; but it should provide a measure of the extent to which banks are equipped to handle syndications and is, by extension, a guide to the commitment to cross-border lending: only those banks with a long-term interest in such lending will have the experience and status to take on management roles. In addition, an important element of competition in the market is that which takes place between potential lead managers seeking mandates; so an examination of patterns of representation at lead manager level might provide insights into competitive pressures at the very core of the syndication process.

90 The Bank of England information on managers is not complete: about 10% of cases, no manager has been recorded. Furthermore, there is for some loans a substantial management group; in what follows, only the first ten managers recorded for a loan have been analysed, there is some loss of relevant information. Nevertheless, even with these limitations, a reasonably comprehensive picture can be built. Table 11 presents data for the full period 1972-1984 broken down by borrower group and by nationality of managing bank (nationality being determined by the location of the head office of each bank involved).



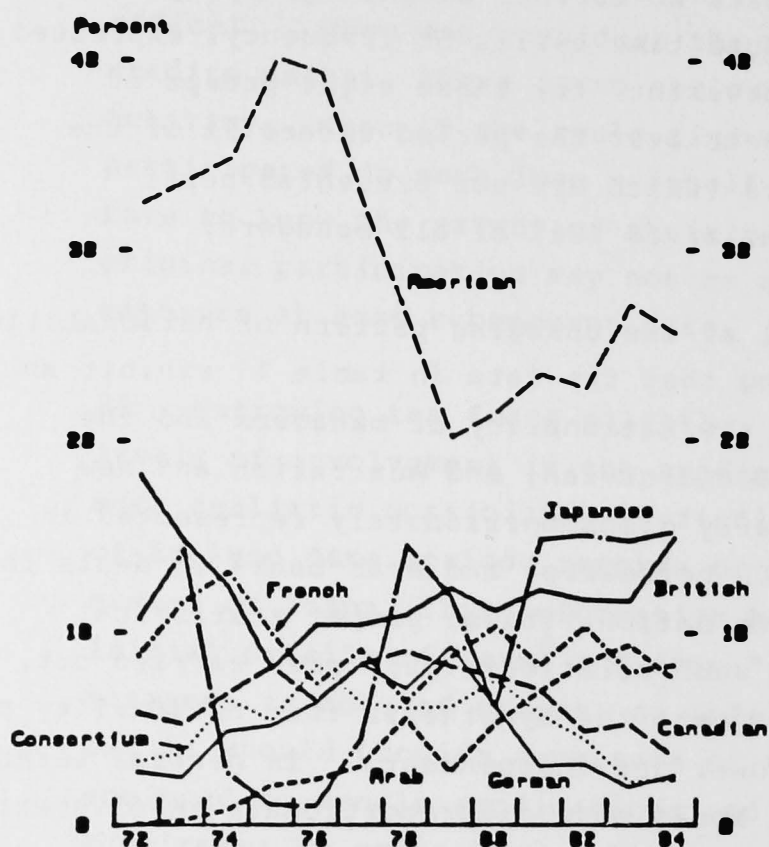
Each appearance of a bank of a particular nationality counts as a "unit" of involvement; there is no further weighting, eg by size of loan. The chart overleaf plots time series of frequency, expressed as a percentage of known involvement, for those eight groups of banks which in at least one year over the period exceed 5% of the total. Data on lead managers (which are not presented here) exhibit a pattern closely similar to that of all managers.

91 Before looking in detail at the changing pattern of nationalities of manager, it is worth noting that the data in table 11 exhibit an interesting relation between the nationality of managers and the nationality of borrowers. Scandinavian, and Australian and New Zealand, banks are quite clearly disproportionately represented in loan syndicates for minor OECD borrowers, and Arab banks in deals for oil exporters. For the other nationalities, proper statistical testing is needed to uncover such relationships; when carried out, this in each case strongly rejects the hypothesis that nationality of manager and grouping of borrower are independent. In general terms, British, French and Canadian banks have disproportionate involvement in syndicates for major OECD loans but - except for British banks - not for OECD loans as a whole; German banks show a marked preference for East bloc and NIC syndicates, counterbalanced by avoidance of oil exporter and ldc syndicates; and consortium banks are particularly over-represented in NIC loans. This limited analysis both confirms a general tendency for banks to be involved in syndicates for borrowers in their own nationality group and suggests that this general tendency is by no means universal. It is perhaps rather easier to explain the former characteristic (domestic banking regulations, borrower/bank relationships, local knowledge) than the latter.

92 Turning now to the changing pattern of involvement, the chart overleaf immediately confirms the dominance of US banks as managers, though the relative importance of their role declined markedly in the latter half of the 1970s as other nationalities began to expand their international activities. The steady rise since 1979 could reflect the move by US regional banks into syndicated lending; this was encouraged by the increasing availability of US prime options in



**Nationality of managers:  
frequency breakdown**



loan agreements, and by the efforts of existing managers to widen the constituency of lenders to include banks not traditionally involved in syndicated lending when conditions in the market became more difficult.

93 Amongst the other groups banks, the experience of three nationalities is particularly noteworthy. First, and most obviously, Japanese banks have experienced sharp swings in their relative importance. An abrupt cutback in 1974 - not reversed until 1977 and 1978 - was doubtless a consequence of the Herstatt collapse and the resultant tiering in the interbank market, which is believed to have affected Japanese banks particularly

seriously; indeed, the Japanese banks were wholly absent from syndicates at management level in the second half of 1974. In 1979 the Japanese Ministry of Finance eased their tough guidelines on international lending by Japanese banks; but their rapid re-establishment in the market prompted the MoF to instruct Japanese banks to withdraw temporarily from the market. This enforced pause lasted from October 1979 to April 1980, and is again reflected in the observed frequency of representation.

94 Second, German banks' representation has now returned to around 2%, having risen as high as 9% in the late 1970s. The expansion of their role occurred fairly steadily over the 1970s, perhaps assisted by the strength of the DM against the dollar which increased their capacity for dollar lending (see BIS (1979)); from 1980, the debt difficulties in the East bloc - notably Poland - to which German banks

were relatively heavily exposed, and domestic difficulties with fixed-rate loans funded by increasingly expensive short-term finance, were no doubt important in their decision to reduce their involvement and their representation at manager level has remained subdued.

95 Third, the involvement of Arab banks has risen strongly throughout the period covered - but with some retrenchment in 1984. A massive injection of capital following the 1979 oil price increase provided the basis for the surge in activity over the past four years, and enabled them to continue the trend set in the 1970s.

96 It is, finally, worth noting the role played by consortium banks. Their involvement has been declining over the past few years, having been in the region of 7% for a considerable period. Given their disproportionate role in loans for NIC borrowers (an indication, perhaps, of the purpose for which some of these banks were established), this no doubt reflects the difficulties which many of the countries in that group have recently faced and the infrequency with which they now come to the market; and perhaps also that consortium banks are themselves now playing a rather different role.

#### Terms and conditions in the market

97 This section presents some additional detail on the pattern of spreads and maturities over the period 1972 to 1984 and identifies some points which must be borne in mind in their use and interpretation. It looks first at the range and diversity of spreads and maturities, and at the relation between the two. It then looks at the now relatively common option of loans priced over US prime rate and its implications. Finally, it discusses the important bearing which fees and taxation may have on spreads, and the consequent limitations which these factors may place on the use of spreads data.<sup>32</sup>

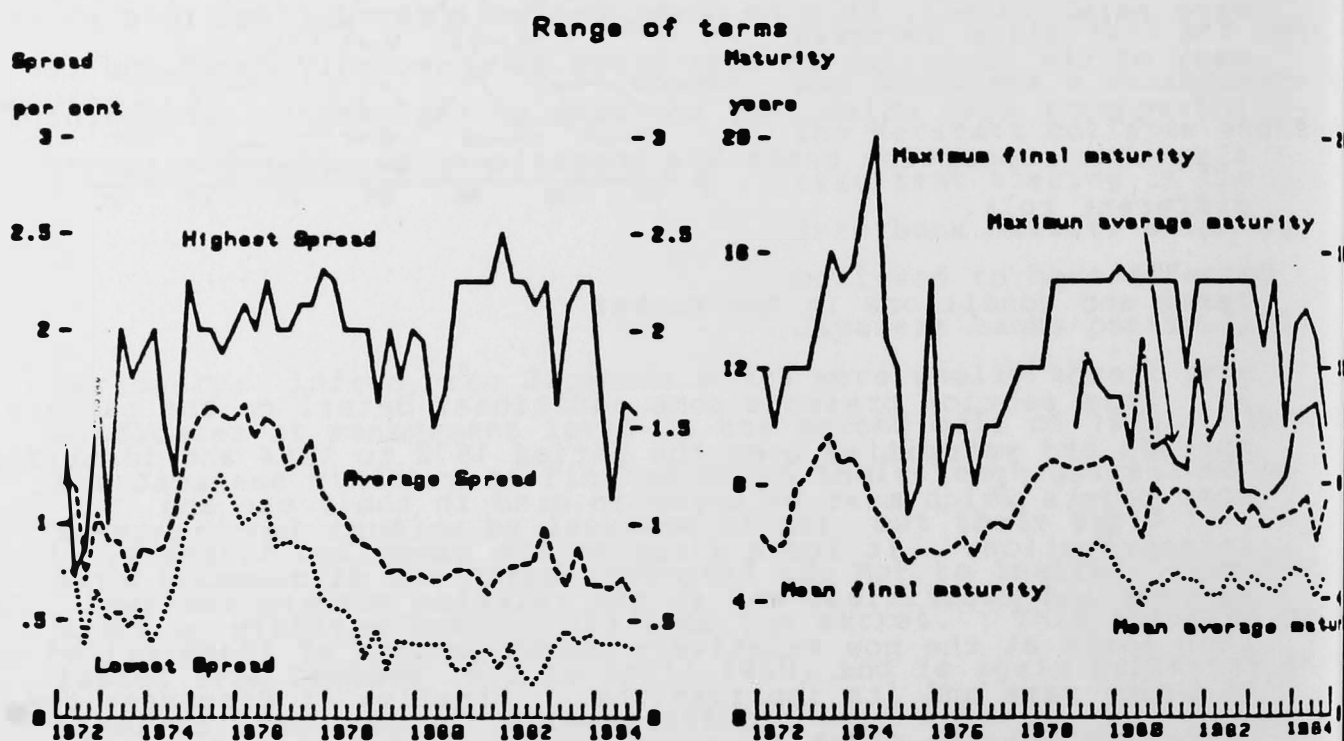
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32 Earlier Bank of England work addressing some of these issues can be found in Johnston (1980) and Fleming and Howson (1980), which also sets out some possible theoretical explanations of the observed information on market conditions.

## (a) Range and diversity of spreads and maturities

98 The aggregate spreads and maturities information presented in tables 12 to 16 and used so far in this paper is based on details from individual loans, weighted by their size. In the case of spreads, attention is limited to loans priced over LIBOR and - for highest and lowest spread - of at least 5 years' maturity and at least \$50 mn; fixed rate loans, and certain tax-spared deals, are excluded. For maturities, no such restrictions are applied.

99 The charts below show data for average and extremes of spreads, and for highest and mean final and average<sup>33</sup> maturities (average maturity being the time by which - given repayments in equal instalments - half the loan has been repaid). As can be seen, spreads have never exceeded 2 1/2% for publicised loans and the



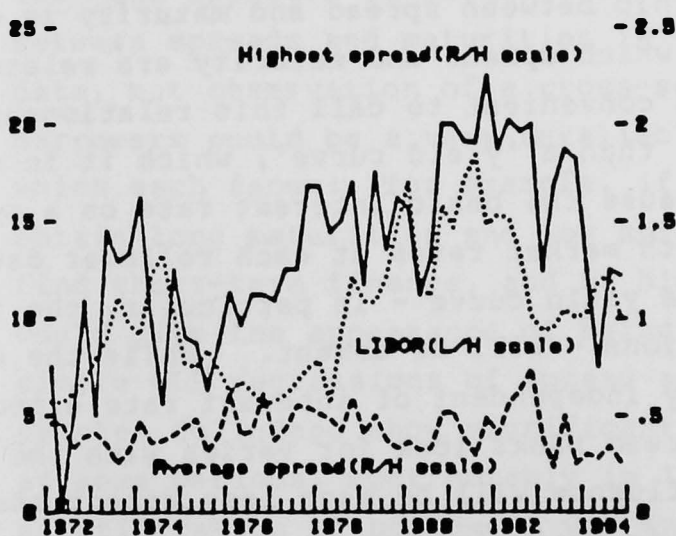
33 Data for average maturities are only shown in the chart from 1972 prior to that date, grace periods have not been systematically recorded, so the information would be unreliable.

highest has generally been somewhat less than this; equally, the lowest has only infrequently fallen below 1/4%. Of course, there have been loans which have attracted a higher spread than this, but these deals have not been publicised. The highest publicised spread has usually been attributable to a Latin American borrower, the lowest to an OECD borrower. Notably, for four of the five quarters between 1974 Q4 and 1975 Q4, the lowest spread was for the USSR. The longest maturity is 20 years, though a maximum of 15 years is more typical, falling to 10 years or less at times of market stress; it does not seem to be particularly associated with any one borrower or group of borrowers.

100 While the maturities of loans are equivalent when viewed from the point of view of borrower or lender, the same cannot be said of spreads, for though the spread measures accurately the cost to the borrower (subject to the caveats mentioned below) it does not necessarily reflect the return to the lending banks and so may well not be a useful indicator of their likely behaviour. As already

suggested on page 20, an important factor in setting spreads will be the cost of funding for the marginal bank at whom the loan is targetted (and, while the spread may also include some further compensation for risk, it will generally at least cover funding costs).<sup>34</sup> The lowest spread in any quarter will generally be obtained by prime names for whom risk will be perceived as negligible; this, then, should reflect only

**Spreads relative to lowest spread  
per cent**



<sup>34</sup> There may be reasons - such as the expectation of securing further business or of developing customer relationships - which may on occasion lead a bank to participate in a loan at a loss, but that could not be a sustainable position in the long run.



these funding costs. This suggests that looking at spreads relative to the minimum may be useful when assessing banks' behaviour. Series are shown in the chart, and present a rather different picture of market conditions: the average spread is a fairly stable margin over the minimum - certainly, it is more stable than the range average - and the range between maximum and minimum has been much wider in the last few years than in the early stages of the market development. This might imply a greater degree of differentiation in the market (in that the range of return to cover risk, rather than funding costs, has risen) or that a wider range of borrowers can be accommodated within the apparent spread ceiling, the lower the acceptable minimum spread; but a detailed discussion of this is beyond the scope of the present paper.

(b) Spreads gradients: cross-sectional results from spreads and maturities data

101 Although these time series results suggest an inverse relationship between spreads and maturities, this need not imply that an individual borrower coming to the market at a particular time would be able to raise funds at lower spreads for longer maturities: this contemporaneous relationship between spread and maturity is quite separate from the way in which spread and maturity are related over a period of time. It is convenient to call this relationship a 'spreads gradient' rather than a 'yield curve', which it in some respects resembles. Because the basic interest rate on a syndicated credit changes in line with market rates at each rollover date, the usual characteristics of a yield curve - in particular, the importance of interest rate expectations - will be absent. While the spread gradient may not be wholly independent of interest rate expectations - if, for example, the spread banks look for varies with the level of interest rates - their influence will be much less direct than with a yield curve, and it avoids confusion to adopt this different label for it.

102 More important than interest rates in determining the slope of the spreads gradient will be banks' views as to the risks they are running and the firmness with which those views are held. If banks are - as is generally assumed - risk averse, and their views on the risk of lending to a borrower are held with less certainty



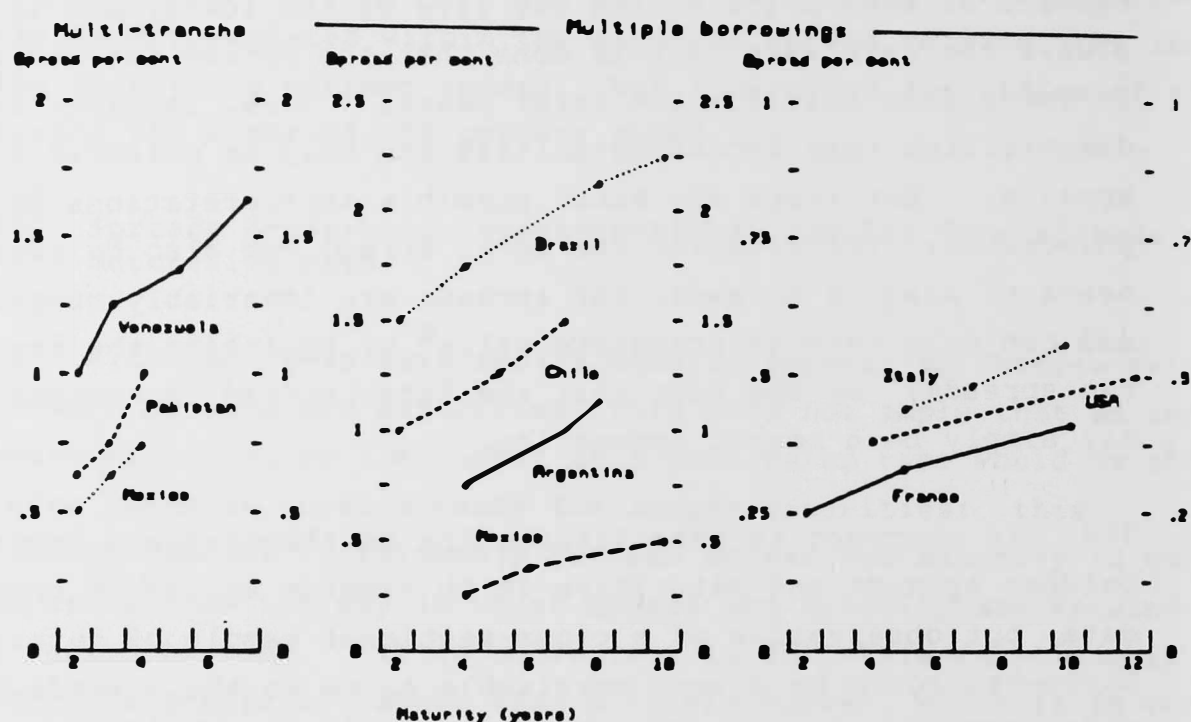
the longer the time horizon, then they will want the spread to compensate them not only for the expected risk - which may, of course, be lower at more distant dates than it is now - but also for the additional uncertainty attaching to the expected return to loans of longer maturities. Banks may also want to build into the spread of longer-term loans an element to replace the fee income which they would have expected to receive had the loan been of shorter maturity and so needed subsequent refinancing.

103 Borrowers frequently pay a split spread (that is, one which changes at some point during the life of the loan), and it is almost always the case when this is done that the spread for the early years is lower than that for the later years. This, it might be supposed, demonstrates that longer maturities can only be obtained for higher spreads. But there are other possible interpretations of this phenomenon: for example, the split spread can also be regarded as a means of shading spreads, for spreads are invariably quoted in eighths and can only have intermediate values by splitting the period between two spreads; so the fact that the later spread is customarily higher may simply be a market convention.

104 One approach to establishing the contemporaneous relationship between spreads and maturities is to examine aggregate cross-sectional data, but observation of a cross-sectional sample of heterogeneous borrowers could be a very unreliable guide to the spreads gradient which each faces: for example, if one class of borrowers is able to obtain long maturities and low spreads while another group can only find short-term finance, and at high spreads, spread and maturity would give the appearance of being inversely related. In practice, simple OLS regressions of spread against maturity for quarterly samples do indeed show significant negative correlation between them at some periods, most notably in 1977 and 1978; a time when just such stratification of borrowers was evident.

105 More reliable evidence is available from studying spreads and maturities for borrowers raising multi-tranche loans in which lenders have a range of final maturity options, or for a single borrower (or comparable borrowers) entering the market frequently at a range of maturities during a period of stable overall market conditions.

Such examples are by no means common and, given the variations in conditions over the past two or three years, it is particularly awkward to find cases of multiple borrowing at widely different maturities. Nevertheless, they do exist; the multi-tranche loans shown in the chart below are taken from 1982 and 1983, the multiple borrowings from 1981. These indicate that borrowers at those times faced upward-sloping spreads gradients, with spreads increasing



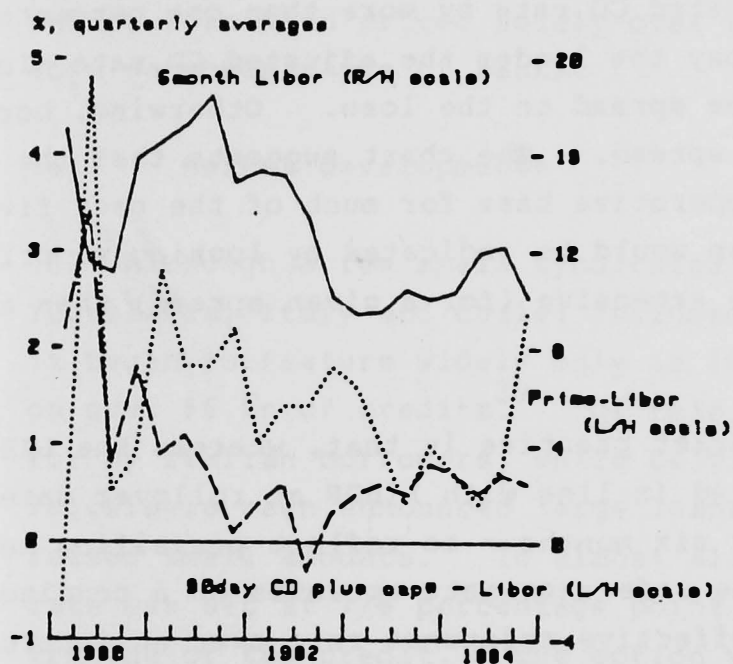
by up to half a percentage point for each additional five years of maturity. Similar results are obtained for multi-tranche loans in the 1977/78 period, when regression results for full, heterogeneous samples suggest the opposite. The precise magnitude of the gradient cannot, however, be accurately determined from these results because the gradients are constructed - on a straight line basis - from only three or four observations over a span of up to eight years maturity.

### (c) Loans priced over US prime rate

106 Since 1979, a significant number of syndicated credits have included an option for banks to commit funds priced over the US prime rate rather than LIBOR. One important motivation for this has been to encourage increased participation in the syndicated credits market by US regional banks, since these banks do not in general have access

to LIBOR-based funding in the international interbank market and so are reluctant to take on LIBOR-based assets. This was intended to - and has - enlarged the number of lenders to which borrowers may have access. Concern has been expressed that the cost to borrowers of gaining this access is proving to be high, because the US prime rate has - as the chart shows - been substantially above LIBOR in recent years. However, this comparison is potentially misleading since it takes no account of differences in the spreads charged over alternative interest bases, the protection offered by a "cap" (see below), or the value to a borrower of being able to tap a wider range of willing lenders.

#### Prime, Libor and Adjusted CD Rates



#### (i) Prime and LIBOR

107 The US prime rate is an administered rate, set by each US bank individually - although, in practice, the major banks are seldom out of line with each other for an extended period.

The rate represents the marginal cost of a bank's funding (for example, through the issue of certificates of deposit) plus a profit margin, although the latter is not

based on an inflexible formula.<sup>35</sup> In practice, this margin varies over time, as does the speed with which prime rate adjusts to movements in the cost of funding. LIBOR, however, is a market-determined rate which represents only the rate at which a (usually prime) bank would offer funds in the interbank market.

108 Since large US borrowers have a choice of whether to borrow at prime in the domestic market or over LIBOR (plus spread) in the euromarket, it might be thought that arbitrage would bring the two

<sup>35</sup> Useful information on prime rates is to be found in Park (1982).

rates closely into line with each other. However, in the late 1970s and early 1980s banks in the United States were willing to lend to their more-creditworthy corporate customers at a rate below prime,<sup>36</sup> permitting actual lending rates to adjust even when the prime rate remained unchanged. This, in turn, may explain why the differential between prime rate and LIBOR was so wide in 1981 and 1982.

109 Most prime-based loans in the syndicated credits market include a clause which restricts the level of the interest rate base to an upper limit determined by a margin (known as the "cap") over the 90-day certificate of deposit (CD) rate, adjusted for US reserve requirements. This cap is typically set at around 100 basis points (one percentage point),<sup>37</sup> which means that if the prime rate exceeds the reserve-adjusted CD rate by more than one percentage point then the borrower will pay the lender the adjusted CD rate plus one percentage point plus the spread on the loan. Otherwise, borrowers pay the prime rate plus spread. The chart suggests that the CD rate may well have been the operative base for much of the past five years, making funds cheaper than would be indicated by looking at prime - though still rather more expensive (for a given spread) than a LIBOR base.

110 Another relevant market practice is that, whereas the LIBOR reference rate is adjusted in line with LIBOR at rollover dates - typically every three or six months - to reflect prevailing market conditions, the US prime reference rate operates on a continuously floating basis, so the effective reference rate over an interest period is the average value of the prime rate rather than its value at the start of the period. At times of rapid decline in interest rates (as occurred from mid-1981 to early-1983), the average level of prime over a six-month period can fall below the level of LIBOR set at the beginning of the period.<sup>38</sup>

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36 See Park (1982) and The American Banker (11 March 1982, page 4).

37 See Cosham (1984).

38 See Cosham (1984, page 60).

111 Taking account of these considerations, Cosham (1984) calculated that a hypothetical seven-year loan over 1976-83, with a cap of 100 basis points and a spread over prime of 38 basis points below the spread over LIBOR (which would perhaps have been an unusually wide difference for a loan at that time), would have turned out to be only 12 basis points each year more expensive to a borrower who chose to pay interest based on prime rather than LIBOR. This small difference may well be worthwhile if it widens the range of potential lenders and so permits lower spreads than would otherwise be possible. As a prime base makes it easier for banks without access to LIBOR-based funding to participate (for example, US regional banks), this is not an implausible possibility. It would enable borrowers to raise larger amounts in a single credit, with the additional cost of the prime rate tranche the price paid for avoiding a higher spread over LIBOR - which might have been necessary had the entire loan been priced solely over LIBOR and so been attractive only to a narrower range of banks.

(ii) Market developments

112 Although a few small syndicated credits (for borrowers from Yugoslavia, Italy and Chile) included a prime rate option in 1979, it began to feature widely only in 1980, when the option was offered on over \$6 bn of credits.<sup>39</sup> Of this, nearly \$2 bn was accounted for by Italian borrowers, while Belgium, Finland, Hungary and Yugoslavia each announced large loans; six Latin American countries raised small amounts. In almost all cases, the spread over prime rate was set at 1/8 percentage point below the spread on the LIBOR tranche of the credit. The option was extended to a wider range of borrowers in the next three years. In 1981, credits carrying the option totalled \$51 bn - although \$37 bn of this was accounted for by loans to US borrowers, many in connection with takeover activity. Outside North America, borrowers from Argentina, Brazil, Mexico and Italy together accounted for most of the borrowing including a prime option. The differential between the spreads on the options began to widen - Italy and the developing countries continued to pay only 1/8

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39 The extent to which the option was actually exercised by lending banks is unknown, although those credits where information is available suggest that up to half of this lending might have been over a prime base.



point less on the prime option than over LIBOR, but US and Canadian borrowers obtained differentials of 1/4 point (and sometimes 3/8 point).

113 Totals for 1982 and 1983 reached \$16 bn and \$11 bn respectively. However, while 1982 repeated the pattern of 1981 with Brazil, Mexico and Italy dominating this segment of the market (together representing two-thirds of the 1982 total), the most interesting development in 1983 was the inclusion of the option in large sovereign loans for and Asian borrowers.<sup>40</sup> The differential between spreads over prime and LIBOR on these loans was typically 3/8 point.

114 This activity suggests that both banks and borrowers found the prime option a useful innovation. However, in the more favourable climate for borrowers in 1984, several are attempting to renegotiate the spread over prime on recently signed loans: Italian borrowers have been particularly active in this respect, renegotiating loans totalling \$1.9 bn which had been arranged between 1979 and 1982. It is also worth noting that, in the context of renegotiations of public debt, one proposal to come out of the June 1984 meeting of Latin American countries was that "... international banks ought to use reference interest rates that in no case exceed the true cost of raising funds in the market and should not be based on administrative rates." This would seem to suggest that prime-based borrowings are losing favour, at least with these countries.

#### (d) The importance of fees

115 Attention is commonly restricted to spreads when comparing the borrowing costs facing different borrowers or when trying to judge banks' relative risk assessments. To do this is to disregard the fees which borrowers must also pay to banks - as detailed in Section II above. These can on occasion form a substantial element of the return to banks, or of the cost to borrowers, and - though fees are most commonly of only small importance in differentiating between

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40 Kingdom of Sweden (\$1.6 bn), Kingdom of Denmark (\$1.2 bn), Kingdom of Spain (\$750 mn) and Republic of Ireland (\$500 mn); and Republic of Indonesia (\$1 bn) and Federation of Malaysia (\$500 mn).

borrowers where the spreads are similar - it is as well to be aware of the potential impact of fees and to exercise a degree of caution when relying solely on spreads data.

116 For credits that are drawn down, it is the management and participation fees which are most relevant since these represent most of the up-front return to banks on their lending. This return - and indeed, the cost to the borrower - is typical in the region of 1% of the total amount of the loan, although there is considerable variation between borrowers. Unfortunately, while information on amounts, maturities and spreads is usually publicised, complete data on the fees payable on a syndicated credit are rarely made available. In general, the available evidence - which is, of course, limited to deals on which the fees are publicised - suggests that the level of fees moves in line with the level of spreads, and that this applies both when making a cross-sectional comparison between borrowers and when considering the terms facing borrowers on a time series basis.<sup>41</sup> But this is not always the case, as the following examples demonstrate.

117 The first of the charts overleaf plots typical spreads and front-end fees<sup>42</sup> (management plus participation) on eight-year syndicated credits (with a grace period of four years) raised by a

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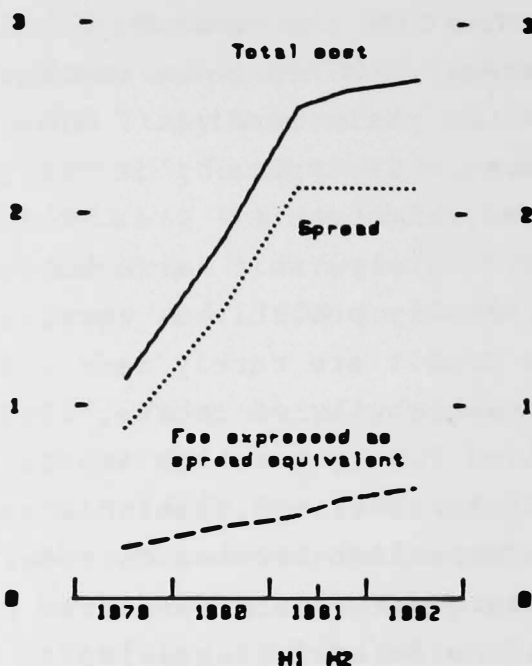
41 See, for example, the table constructed by the Bank of England and reproduced in Johnston (1983, page 170). Mills and Terrell (1984) report results based on more recent data, which confirm this general proposition.

42 In order to compare front-end fees directly with spreads, it is necessary to express them as the equivalent of a spread payable over the life of a loan. If the maturity and grace period of the loan are known, all that is necessary to do this is to assume an appropriate discount rate applicable over the life of the loan. For example, on an eight-year loan with a four-year grace period and a discount rate of 10%, a 1% front end fee has the same net present value as a running margin of 0.22%.

## Spreads and Fees

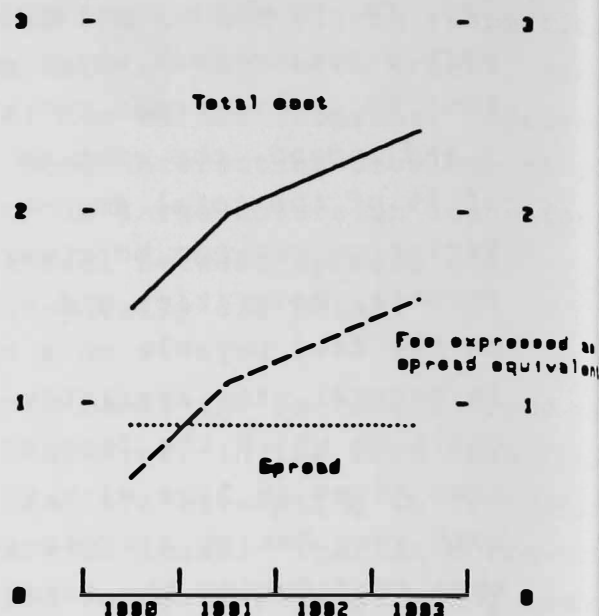
Brazil

Per cent



Nigeria

Per cent



state-guaranteed Brazilian borrower over the period 1979 to 1982. The fee is plotted as a spread equivalent, assuming a discount rate 10% each year. Between 1979 and 1981 the typical spread rose from 0.88% to 2.13% while (actual) front-end fees increased from 1.2% to 1.9%. Thereafter, the spread remained constant, but fees continued to increase, reaching 2.6% in the third quarter of 1982, equivalent to a spread of 0.6%.

118 The second chart shows an example of a borrower - Nigeria - being willing to pay higher fees, rather than conceding any increase in spreads. Nigerian borrowers have consistently paid spreads of 0.8% but front-end fees increased steadily from 2.75% in 1980 to as much as 7% in 1983. As the chart shows, this was equivalent to paying a spread of over 1.5% in addition to the actual spread of only just over half this magnitude; and it is clear that, for this borrower at least, the spread presents a very misleading picture of the true terms. Other instances where high fees have been used to disguise high borrowing costs are also known, especially amongst east bloc borrowers.

(e) The effects of taxation

119 The taxation - by both their own and borrowers' tax authorities - of the interest due to banks on their international assets can mean that the quoted spread on a loan may not be an accurate measure of either the cost to the borrower or the return to the lending banks. Many countries, exercising their right to impose a tax on interest arising from sources within their territory, levy a withholding tax (usually at a rate between 10% and 30%) on payments of interest made to banks located overseas. At the same time, the lending banks may be liable for taxation on their worldwide income in the country in which they are regarded as resident for tax purposes, such income including these same interest receipts. Overseas branches may likewise be subject to taxation in the country in which they are located as well as in their country of incorporation. If no reliefs were available a bank might therefore be subject to taxation more than once on the same item of income.

120 However, there exist a number of ways of mitigating the effects of the double taxation caused by the overlapping of tax jurisdictions. Most developed countries have concluded a series of bilateral agreements based on the OECD Model Double Taxation Agreement <sup>43</sup> which either reduce or eliminate withholding tax on interest. For example, a nil rate is specified in the UK's agreements with countries such as Denmark, Greece, Ireland, the Netherlands, Sweden and the USA, meaning that the right to tax interest on lending to borrowers in these countries by banks resident in the UK rests solely with the UK tax authorities and not with the tax authorities of the borrower. Where withholding tax is not entirely eliminated or when no double taxation agreement exists, lending banks are generally able either to credit the foreign tax paid (often up to a stipulated limit) against domestic taxes - as in the UK - or to deduct the tax paid abroad when calculating taxable domestic profits. It is possible in many cases by the apposite use of double taxation treaties to structure a syndicated loan so as to avoid the requirement to withhold taxes from payments to non-resident lenders.

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43 See United Nations (1979).

121 However, if a loan cannot be structured in this way, the borrower may be required under the loan agreement to pay the full amount of the interest to the lenders and to pay the withholding tax himself. It will also normally be specified in the loan agreement that, should a tax be imposed or increased in the future, it will be payable by the borrower. Alternatively, the lending banks can agree to "absorb" the withholding tax themselves by receiving interest after deduction of tax (usually in return for increased compensation on the loan) and then claiming the relevant tax credit from their own tax authorities. For example, if withholding tax were set at 15%, LIBOR were 9% and the quoted spread 1%, then the bank would receive interest at a rate of  $1\frac{1}{2}\%$  and the borrower's tax authorities would retain withholding tax of 15% of the 10% gross interest due. On a loan of \$100 mn, then, the borrower would pay \$8.5 mn to the banks and \$1.5 mn to its own tax authorities. However, the banks would also receive tax certificates to the value of \$1.5 mn, which could be offset against their domestic tax liabilities.

122 In this example - which is typical of borrowers in Mexico - the banks receive, in effect, a total sum equivalent to \$10 mn, but the cost to the borrowing country as a whole is only \$8.5 mn, equivalent to paying  $1\frac{1}{2}\%$  below LIBOR. This gain - which arises only if the lending banks agree to absorb the withholding tax - may be shared between the borrower and its tax authorities.

123 Three factors provide a disincentive to banks which contemplate lending that is subject to withholding tax. First, there may be a delay in claiming the offsetting tax credit, reducing the effective spread below the stated 1%. However, to encourage banks to absorb the withholding tax, the borrower would seek to concede a lower spread (by a margin of, say,  $\frac{1}{8}\%$ ) in any arrangement where he paid the withholding tax and the lending bank received no tax certificate. Second, the lending bank's domestic tax authorities might put a limit on the amount of tax credits a bank could use. For example, the UK now limits this type of tax relief to a maximum deemed credit equivalent to a withholding tax rate of 15% and in addition, where withholding tax is spared as described below, requires that an amount equivalent to the value of the tax credit be regarded as taxable income. Third, some tax authorities allow tax credits to be offset only against the profit on the individual loans giving rise to them.



- as in the USA and Japan - only against the profit generated by overseas lending as a whole. However, even when relief is available against the tax liability on a bank's total income (as in the UK), the bank might still have insufficient taxable profit to reclaim the full value of the withholding tax absorbed.

124 Most lending to industrialised countries - which have accounted for around 50% of total borrowing in the credits market since 1972 - is either exempt from withholding tax because it is direct to the government concerned or comes under a double taxation agreement, or eligible for credit relief. But many developing countries - notably those in Asia, such as Indonesia, Malaysia, Singapore and South Korea - have negotiated tax treaties with industrialised countries which not only eliminate withholding tax in respect of certain lending but incorporate special tax incentives as a stimulus to foreign investment. These tax-sparing agreements work by the borrower's tax authorities exempting from withholding tax the interest on certain eligible loans, while the banks' domestic tax authorities give matching tax relief for the withholding tax which would have been payable but for the exemption. This relief, which is calculated by applying the withholding tax rate (subject in the UK to a limit of 15%) to the banks' interest receipts, puts the banks in a position to lend to appropriate borrowers at a reduced spread, while the loan documentation will include provision for a return to a normal spread should the treaty be revoked, or if the rate of withholding tax is altered.

125 For example, in the case of a tax-spared loan of \$1 mn out of the UK, with LIBOR at 12%, a spread of 1/4% and a withholding tax rate of 15%, the lenders would receive a tax credit of \$18,375 (15% of 12 1/4%). Under UK tax provisions, however, the value of the credit would be added to the interest income on the loan for taxation purposes. Assuming cost of funds and other expenses equal to LIBOR and a corporation tax rate of 35%, this would produce a liability of \$7,306 (35% of the \$2,500 profit on the loan plus the \$18,375 value of the credit). Against this could be offset the value of the credit, leaving a notional tax credit of \$11,069 for offset against other corporation tax.

128 Although the return to the banks through tax relief may substantially exceed the value of the normal spread, it is rare for the borrower to obtain a loan at below LIBOR; so the relief - which is effectively paid for by the creditor's tax authorities - is shared between the borrower and the lender. The absolute value of the relief is determined by the level of interest rates and the rate of withholding tax spared (up to a limit of 15% so far as the UK is concerned), so a constant (albeit relatively low) spread implies that the share of the relief accruing to the banks increases as interest rates rise. Again, however, the magnitude of tax-spared lending is limited by the banks' perceptions of their future capacity to make use of tax credits.

127 Between 1981 and 1984, nearly \$2 bn was raised through public UK tax-spared loans, of which more than \$1 bn was raised by Malaysia alone. However, there are limits to the amount of tax-spared lending which can be undertaken; for instance, the purposes of such loans are usually controlled by the recipient countries under their own investment regulations.

128 A further practice, which amounts to unilateral tax sparing, has also been observed: the lending bank receives interest in full (LIBOR plus spread), but the borrower also provides the lender with a tax certificate which states that the bank has received interest net of withholding tax even though there is no tax treaty incorporating tax-sparing provisions. If the bank's tax authorities are willing to treat the tax certificate as an allowable credit, and if the bank has sufficient taxable capacity to reclaim the full value of the certificate, then the bank's return can be increased significantly. Furthermore, the value of the tax certificate increases with the level of interest rates. For example, if LIBOR was at 15% and the spread at 2%, the bank would receive interest at 17%. In addition, since this is regarded as being net of the notional withholding tax, the certificate will be for a sum equivalent to an interest rate of 38% (assuming a 15% rate of withholding tax on gross interest payments) rather than the 2.55% (15% of 17%) which would apply if a similar loan were made under the tax-sparing provisions of a double taxation agreement.

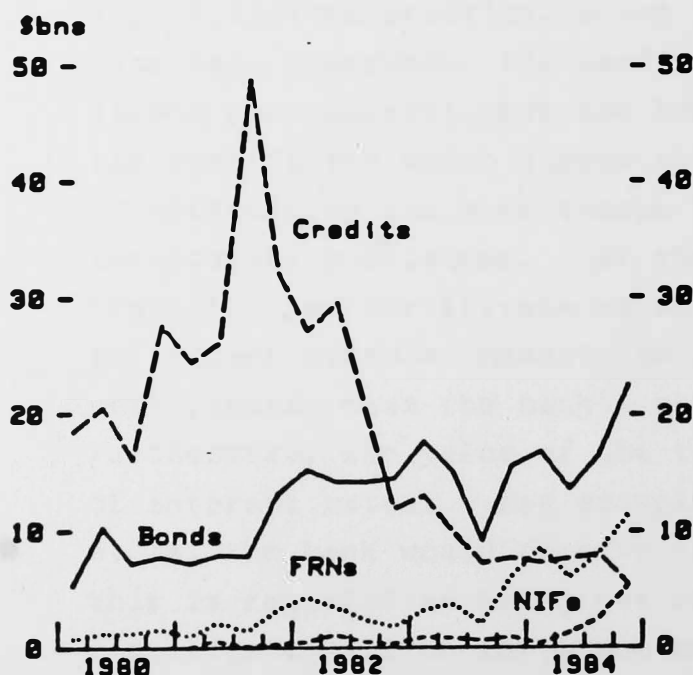
129 However, although this "tax bonus" represents a substantial benefit to the banks, it is usually regarded as being a windfall gain and is probably not reflected in the level of the spread (although there may be informal arrangements for part of the benefit to be passed back subsequently to the borrower). This is because there is no guarantee that the bonus will continue to be available - the tax authorities of either the bank or the borrower could remove the benefit without the bank having any recourse which would enable it to recoup the loss.

## VI THE FUTURE OF THE MARKET

130 As noted in the last part of section IV, developments over the past two or three years in the syndicated credits market have been dominated by the serious debt servicing difficulties affecting many East bloc and developing countries. These problems have cast a heavy shadow over the market, and one from which there can be no immediate prospect of relief. Even the most optimistic commentators would not envisage a return by these major debtors to substantial new market borrowing within the next two or three years, and there are some whose prognostications are a good deal more gloomy.

131 More recently, the market has come under substantial pressure from the competing attractions for borrowers of securities issues in the euromarkets. The sudden prominence achieved by floating-rate paper (in the form of notes and note issuance facilities<sup>44</sup>)

## Recent Euromarket Activity



and the highly competitive terms available to quality borrowers through this route, together with the continuing buoyancy of the international fixed-rate bond markets - which have maintained the high level of primary activity first achieved in the latter part of 1981 after several years of stagnation - have encouraged the best risks to switch their borrowing into securitised form and away from the syndicated credits market. In some cases, this has been at the expense of existing syndicated loans, which have been repaid

44 International Financing Review (1984) contains much useful information on, and discussion of, these facilities.

before their due date and replaced by issues of securities affording the borrowers both cheaper funding and greater flexibility. As the chart makes clear, the credits market is now by no means the predominant sector it was until 1982 and, even when reschedulings and new money loans are included, the switch from eurocredits to europaper is still evident.

132 The two major influences just set out - the one, a general reduction in demands on the markets; the other, a switch away from credits to securities - have together sharply reduced the use of the syndicated credits market by both the best risks and the weaker amongst the developing countries, leaving a market that is increasingly the preserve of intermediate borrowers - the higher risks amongst OECD borrowers and those developing country borrowers which have not experienced serious debt servicing difficulties. What forces are now likely to shape the future path of the market?

#### General influences on banks' international lending

133 Potentially the most important general factor to be considered in assessing the outlook for syndicated credits is that of banks' strategies and targets for the years ahead. The 1970s were, as noted in the Introduction, a time of transition during which many banks around the world were adjusting to the opportunities opened up by the internationalisation of economic activity. Their balance sheets have undergone a substantial transformation, with international assets - once a small part of their claims - now a substantial element of their portfolios. It is the nature of such portfolio shifts that, while they are in train, the accumulation of the preferred assets can be very rapid; but, as a given transition is completed, this rapid growth must, as an arithmetic necessity, slow down and keep much more in line with the overall growth in banks' balance sheets.

134 Quite apart from the unwinding of the effects of this long-term process initiated by the change in banks' horizons, there are several strategic forces more directly impinging on



banks' preferred allocation of assets between domestic and international claims, and the composition of those international assets. The wave of deregulation in the provision of financial services in many of the major financial centres is not only exerting a profound influence on the competitive environment and business opportunities in banks' domestic markets but is also opening up to them new overseas opportunities in these centres. These possibilities have the potential to cause major balance sheet effects; and while international business as a whole may not suffer, its form may change significantly. Of course, some banks may well have been persuaded by recent debt difficulties that international lending should be avoided, and there is certainly much talk of "pulling out" - particularly amongst the smaller institutions. But the inevitable continuing requirement of debtors in difficulties for packages of financial support will restrict such banks' freedom to implement any such strategy, and there are many banks which remain keen to resume market lending when circumstances justify it. It remains to be seen whether this talk of returning to domestic business will be reflected in the realities of lending.

135 A subsidiary point worth passing mention here, in the context of banks' strategies, is the constraints on their ability to put such strategies into practice. The restriction posed by debt difficulties on their freedom of manoeuvre in the international context has already been noted. The more general balance sheet impact of banks' capital positions must also be borne in mind. There is a widespread trend towards stricter and more prudent capital requirements for banks, stimulated at least as much by the problems many banks have encountered with domestic assets as by the international problems, and a concerted effort to reverse - or at least halt - the downward trend in banks' capital ratios which had been evident for some years. This will tend to constrain banks' abilities to intermediate flows by comparison with other institutions, and is one of the factors behind the attractiveness to banks of fee-earning (rather than asset-creating) business and off-balance-sheet activities.

136 Two further general influences can be identified, both of them factors noted in the Introduction as having contributed to the rapid growth of the euromarkets in the 1970s but which may now be exerting a different influence. First, the pattern of global wealth holding is shifting away from investors with a preference for bank deposits and towards "traditional" investors more willing to hold claims on ultimate borrowers. Furthermore, oil producers' preferences are themselves changing and their investment strategies are becoming more broadly based. To the extent that changes in the pattern of wealth holding were a contributory factor to the growth of the euromarkets, the changes now in train will tend to reduce the level of euromarket activity.

137 Finally, the prospects for inflation over the next few years are for rates significantly lower and more stable than those of the 1970s. This will improve the climate for fixed-rate borrowing and correspondingly reduce the advantages of floating-rate instruments. Added to the prevalence of floating-rate paper available in the euromarkets, this will further reduce the potential demand for floating-rate syndicated loans.

#### Influences specific to syndicated loans

138 Some have seen the emergence of the substantial debt servicing difficulties affecting some of the major users of the syndicated credits market as casting doubt on the suitability of syndication as a financing technique. They have concluded that it tends to encourage excessive competition, unduly thin margins, lax risk assessment and overlending - with participants relying overmuch on the reputation of lead managers rather than forming a view of their own. They contend that this will tarnish the market's image and make banks - and even borrowers - reluctant to participate in future. There is an element of truth in these criticisms, and it is doubtless true that banks will now be much more realistic in their lending activities, be they in syndicated or in other forms; but these criticisms are not new, and are not

peculiar to syndicated credits: they have surfaced at many points in the market's life and should not be thought of as a novel reason for predicting the market's demise.

139 Of rather more importance is the observation that many of the smaller banks, which formed a significant part of the market, are showing reluctance to continue their involvement; even some of the major banks, previously heavily involved in the syndication process, are apparently re-examining their role in the market and are developing capacity to engage in other activities less constrained by capital and risk considerations. Some banks are reported to have disbanded or substantially slimmed down their syndication departments and reallocated staff to other activities.

140 Whether this is simply a temporary phase it is as yet impossible to determine. Partly, no doubt, because of the rigidities imposed on parts of their balance sheets by reschedulings and unspontaneous lending, banks certainly feel at present that it is crucial that their remaining assets be as liquid as possible, and liquidity has not been a characteristic of syndicated loans in the past: as noted on page 11, it is by no means easy to sell off participations in existing loans, and the market - even in quality names - is not substantial.

141 This is one of the reasons for the surge in activity in notes, for these - which are apparently now held by banks in substantial quantities - are easily traded and certainly appear to be highly liquid (but this could change if the borrower gets into difficulties). The credits market is not, however, completely inflexible. The increasing evidence of trading in participations, and the recent innovation of transferable loan facilities (as yet little used, but a technique which could restore some of the attractiveness of credits by making them readily transferable), show that techniques in the market are flexible and can adapt to banks' and borrowers' perceived needs. If these aspects of the market continue to develop, they will add to its attractiveness and help to overcome some of the competitive

edge now shown by the securities markets; they may result in a rather different market, but it will be one which is still identifiably the syndicated credits market.

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142 In sum, there are various forces at work which may to a greater or lesser extent move the euromarkets - and, with them, that for syndicated credits - in a direction different from that seen during the 1970s, as they evolve to meet the new demands being made on them. But there is considerable uncertainty about the likely strength of these pressures and the probable balance between them. There are signs, in the recent innovations adding transferability to the syndicated credit, that the credits market too is adapting to the changes taking place; and in any market there is a certain inertia which enables existing instruments to survive in circumstances when they would not be used were they not already available. A significant recovery in the market is not imminent; but, at the very least, the substantial stock of credits outstanding, and the long-term claims in syndicated form created by the reschedulings which have recently taken place, mean that the syndicated credit will be with us for some time to come.

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## 1 Basic criteria for inclusion

The Bank of England data relate to new syndicated medium-term eurocurrency credits for which the minimum details of borrower and amount are known. The criteria for inclusion are as follows:

### New

In addition to ordinary new loans, a loan that replaces a previous loan (or loans) which has been repaid early (refinancing) is generally also admitted. When an existing credit is restructured, it will be included as a new credit if the size, the maturity or the make up of the syndicate have been substantially altered, but not if only the spread has changed.

### Syndication

Syndication by a group of banks to a range of participating banks is not strictly necessary: club deals, where no selling down by a management group is involved, are also included, but deals where one bank is the sole provider of funds are excluded. The vast majority of deals included are, however, syndications in the standard sense.

### Medium-term

Until the end of 1982, only credits with an original final maturity of at least three years were included in the Bank of England data. However, it was then becoming clear that an increasing amount of syndicated lending was being done in the one-to-three year band; so it was decided to extend the maturity range down to one year. The data were revised back to 1979 to reflect this change; in 1979, the additional loans thereby included amounted to some \$6 bn, 7.7% of the year's total.

### Eurocurrency

The boundaries defined by this criterion are perhaps the hardest to identify precisely, because there is often no clear direct evidence of whether or not funds raised in the euromarkets are being used. The intention is to include loans for which at least part of the funding is from the euromarkets, so loans which show evidence of domestic funding (eg dollar loans with US prime options) are not automatically excluded.

In general, it is assumed that the presence in a lending syndicate of at least one bank (including foreign branches and subsidiaries) located outside the country of the currency in which the loan is denominated is a prima facie indication that the loan has been funded at least in part from the eurocurrency market.

In the case of eurodollar loans, this normally requires that part of the loan has been made by banks physically outside the US - eg in Europe or in offshore centres such as the Bahamas or the Netherlands Antilles. In addition, the definition also encompasses cases where a dollar loan is booked through the head office of a US bank but is financed by borrowing in the eurodollar market; a spread based on the London Interbank Offered Rate (LIBOR) is a good indication that this is in fact the case. However, this is not conclusive and such a credit may in practice be difficult to distinguish from a loan which is financed through borrowing in the domestic currency market so it would generally not be included in the figures unless there is evidence of participation by non-US banks in the loan. Loans with spreads quoted above, for example, US prime rate are, however, included if in all other respects they appear to satisfy the criteria for inclusion.

In summary, therefore, the following are looked for to determine whether a loan is a eurocredit:

- (1) Reference to spreads that are related to LIBOR or a similar eurocurrency interest rate base; and

- (2) Participation of banks located outside the country of the currency involved.

In practice, most eurocredits are easily identifiable and the above rules need only be applied to a few marginal cases.

## 2 Exclusions

Loans which are not ultimately the risk of the lending banks are excluded. This principally excludes export-related lending which is covered by creditor government guarantees; if only part of a loan is so guaranteed, only that portion is excluded.<sup>1</sup>

Loans which are announced as standby facilities, or for which it is otherwise clear that drawdown is unlikely, are also excluded (though if evidence subsequently emerges that use has been made of such facilities, they are included in the totals). It is of course not normally known whether any particular loan has in fact been drawn; the objective is simply to exclude those for which there is strong evidence that they have not and will not be used.

One grey area, of some significance in terms of its magnitude, is that of standby facilities arranged - largely, though not exclusively, by US corporations - in the course of takeover activity. Such facilities were particularly numerous in the late Summer of 1981; and about \$35 bn are included in the data for that period as satisfying the basic eurocurrency criteria and showing evidence of having been drawn (amounts totalling some \$40 bn were originally completed, but some were withdrawn). There was a similar flurry of activity early in 1984, when four deals totalling \$35 bn were arranged. As it is not yet clear whether more than a small amount will ever be drawn (at least one deal, worth \$12 bn, has already been cancelled), these have not yet been included.

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<sup>1</sup> It should be noted that commercial banks' participations in loans made as part of co-financing arrangements with the World Bank are included in the database (although the World Bank portion is not) because they are not guaranteed.



### 3 Information recorded

A wide range of information is recorded for each individual credit - though, in practice, by no means every detail of each loan is always available. Most of the items recorded - such as the interest rate base, spread, maturity, grace period, fees, managing banks - are self-explanatory, though two do perhaps call for particular mention here: announcement date and nationality of borrower.

- the announcement date is the publication date of the source in which the announcement of a loan is first noted. This will be when firm details of amount, spread, maturity and lead managers are announced rather than unconfirmed or provisional terms. Further details may be added to our records later, including changes in the size of loan from that indicated at announcement due to over- or under-subscription. In such cases, the figures are revised. On occasion, a loan is not picked up until after it is signed or completed; in such cases, the announcement date is treated as being the month preceding the month of completion.
- The nationality of borrower is usually clear in the source, but problems may arise for a subsidiary whose parent is of a different nationality to the country of incorporation of the borrower. The practice adopted is to classify the credit under the nationality of the subsidiary company unless it is clear that the subsidiary is merely a financial one or the credit bears the guarantee of the parent. When, in the case of non-financial subsidiaries, the precise extent of foreign ownership is not clear, the subsidiary is classified under the country of incorporation; a similar practice is adopted in cases where the loan is guaranteed by the government of, or some other institution within, the country of incorporation. The country groupings used in the tables are set out in Annex 2.

# ANNEX 2 - COUNTRY CLASSIFICATION<sup>1</sup>

## 1. Major OECD

Belgium	[Luxembourg]
Canada	Netherlands
France	[Switzerland]
[Germany (West)]	United Kingdom
Italy	United States of America
Japan	

## 2. Minor OECD

Australia	New Zealand
Austria	Norway
Denmark	Portugal
Finland	Spain
Greece	Sweden
[Iceland]	Turkey
Ireland	Yugoslavia

## 3. Oil exporters

Algeria	Kuwait
Bahrain	[Libya]
[Brunei]	Nigeria
Ecuador	[Oman]
[Gabon]	[Qatar]
Indonesia	Saudi Arabia
Iran	Trinidad & Tobago
Iraq	United Arab Emirates
	(including Abu Dhabi,
	Dubai)
	Venezuela

## 4. Eastern bloc

[Albania]	Poland
Bulgaria	Romania
Czechoslovakia	Soviet Union
East Germany	
Hungary	

## 5. Newly Industrialising countries (NICs)

<u>Latin America</u>	<u>Asia</u>	<u>Africa</u>	<u>Middle E</u>
Argentina	Hong Kong	-	-
Brazil	[Singapore]		
	South Korea		
	Taiwan		

## 6. Net oil exporters (NOEDCs)

Mexico	[Burma]	[Angola]	[Syria]
Peru	Malaysia	[Congo]	Egypt
		[Tunisia]	

## 7. Other ldc's (Major borrowers only)<sup>2</sup>

Bolivia	India	Ivory Coast	Jordan
Chile	Pakistan	Morocco	
Colombia	Philippines	Sudan	
Costa Rica	Papua New Guinea	Zaire	
Cuba	Thailand	Zambia	
Panama			
Uruguay			

## 8. Others

South Africa  
China

## 9. International Institutions (Major borrowers only)

European Economic Community  
International Investment Bank  
African Development Bank

<sup>1</sup> Countries which have not been major borrowers (less than \$1 bn since 1972) are shown in square brackets.

<sup>2</sup> All countries not specified in other lists fall into this category.

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The data presented in these tables are based on information to hand on 14 January 1985. The most recent figures - in particular, those for 1984 Q4 - may therefore be revised as further information becomes available.

TABLE 1: NUMBER OF SYNDICATED LOANS ANNOUNCED

	OECD		OIL	EAST	NOE	NIC	LDC	OTHER	INT	TOTAL
	MAJ	MIN	EXP	BLOC					INST	
1972	85	37	33	5	11	26	16	11	2	226
1973	73	49	35	15	13	31	39	5	1	261
1974	107	95	27	17	30	68	49	13	3	409
1975	54	78	33	18	36	62	54	8	2	345
1976	59	83	46	16	27	62	65	12	6	376
1977	62	125	91	19	26	71	81	1	5	481
1978	111	142	106	19	50	116	104	1	4	653
1979	113	200	116	35	86	161	140	18	4	873
1980	148	252	136	24	75	149	159	10	4	957
1981	202	195	123	11	94	226	204	11	4	1070
1982	194	160	155	8	68	210	148	17	0	960
1983	129	122	50	7	23	86	59	7	1	484
1984	103	80	31	13	13	77	45	13	1	376
1972	36	8	7	1	3	2	2	3	2	64
	27	6	7	0	0	3	4	5	0	52
	13	10	8	4	4	3	6	1	0	49
	9	13	11	0	4	18	4	2	0	61
1973	8	11	8	4	1	8	4	0	0	44
	16	16	9	4	4	3	7	0	1	60
	25	10	9	6	4	12	17	3	0	86
	24	12	9	1	4	8	11	2	0	71
1974	36	14	10	3	9	15	10	2	0	99
	30	32	7	9	10	18	16	4	2	128
	26	27	5	1	6	21	12	1	0	99
	15	22	5	4	5	14	11	6	1	83
1975	19	18	6	3	11	20	17	4	0	98
	15	22	7	3	13	16	11	0	0	87
	14	16	10	6	4	13	17	1	1	82
	6	22	10	6	8	13	9	3	1	78
1976	19	14	16	4	7	6	26	4	2	98
	17	19	10	6	6	17	12	1	1	89
	13	24	13	3	8	24	11	2	1	99
	10	26	7	3	6	15	16	5	2	90
1977	17	35	25	4	4	15	16	0	1	117
	12	21	15	6	8	15	26	0	1	104
	10	22	25	5	7	21	17	1	1	109
	23	47	26	4	7	20	22	0	2	151
1978	33	33	22	5	7	23	23	0	0	146
	22	34	31	5	8	22	28	0	0	150
	34	34	31	4	22	42	31	0	3	201
	22	41	22	5	13	29	22	1	1	156
1979	26	48	37	11	16	50	34	7	1	230
	26	55	34	7	21	38	37	6	0	224
	33	45	28	7	25	40	39	5	2	224
	28	52	17	10	24	33	30	0	1	195
1980	45	58	43	7	12	36	37	1	1	240
	26	74	32	7	20	34	32	0	1	226
	31	58	28	3	20	37	42	8	0	227
	46	62	33	7	23	42	48	1	2	264
1981	37	50	30	6	29	47	56	2	1	258
	52	58	20	2	17	56	44	4	1	254
	47	29	33	3	25	64	59	4	0	264
	66	58	40	0	23	59	45	1	2	294
1982	52	51	36	2	20	50	41	2	0	254
	57	36	37	1	30	60	59	6	0	286
	45	35	48	4	9	60	31	7	0	239
	40	38	34	1	9	40	17	2	0	181
1983	33	25	18	2	9	26	18	1	0	132
	37	28	9	3	5	14	14	2	1	113
	26	33	15	2	3	24	19	3	0	125
	33	36	8	0	6	22	8	1	0	114
1984	31	20	10	4	3	18	12	3	0	101
	32	20	6	2	4	22	15	4	1	106
	21	19	9	4	3	20	12	6	0	94
	19	21	6	3	3	17	6	0	0	75

TABLE 2: VALUE OF SYNDICATED LOANS ANNOUNCED  
US \$ million

	OECD		OIL	EAST	NOE	NIC	LDC	OTHER	INT	TOTAL
	MAJ	MIN	EXP	BLOC					INST	
1972	3219	1179	874	98	373	903	342	324	120	7433
1973	8725	2625	4131	985	1590	930	1211	463	1000	21660
1974	14486	5240	1222	1195	1894	2244	2156	830	160	29427
1975	2153	3901	2849	2045	2990	3323	1849	431	65	19605
1976	4374	4906	4159	1587	3353	3385	2985	1071	1665	27486
1977	7999	7785	8167	2194	3035	4618	3761	12	1375	38945
1978	15663	10883	9608	2844	8596	9042	7331	150	670	64787
1979	12865	14399	11305	4220	9867	13491	7707	3360	385	77599
1980	20542	19419	12980	2825	6958	11090	7865	593	584	82856
1981	63849	15669	12855	1075	11005	14735	11537	421	352	131499
1982	23688	18388	13819	512	12211	11771	7433	1438	0	89261
1983	8164	13577	5524	548	1284	3531	3849	402	1240	38120
1984	9296	5587	3504	2127	1025	3399	2605	804	125	28471
1972	1774	287	186	35	170	26	42	50	120	2691
	263	132	181	0	0	141	95	167	0	979
	620	303	254	63	87	76	112	82	0	1597
	561	457	253	0	116	660	93	25	0	2165
1973	510	140	893	105	100	445	190	0	0	2384
	2115	1109	581	430	265	58	200	0	1000	5757
	3513	895	2203	400	485	254	480	163	0	8393
	2587	481	454	50	740	173	341	300	0	5126
1974	9613	1302	500	155	235	457	750	200	0	13212
	2112	1584	265	620	882	737	823	285	100	7408
	1723	1487	210	100	349	476	221	28	0	4594
	1038	866	248	320	427	574	362	317	60	4212
1975	851	468	104	360	694	944	389	106	0	3916
	556	1071	821	350	948	579	454	0	0	4780
	438	984	1504	515	534	1116	736	100	25	5951
	309	1378	420	820	814	683	270	225	40	4959
1976	1283	399	683	265	819	265	1364	558	900	6536
	1834	2033	1288	785	665	704	696	30	40	8074
	824	1237	1717	162	542	999	196	205	25	5907
	434	1237	471	375	1328	1418	729	278	700	6969
1977	2415	1986	2194	325	508	1000	599	0	100	9219
	1927	1937	1359	451	748	771	968	0	500	8661
	577	706	2637	543	1580	1202	604	12	50	7910
	3080	3156	1977	875	198	1555	1590	0	725	13155
1978	4100	2375	2845	500	2145	1953	2005	0	0	15924
	3242	2811	1917	814	1822	2009	1212	0	0	13827
	5166	3761	2659	560	2434	3529	1934	0	520	20563
	3155	1936	2188	970	2196	1550	2179	150	150	14473
1979	2790	3020	2447	1715	1973	4315	1731	837	125	18952
	2720	3369	3335	949	3414	3247	1831	2332	0	21197
	2881	4186	3693	1109	2162	2715	2055	190	160	19152
	4474	3823	1830	447	2319	3215	2091	0	100	18298
1980	4843	4471	2544	657	864	2652	2174	35	250	18490
	2411	7020	4365	526	1908	2656	1467	0	159	20512
	2990	2750	3455	792	2354	1895	1413	524	0	16172
	10298	5179	2615	851	1832	3887	2811	34	175	27682
1981	5208	4601	2478	885	3775	3410	4008	57	50	24472
	11014	4482	1949	102	2524	3764	2130	195	20	26181
	36268	1665	2903	88	2150	3435	2180	69	0	48757
	11359	4922	5525	0	2557	4126	3219	100	282	32089
1982	6671	6546	3591	110	4796	3284	1724	410	0	27132
	6960	5036	3536	35	6442	3829	3182	605	0	29625
	7576	4144	3714	317	254	2678	1480	393	0	20557
	2480	2662	2978	50	720	1980	1047	30	0	11946
1983	1731	5350	2278	218	645	1041	1614	200	0	13076
	2253	2950	1689	80	302	930	576	50	1240	10071
	1595	2126	547	250	124	1063	1457	102	0	7265
	2585	3151	1010	0	213	497	201	50	0	7708
1984	1969	1527	944	510	163	1100	669	419	0	7301
	3241	1075	386	500	569	796	744	210	125	7645
	3121	1854	634	577	183	949	490	175	0	7984
	965	1131	1540	540	111	554	701	0	0	5542

Non-dollar amounts are converted to dollars at end-month exchange rates



TABLE 3A: RECENT RESCHEDULINGS  
US \$ billion

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1982			.36	4.24	9.49	2.30	.04			16.43
1983		1.00	11.32	1.92	15.68	14.04	3.03			46.99
1984		1.12	9.84	.60	12.17	12.12	4.34			40.19
1982				1.06						1.06
				1.06						1.06
				1.06	2.67					3.73
			.36	1.06	6.82	2.30	.04			10.58
1983		.25	2.83	.48	3.71	6.21	.64			14.12
		.25	2.83	.48	3.99	2.61	.64			10.80
		.25	2.83	.48	3.99	2.61	.66			10.82
		.25	2.83	.48	3.99	2.61	1.09			11.25
1984		.28	2.46	.15	2.97	3.03	1.08			9.97
		.28	2.46	.15	3.07	3.03	1.08			10.07
		.28	2.46	.15	3.07	3.03	1.08			10.07
		.28	2.46	.15	3.06	3.03	1.10			10.08

TABLE 3B: RECENTLY SYNDICATED 'NEW MONEY' LOANS  
US \$ billion

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1982				.30	5.00	5.90				11.20
1983		.60	.43	.20	4.25	6.50	1.54			13.52
1984				.20		4.20	1.83			6.23
1982										
				.30	5.00	5.90				11.20
1983		.60			.45		.24			1.29
			.43				1.30			1.73
				.20						.20
					3.80	6.50				10.30
1984							.80			.80
				.20			.11			.31
					4.20	.92				5.12

TABLE 4: STATISTICS OF LOAN SIZE DISTRIBUTION  
US \$ million (except Gini coefficient - per cent)

	NO OF LOANS	QUANTILES			DECILES			MEDIAN	MEAN	GINI COEFF
		QTL1	QTL3	RANGE	DEC1	DEC9	RANGE			
1972	226	10	35	25	5	61	56	20	32.9	56.10
1973	261	18	65	47	10	200	190	30	83.0	65.62
1974	409	15	75	60	10	150	140	33	71.9	61.52
1975	345	16	50	34	10	150	140	30	56.8	56.29
1976	376	16	80	64	10	200	190	30	73.1	61.30
1977	481	18	75	57	10	200	190	33	81.0	63.17
1978	653	20	100	80	10	250	240	50	99.2	61.74
1979	873	20	100	80	11	200	189	46	88.9	59.34
1980	957	20	85	65	10	200	190	40	86.6	62.58
1981	1070	20	100	80	11	237	226	46	122.9	69.34
1982	960	20	100	80	10	200	190	45	93.0	62.11
1983	484	19	74	54	10	200	190	31	78.8	63.37
1984	376	15	75	60	8	199	192	30	75.7	63.74
1972	64	10	35	25	6	80	74	18	42.0	63.17
	52	6	26	20	3	40	38	13	18.8	47.96
	49	10	30	20	7	82	76	20	32.6	52.29
	61	12	40	28	8	64	56	22	35.5	50.19
1973	44	10	50	40	7	200	193	20	54.2	60.42
	60	15	100	85	10	200	190	25	95.9	68.65
	86	20	100	80	10	200	190	40	97.6	66.86
	71	20	61	41	10	150	140	35	72.2	60.33
1974	99	20	100	80	10	300	290	50	133.5	71.77
	128	20	80	60	10	150	140	36	57.9	47.90
	99	15	50	35	10	100	90	29	46.4	53.77
	83	15	75	61	10	130	120	30	50.7	50.49
1975	98	15	40	25	8	100	92	23	40.0	52.22
	87	13	70	57	9	150	142	30	54.9	52.87
	82	20	60	40	10	200	190	30	72.6	59.00
	78	19	60	41	10	150	140	30	63.6	55.07
1976	98	20	80	60	11	175	164	30	66.7	57.56
	89	15	100	85	10	250	240	32	90.7	63.13
	99	15	55	40	6	140	134	28	59.7	61.53
	90	16	70	54	10	216	206	35	77.4	59.98
1977	117	14	60	46	8	150	142	25	78.8	70.02
	104	20	100	80	12	200	188	40	83.3	57.10
	109	20	66	46	12	150	138	30	72.6	61.61
	151	20	77	57	11	250	239	40	87.1	61.39
1978	146	20	100	80	10	250	240	50	109.1	62.73
	150	18	100	82	10	250	240	40	92.2	61.99
	201	20	100	80	10	250	240	50	102.3	63.78
	156	20	100	80	12	250	238	50	92.8	56.87
1979	230	25	100	75	11	200	189	50	82.4	54.77
	224	20	100	80	10	200	190	50	94.6	60.92
	224	21	100	79	12	200	188	50	85.5	56.68
	195	20	80	60	11	250	239	40	93.8	64.31
1980	240	20	78	58	10	200	190	32	77.0	60.08
	226	18	75	57	10	250	240	40	90.8	63.55
	227	16	90	74	10	200	190	31	71.2	58.27
	264	20	100	80	10	250	240	47	104.9	65.32
1981	258	20	104	84	12	211	199	50	94.9	57.80
	254	20	95	75	10	200	190	40	103.1	68.26
	264	20	85	65	10	250	240	40	184.7	79.91
	294	24	110	86	13	250	238	50	109.1	60.68
1982	254	21	100	79	10	250	240	50	106.8	62.92
	286	20	100	80	10	250	240	50	103.6	62.87
	239	20	87	67	10	150	140	35	86.0	63.75
	181	20	88	68	10	150	140	43	66.0	51.73
1983	132	18	100	82	10	250	240	31	99.1	67.06
	113	20	80	60	11	200	189	40	89.1	62.22
	125	19	50	31	10	150	140	30	58.1	56.27
	114	20	55	35	8	120	112	30	67.6	61.98
1984	101	15	77	62	8	175	167	29	72.3	62.31
	106	18	90	73	10	150	140	30	72.1	59.01
	94	12	65	54	7	180	173	24	84.9	71.90
	75	18	75	57	9	228	219	36	73.9	58.57

TABLE 5: CURRENCY OF DENOMINATION  
Percent

	US DLR	CAN DLR	DM	STG	SW FC	FR FC	OTHER OECD	COMP CURR	MIDDLE EAST	FAR EAST
1972	90.1	.3	1.4	6.3	1.6		.4			
1973	99.2	.0	.6	.0	.2				.0	
1974	98.3		1.3		.1		.2		.1	
1975	96.7		2.4	.2		.0	.6		.1	
1976	97.0		2.8		.2	.0	.0			
1977	96.9		2.4		.3	.0	.2		.0	.1
1978	98.0		1.4				.2		.1	.3
1979	96.6		2.6		.1	.2	.3			.3
1980	96.5	.2	1.5	.2	.5	.4	.3	.0	.2	.2
1981	95.1	.5	1.2	.8	.3	.2	.4	1.1	.1	.3
1982	94.3	.2	.6	1.3	.4	.1	.8	.4	.3	1.7
1983	90.6	.1	1.0	4.9	.6	.1	.5	2.1	.0	.2
1984	86.0		1.6	3.1	.5		.8	7.9	.2	
1972	78.6	.7		17.4	2.3		1.0			
	96.6				3.4					
	93.9		5.2		.9					
	98.6		1.1		.4					
1973	98.1		.1		1.4				.4	
	99.5		.5							
	98.8	.1	1.0	.1						
	99.8		.2							
1974	99.0		.8				.2			
	97.1		2.3		.1		.3		.2	
	97.0		2.3		.3		.5			
	99.8		.1						.1	
1975	96.9		1.7	1.0					.4	
	96.5		2.9			.1	.4			
	97.3		2.7							
	96.0		2.1				1.9			
1976	98.1		1.9			.0				
	98.7		1.2				.1			
	92.4		7.6							
	97.8		1.5		.7					
1977	93.4		6.2		.3	.1				
	97.3		.8		1.0		.8			
	98.0		2.0							
	98.5		1.0						.1	.4
1978	99.1		.9							
	97.8		1.9						.4	
	97.9		1.3				.7			.1
	97.4		1.5							1.1
1979	94.6		5.0				.3			
	98.3		.9		.1		.4			.3
	96.5		2.4		.1	.6	.3			.1
	96.5		2.3		.3	.2				.7
1980	96.6		2.2		.4	.2	.3		.3	
	95.7	.8	.6	.1	.5	.8	.7	.1	.4	.3
	95.0		3.9		.3	.2				.7
	97.8		.3	.6	.5	.4	.3			
1981	94.4		1.8	.1	.3	.2	.3	2.7		.1
	96.6		.6	.4	.4	.3	.2	.5	.7	.2
	96.8	1.4	.9	.1	.1	.0	.1			.5
	91.8		1.6	2.5	.3	.4	1.2	1.8		.4
1982	98.3		.1	.1	.1	.1	.5			.9
	93.4		.4	.9	.4	.0	.4	.7	.4	3.5
	93.2	.3	.9	3.3	.2	.0	.8		.6	.6
	89.6	.8	1.5	1.3	1.4	.3	2.4	1.6		1.1
1983	95.5	.1	.5	.7	.7			2.4		
	94.8		1.5	1.9	.5	.1	.3	.6		.3
	83.0		1.2	12.3	1.0	.3	.7	1.5		
	84.0		1.0	8.9	.4		1.2	4.0	.1	.5
1984	85.1		2.6	2.0	.2		1.2	9.0		
	90.7		.6	4.2	.5		.4	2.9	.7	
	87.0		2.7	2.9	.4		.7	6.3		
	79.1		.1	3.5	.9		1.1	15.3		

Other OECD: Belgian Fc/Luxembourg Fc/Guilder/Swedish Kr/Norwegian Kr/Australian Dollar  
 Comp curr: SDR(1981)/ECU(1980,1982-4)  
 Middle East: Kuwaiti Dinar/UAE Dirham/Saudi Riyal  
 Far East: Yen/Hong Kong Dollar/Singapore Dollar

TABLE 6: MEAN SYNDICATION TIMES  
Months

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1980	1.2	2.1	3.8	2.0	1.9	2.3	2.4	2.2	.8	2.2
1981	1.0	2.0	2.1	1.8	2.4	2.7	2.6	1.7	2.1	1.7
1982	1.6	2.0	1.6	1.2	1.6	1.5	1.7	1.8		1.7
1983	1.6	1.9	1.5	1.1	1.5	1.5	1.8	.5		1.7
1984	1.6	1.0	1.3	2.3	1.0	1.1	1.7			1.4
1980	1.2	1.7	2.5	3.1	1.6	2.1	2.4	.0	.9	1.9
	1.5	2.8	2.4	1.8	1.5	3.3	2.4		.5	2.5
	1.5	1.5	5.0	1.6	2.0	3.0	2.3	2.5		2.5
	1.0	1.8	6.2	1.7	2.3	1.6	2.5	.3	2.0	2.1
1981	2.0	2.2	2.1	2.0	2.7	4.4	3.3	1.1	4.0	2.7
	1.6	1.8	2.7	1.0	2.7	2.3	2.2	1.9	6.8	2.0
	.6	1.6	2.7	1.1	2.1	2.2	2.5	1.5		1.0
	1.4	2.3	1.6		1.7	2.0	2.1	1.6	1.5	1.7
1982	1.9	2.5	1.6	1.2	1.6	2.0	1.9	2.1		2.0
	1.7	1.8	1.6		1.7	1.2	1.6	1.3		1.7
	1.4	2.2	.0			.3	1.1			1.6
	1.5	1.2								1.3
1983	2.1	1.9	1.5	1.3	1.6	1.8	1.5	.6		1.8
	1.5	1.9	1.9	1.7	2.1	1.3	1.7	.4		1.7
	1.4	1.9	1.3	.8	.8	1.6	1.9	.5		1.6
	1.3	1.8	1.1		1.1	1.3	3.4	.6		1.5
1984	1.7	.9	1.3	2.3	1.1	1.1	2.9			1.4
	.7	.8	1.0		1.0		.9			.9
	1.6			2.3						2.2
	.5	1.7				.7	1.4			1.5

These data are particularly susceptible to revision for recent quarters

TABLE 7: ESTIMATED DRAWDOWN OF SYNDICATED LOANS  
US \$ million

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	2658	802	651	98	257	243	249	299	120	5377
1973	6699	2521	3887	935	966	1416	963	188	1000	18576
1974	16035	4855	1442	925	2206	1843	2135	813	100	30354
1975	3108	3461	2676	1755	2907	2939	2101	523	125	19595
1976	4090	5830	3708	2022	2556	3616	2797	1057	965	26641
1977	5757	5931	6617	1391	4174	4326	2932	240	1475	32843
1978	16578	11806	10259	3102	6776	9023	6532	12	1270	65358
1979	11898	12437	10797	4528	9595	12694	7258	3210	285	72702
1980	17757	18185	12391	2892	8030	11447	8455	817	534	80508
1981	64081	18057	13143	1420	10908	13107	10886	497	200	132301
1982	28512	19728	13420	462	12776	12897	8823	1408	302	98328
1983	7307	12365	8430	598	1971	5370	4802	432	1240	42517
1984	9588	6834	2036	1587	947	3006	2296	804	125	27224
1972	696	232	38	35	120	26	42	40	60	1289
	1109	40	266	0	50	91	20	22	60	1658
	243	143	94	0	30	50	108	155	0	823
	610	387	254	63	57	76	79	82	0	1608
1973	569	399	223	20	116	700	93	25	0	2146
	541	118	893	85	100	405	190	0	0	2332
	2276	1109	581	430	265	58	200	0	1000	5918
	3313	895	2190	400	485	254	480	163	0	8180
1974	3087	781	454	50	740	173	251	300	0	5836
	8673	1282	525	230	340	512	1190	200	0	12952
	2552	1304	253	545	777	682	473	285	100	6971
	1723	1487	210	100	349	476	221	28	0	4594
1975	1226	1084	248	320	447	1054	362	317	60	5118
	510	264	204	360	924	602	438	106	0	3407
	679	993	711	400	620	622	591	0	0	4617
	693	1120	1514	675	916	661	710	100	65	6453
1976	1225	1447	589	830	730	1168	904	425	300	7617
	928	314	1207	510	799	385	649	358	40	5190
	1288	2401	374	320	475	804	571	30	625	6888
	649	1669	1539	362	552	1259	672	244	0	6946
1977	2464	1666	2231	225	1408	885	398	240	700	10215
	1451	984	892	294	558	893	712	0	600	6385
	1069	1667	2037	632	798	914	661	0	0	7776
	774	1614	1458	240	1410	1634	1162	0	175	8467
1978	3527	3206	4099	1428	708	2084	1688	12	600	17351
	4935	2461	1393	450	2670	1110	1769	0	0	14787
	4386	2651	1935	414	1374	1919	1443	0	500	14622
	3730	3488	2833	810	2025	3910	1632	0	170	18598
1979	2271	2186	2067	1475	2843	2187	2153	150	125	15457
	2687	2760	2098	1380	1337	4086	1805	537	0	16691
	3248	4288	3320	834	3784	2340	2226	2362	0	22402
	3692	3203	3312	840	1631	4080	1075	160	160	18152
1980	5043	5562	2801	705	2331	2645	3240	335	100	22762
	2830	4399	2690	440	2013	2061	1479	0	409	16321
	3517	4761	3728	600	1475	2188	1764	30	0	18062
	6366	3464	3171	1148	2212	4553	1973	452	25	23363
1981	9833	6000	1854	745	1826	1676	2823	66	150	24973
	4317	5724	3380	535	2185	3006	2842	118	50	22156
	39154	2917	772	90	4468	4042	2074	150	0	53668
	10777	3415	7137	50	2429	4384	3147	164	0	31504
1982	8036	3825	2007	110	1799	3532	2507	250	302	22368
	6543	5707	4460	0	7220	3922	2328	410	0	30590
	5681	5667	3245	35	3453	2956	2595	355	0	23986
	8252	4530	3708	317	305	2487	1392	393	0	21384
1983	804	2362	4678	268	811	2314	1854	230	0	13322
	2661	4987	1607	65	707	1517	1028	25	0	12596
	1879	2591	1023	265	214	261	1406	127	1240	9007
	1963	2425	1122	0	240	1278	514	50	0	7593
1984	1580	2894	922	135	33	390	117	0	0	6071
	1977	667	139	375	663	851	738	419	0	5828
	2910	1033	341	500	69	796	651	210	125	6634
	3121	2240	634	577	183	969	790	175	0	8690

Based on loans announced since 1972

See Section V page 37 for details of method used in estimation



TABLE B: ESTIMATED REPAYMENTS OF SYNDICATED LOANS  
US \$ million

	OECD		OIL	EAST	NOE	NIC	LDC	OTHER	INT	TOTAL
	MAJ	MIN	EXP	BLOC					INST	
1972	159	22	24	4	10	9	7	5	12	252
1973	603	154	169	25	51	102	61	54	24	1242
1974	2031	537	679	170	199	240	262	109	178	4405
1975	3511	1180	841	332	485	545	523	238	221	7877
1976	4102	1742	1446	726	1016	1050	958	379	267	11687
1977	4557	2649	2114	1039	1540	1751	1426	531	512	16120
1978	5121	3432	3069	1309	2141	2423	1965	511	668	20640
1979	6470	4271	4168	1550	2825	3197	2512	543	722	26259
1980	7432	5112	7182	1598	3462	3586	2806	1088	683	32948
1981	10208	6876	9037	1542	3927	4221	3657	1000	582	41050
1982	17558	7485	11253	1677	5617	5552	4432	940	479	54992
1983	19755	9212	10847	1964	7970	6460	4723	1238	311	62479
1984	19212	9932	7043	2331	6135	7286	4968	898	433	58239
1972	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	58	19	4	4	7	2	6	4	6	108
	102	3	20	0	4	7	1	2	6	144
1973	82	29	11	4	9	6	14	16	6	177
	175	31	40	5	10	11	6	10	6	294
	122	54	27	5	17	51	23	19	6	324
	223	40	90	11	15	35	18	10	6	447
1974	217	117	62	39	33	54	37	19	83	660
	430	86	247	38	34	49	43	17	6	951
	419	165	93	41	81	63	51	41	83	1036
	965	169	277	52	51	75	131	32	6	1758
1975	588	249	109	78	120	99	88	62	90	1481
	1085	289	298	59	75	106	145	36	6	2098
	711	330	121	108	155	190	107	95	120	1936
	1128	311	314	88	135	149	184	46	6	2362
1976	768	411	191	146	218	242	160	95	120	2349
	1201	403	454	151	225	213	234	56	13	2949
	863	496	245	227	285	345	267	139	120	2986
	1271	433	556	202	288	251	298	89	15	3403
1977	922	691	278	259	328	408	321	144	188	3540
	1331	579	666	238	372	382	366	110	15	4059
	956	721	440	278	422	490	311	168	252	4038
	1349	658	729	264	418	470	428	109	57	4482
1978	997	793	539	318	479	561	361	156	252	4455
	1343	753	839	281	540	579	510	101	60	5006
	1144	1006	784	416	517	664	486	154	295	5467
	1637	879	907	293	606	619	609	101	60	5712
1979	1428	1142	899	417	565	774	513	152	295	6184
	1684	931	1052	331	738	749	699	101	62	6346
	1548	1194	943	434	717	815	588	150	304	6694
	1809	1005	1274	368	805	860	712	141	62	7035
1980	1630	1292	1383	429	834	852	602	396	304	7722
	1845	1024	1780	380	863	911	734	154	62	7753
	1914	1646	1995	422	861	864	681	392	232	9008
	2043	1150	2024	367	904	958	788	145	85	8465
1981	2384	1985	2030	382	849	916	733	391	232	9902
	2393	1227	2381	381	1082	1105	929	136	82	9716
	2946	2204	1773	396	905	992	993	355	185	10749
	2486	1459	2853	384	1091	1207	1001	117	82	10682
1982	5312	2112	1488	426	1093	1129	1023	350	182	13116
	3170	1421	3939	379	1193	1453	1184	124	82	12946
	5661	2120	1768	487	1028	1363	921	354	132	13834
	3415	1833	4058	384	2303	1607	1303	111	82	15096
1983	6039	2383	2634	476	1685	1519	1106	422	79	16343
	3695	2088	3044	447	2167	1597	1190	172	73	14474
	6179	2426	2810	580	2325	1603	1307	436	79	17746
	3841	2315	2358	462	1793	1741	1120	207	79	13917
1984	6033	2397	2134	571	1390	1734	1342	409	127	16137
	3899	2522	1494	499	1771	1823	1112	166	68	13354
	5633	2555	1965	654	1377	1782	1330	166	127	15590
	3647	2458	1449	609	1597	1947	1184	157	110	13159

See footnotes to table 7

TABLE 9: ESTIMATED NET SYNDICATED LENDING  
US \$ million

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	2498	780	627	95	247	234	242	294	108	5125
1973	6096	2367	3718	910	916	1314	902	134	976	17334
1974	14004	4318	763	755	2008	1602	1873	704	-78	25949
1975	-403	2281	1835	1423	2422	2394	1577	285	-96	11718
1976	-12	4088	2262	1296	1540	2567	1839	677	698	14954
1977	1200	3282	4502	352	2634	2575	1507	-291	963	16724
1978	11457	8374	7190	1793	4635	6600	4566	-499	602	44718
1979	5428	8166	6629	2978	6770	9496	4747	2666	-437	46444
1980	10325	13073	5208	1294	4568	7862	5649	-271	-149	47560
1981	53873	11181	4107	-122	6981	8887	7230	-503	-382	91252
1982	10954	12243	2166	-1214	7160	7345	4391	468	-177	43336
1983	-12447	3153	-2417	-1366	-5999	-1090	80	-806	929	-19963
1984	-9623	-3098	-5007	-744	-5188	-4280	-2672	-94	-308	-31015
1972	696	232	38	35	120	26	42	40	60	1289
	1109	40	266	0	50	91	20	22	60	1658
	185	124	90	-4	23	48	102	151	-6	715
	509	384	233	63	54	70	78	81	-6	1464
1973	487	370	212	17	107	694	79	9	-6	1969
	366	88	853	80	90	394	184	-10	-6	2039
	2153	1054	554	425	248	7	177	-19	994	5594
	3090	856	2100	389	471	219	462	153	-6	7733
1974	2870	664	392	11	707	119	214	281	-83	5176
	8243	1196	278	192	306	463	1147	183	-6	12002
	2133	1140	160	504	696	619	422	244	17	5935
	758	1318	-67	48	299	401	90	-4	-6	2836
1975	638	835	139	242	328	955	274	255	-30	3636
	-575	-25	-93	301	849	495	294	70	-6	1310
	-32	663	590	292	465	432	484	-95	-120	2681
	-435	808	1199	587	781	512	526	54	59	4091
1976	456	1036	397	684	512	927	744	330	180	5268
	-273	-90	753	359	575	172	416	302	28	2241
	426	1905	129	93	189	459	304	-109	505	3902
	-622	1237	983	160	264	1008	374	154	-15	3543
1977	1541	975	1952	-34	1080	477	77	95	512	6675
	121	405	225	56	186	511	346	-110	585	2325
	113	946	1596	354	376	423	350	-168	-252	3738
	-575	956	728	-24	992	1164	734	-109	118	3985
1978	2531	2413	3560	1110	229	1523	1327	-144	348	12896
	3592	1708	554	169	2130	531	1259	-101	-60	9781
	3242	1645	1151	-2	857	1255	956	-154	205	9155
	2093	2609	1925	517	1418	3291	1024	-101	110	12886
1979	843	1044	1168	1058	2278	1413	1640	-2	-170	9273
	1003	1829	1046	1049	599	3337	1106	437	-62	10345
	1699	3094	2377	399	3067	1526	1637	2212	-304	15708
	1883	2198	2038	472	826	3220	363	19	98	11118
1980	3414	4270	1418	276	1496	1793	2638	-61	-204	15040
	985	3375	910	60	1150	1150	745	-154	347	8568
	1603	3115	1732	178	614	1323	1082	-362	-232	9054
	4323	2313	1148	781	1308	3595	1184	307	-60	14898
1981	7449	4015	-176	363	977	760	2089	-326	-82	15071
	1925	4497	999	154	1103	1900	1912	-19	-32	12440
	36208	713	-1001	-305	3563	3050	1082	-205	-185	42919
	8291	1956	4284	-334	1338	3177	2146	47	-82	20822
1982	2723	1713	519	-316	706	2403	1484	-100	120	9252
	3373	4286	521	-379	6027	2469	1144	286	-82	17644
	20	3547	1477	-452	2424	1593	1674	1	-132	10152
	4837	2697	-350	-66	-1998	880	89	282	-82	6288
1983	-5235	-21	2044	-208	-874	795	749	-192	-79	-3021
	-1035	2879	-1437	-382	-1460	-80	-162	-147	-73	-1878
	-4300	164	-1787	-315	-2111	-1342	99	-309	1161	-8739
	-1878	110	-1236	-462	-1553	-463	-606	-157	-79	-6324
1984	-4453	497	-1212	-436	-1357	-1344	-1225	-409	-127	-10066
	-1922	-1855	-1356	-124	-1108	-972	-374	253	-68	-7525
	-2722	-1522	-1625	-154	-1309	-986	-679	44	-2	-8955
	-526	-218	-815	-31	-1414	-978	-394	18	-110	-4468

See footnotes to table 7

TABLE 10: ESTIMATED STOCK OF SYNDICATED LOANS OUTSTANDING  
US \$ billion at end-period

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	2.5	.8	.6	.1	.2	.2	.2	.3	.1	5.1
1973	8.6	3.1	4.3	1.0	1.2	1.5	1.1	.4	1.1	22.5
1974	22.6	7.5	5.1	1.8	3.2	3.2	3.0	1.1	1.0	48.4
1975	22.2	9.7	6.9	3.2	5.6	5.5	4.6	1.4	.9	60.1
1976	22.2	13.8	9.2	4.5	7.1	8.1	6.4	2.1	1.6	75.1
1977	23.4	17.1	13.7	4.8	9.8	10.7	7.9	1.8	2.6	91.8
1978	34.8	25.5	20.9	6.6	14.4	17.3	12.5	1.3	3.2	136.5
1979	40.3	33.7	27.5	9.6	21.2	26.8	17.3	4.0	2.7	183.0
1980	50.6	46.7	32.7	10.9	25.7	34.6	22.9	3.7	2.6	230.5
1981	104.5	57.9	36.8	10.8	32.7	43.5	30.1	3.2	2.2	321.8
1982	115.4	70.2	39.0	9.6	39.9	50.9	34.5	3.7	2.0	365.1
1983	103.0	73.3	36.6	8.2	33.9	49.8	34.6	2.9	3.0	345.2
1984	93.3	70.2	31.6	7.5	28.7	45.5	31.9	2.8	2.6	314.1
1972	.7	.2	.0	.0	.1	.0	.0	.0	.1	1.3
	1.8	.3	.3	.0	.2	.1	.1	.1	.1	2.9
	2.0	.4	.4	.0	.2	.2	.2	.2	.1	3.7
	2.5	.8	.6	.1	.2	.2	.2	.3	.1	5.1
1973	3.0	1.1	.8	.1	.4	.9	.3	.3	.1	7.1
	3.4	1.2	1.7	.2	.4	1.3	.5	.3	.1	9.1
	5.5	2.3	2.2	.6	.7	1.3	.7	.3	1.1	14.7
	8.6	3.1	4.3	1.0	1.2	1.5	1.1	.4	1.1	22.5
1974	11.5	3.8	4.7	1.0	1.9	1.7	1.4	.7	1.0	27.6
	19.7	5.0	5.0	1.2	2.2	2.1	2.5	.9	1.0	39.6
	21.8	6.1	5.2	1.7	2.9	2.7	2.9	1.1	1.0	45.6
	22.6	7.5	5.1	1.8	3.2	3.2	3.0	1.1	1.0	48.4
1975	23.2	8.3	5.2	2.0	3.5	4.1	3.3	1.4	1.0	52.0
	22.7	8.3	5.2	2.3	4.3	4.6	3.6	1.5	1.0	53.4
	22.6	8.9	5.7	2.6	4.8	5.0	4.1	1.4	.9	56.0
	22.2	9.7	6.9	3.2	5.6	5.5	4.6	1.4	.9	60.1
1976	22.7	10.8	7.3	3.9	6.1	6.5	5.3	1.7	1.1	65.4
	22.4	10.7	8.1	4.2	6.7	6.6	5.8	2.0	1.1	67.6
	22.8	12.6	8.2	4.3	6.9	7.1	6.1	1.9	1.6	71.5
	22.2	13.8	9.2	4.5	7.1	8.1	6.4	2.1	1.6	75.1
1977	23.7	14.8	11.2	4.4	8.2	8.6	6.5	2.2	2.1	81.8
	23.8	15.2	11.4	4.5	8.4	9.1	6.9	2.1	2.7	84.1
	24.0	16.2	13.0	4.9	8.8	9.5	7.2	1.9	2.5	87.8
	23.4	17.1	13.7	4.8	9.8	10.7	7.9	1.8	2.6	91.8
1978	25.9	19.5	17.3	5.9	10.0	12.2	9.3	1.7	2.9	104.7
	29.5	21.2	17.8	6.1	12.1	12.7	10.5	1.6	2.9	114.5
	32.7	22.9	19.0	6.1	13.0	14.0	11.5	1.4	3.1	123.6
	34.8	25.5	20.9	6.6	14.4	17.3	12.5	1.3	3.2	136.5
1979	35.7	26.5	22.1	7.7	16.7	18.7	14.1	1.3	3.0	145.8
	36.7	28.4	23.1	8.7	17.3	22.0	15.3	1.7	2.9	156.1
	38.4	31.5	25.5	9.1	20.3	23.6	16.9	4.0	2.6	171.8
	40.3	33.7	27.5	9.6	21.2	26.8	17.3	4.0	2.7	183.0
1980	43.7	37.9	28.9	9.9	22.7	28.6	19.9	3.9	2.5	198.0
	44.7	41.3	29.9	9.9	23.8	29.7	20.6	3.8	2.9	206.6
	46.3	44.4	31.6	10.1	24.4	31.0	21.7	3.4	2.6	215.6
	50.6	46.7	32.7	10.9	25.7	34.6	22.9	3.7	2.6	230.5
1981	58.0	50.7	32.6	11.3	26.7	35.4	25.0	3.4	2.5	245.6
	60.0	55.2	33.6	11.4	27.8	37.3	26.9	3.4	2.5	258.0
	96.2	56.0	32.6	11.1	31.4	40.4	28.0	3.1	2.3	301.0
	104.5	57.9	36.8	10.8	32.7	43.5	30.1	3.2	2.2	321.8
1982	107.2	59.6	37.4	10.5	33.4	45.9	31.6	3.1	2.3	331.0
	110.6	63.9	37.9	10.1	39.5	48.4	32.8	3.4	2.2	348.7
	110.6	67.5	39.4	9.6	41.9	50.0	34.4	3.4	2.1	358.8
	115.4	70.2	39.0	9.6	39.9	50.9	34.5	3.7	2.0	365.1
1983	110.2	70.1	41.1	9.4	39.0	51.7	35.3	3.5	1.9	362.1
	109.2	73.0	39.6	9.0	37.5	51.6	35.1	3.3	1.9	360.2
	104.9	73.2	37.8	8.7	35.4	50.2	35.2	3.0	3.0	351.5
	103.0	73.3	36.6	8.2	33.9	49.8	34.6	2.9	3.0	345.2
1984	98.5	73.8	35.4	7.8	32.5	48.4	33.4	2.5	2.8	335.1
	96.6	71.9	34.0	7.6	31.4	47.5	33.0	2.7	2.8	327.6
	93.9	70.4	32.4	7.5	30.1	46.5	32.3	2.7	2.8	318.6
	93.3	70.2	31.6	7.5	28.7	45.5	31.9	2.8	2.6	314.1

See footnotes to table 7

TABLE 11: NATIONALITY BREAKDOWN OF SYNDICATED LOAN MANAGERS - 1972 TO 1984  
Percent shares by number of appearances

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
SCANDIN	.9	6.7	.3	.2	.1	.7	.1	.0	1.5	1.9
BRITISH	15.1	11.4	11.1	11.9	10.1	10.4	11.3	18.1	8.0	11.7
DUTCH	1.8	2.2	1.7	1.9	.9	.8	.8	.5	.7	1.4
FRENCH	11.4	7.8	9.9	12.1	7.1	7.1	9.5	12.1	19.7	9.0
GERMAN	3.8	5.9	3.8	9.5	4.9	6.6	3.7	15.4	11.7	5.2
ITALIAN	6.8	.7	1.1	.9	.7	.7	.4	1.1	2.9	1.7
LUXEMBURG	1.1	.8	.5	1.3	.5	.5	.3	2.2	.0	.7
SPANISH	.4	6.3	.9	.7	1.7	1.0	1.0	.0	.0	2.2
SWISS	4.9	1.6	2.4	.9	1.3	1.9	1.5	8.2	.7	2.3
OTHER EU	4.0	6.4	2.4	7.1	2.5	2.3	1.8	8.8	2.2	3.7
AMERICAN	22.8	22.1	27.9	20.1	31.1	28.5	33.0	17.6	16.1	26.5
CANADIAN	7.2	6.3	6.0	7.4	8.0	7.4	7.5	2.7	4.4	6.9
AUST+NZ	.3	.9	.1	.0	.1	.1	.3	.5	.0	.4
JAPANESE	11.1	10.7	8.6	13.6	12.4	11.4	10.0	1.6	16.8	10.7
HONGKONG	.1	.1	.8	.0	.4	.9	1.4	1.6	.0	.6
OTHER AS	.3	.1	.5	.0	2.5	2.1	1.7	.0	.0	1.0
ARAB	3.7	3.2	12.4	6.3	5.0	4.3	4.6	.0	2.9	5.1
CONSORTIA	2.6	4.7	6.7	3.4	5.4	7.9	6.4	7.1	8.8	5.6
MEXICAN	.0	.0	.0	.0	1.8	.2	.1	.0	.0	.2
CARIBBN	.1	.2	.3	.2	.5	.1	.2	.0	.0	.2
AFRICAN	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
COMECON	.0	.0	.0	1.3	.0	.0	.1	.0	.7	.1
OTHER	.0	.1	.8	.0	1.4	3.8	1.4	.5	.7	1.2
UNCLEAR	1.3	1.6	1.7	1.1	1.6	1.5	2.6	1.6	2.2	1.7

Memo items

Number of loans for which no managers have been recorded:

235	100	59	20	67	88	89	13	3	674
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Total number of loans announced:

1440	1618	982	207	552	1345	1163	127	37	7471
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TABLE 12: VALUE OF SYNDICATED LOANS USED IN MEAN SPREADS CALCULATIONS  
US \$ million

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	1258	547	330	55	54	432	192	162	60	3091
1973	4520	1816	1597	380	1210	160	529	300	0	10512
1974	10379	3954	781	975	1532	1705	1852	460	100	21737
1975	1690	3307	2711	2045	2217	2989	1733	410	65	17167
1976	3757	4272	4071	1587	3167	2953	2867	1027	1665	25366
1977	7638	7137	7150	2194	2831	4378	3629	0	1275	36233
1978	13420	10320	9183	2460	8054	7951	7202	150	650	59389
1979	11346	13796	10666	3720	9111	12515	7092	3110	385	71741
1980	18508	15058	12479	2713	6764	10643	7081	593	584	74423
1981	48899	13755	12642	846	9858	13677	10892	421	352	111342
1982	17776	12920	12546	512	11586	9346	6958	1438	0	73092
1983	7364	10194	4633	548	937	2395	3518	402	1240	31233
1984	8029	5122	3111	2127	1007	2901	2526	744	125	25692
1972	496	170	120	35	40	10	17	0	60	948
	47	12	0	0	0	0	20	80	0	159
	430	125	116	20	0	0	105	82	0	878
	285	240	94	0	14	422	50	0	0	1105
1973	0	40	550	50	100	140	0	0	0	880
	200	792	200	330	100	0	0	0	0	1622
	2775	770	513	0	430	0	284	0	0	4772
	1545	214	334	0	580	20	245	300	0	3238
1974	7531	953	175	45	110	235	625	200	0	9874
	1341	1303	176	580	645	576	706	0	100	5426
	749	1160	210	100	349	358	181	28	0	3135
	758	538	220	250	427	537	341	232	0	3302
1975	706	359	75	360	320	858	344	85	0	3108
	345	949	737	350	813	530	419	0	0	4142
	342	838	1479	515	504	1006	708	100	25	5516
	297	1162	420	820	580	595	262	225	40	4401
1976	1144	399	626	265	743	265	1355	558	900	6255
	1547	1734	1272	785	665	584	686	30	40	7343
	673	987	1703	162	432	886	189	205	25	5262
	394	1151	471	375	1328	1218	637	234	700	6507
1977	2373	1890	2164	325	508	1055	590	0	0	8906
	1827	1826	1309	451	748	771	875	0	500	8307
	468	652	2335	543	1480	1138	586	0	50	7251
	2970	2769	1343	875	95	1415	1578	0	725	11770
1978	3987	2334	2745	500	1885	1868	1910	0	0	15228
	2092	2710	1839	800	1822	1239	1212	0	0	11714
	4756	3606	2479	390	2359	3457	1917	0	500	19464
	2585	1671	2121	770	1988	1386	2162	150	150	12983
1979	2465	2855	2427	1715	1573	3610	1627	787	125	17183
	2480	3273	3335	549	3414	3105	1781	2232	0	20168
	2245	4112	3693	1109	1928	2616	1977	90	160	17930
	4156	3556	1211	347	2197	3185	1708	0	100	16460
1980	3988	4094	2275	594	832	2412	1909	35	250	16388
	2168	5008	4203	476	1908	2636	1457	0	159	18015
	2215	2108	3408	792	2304	1741	1206	524	0	14298
	10137	3849	2593	851	1721	3853	2509	34	175	25723
1981	4089	4594	2478	656	2668	3284	3852	57	50	21727
	8521	3558	1948	102	2524	3679	1910	195	20	22457
	27642	1574	2903	88	2150	2932	1974	69	0	39332
	8646	4028	5313	0	2518	3782	3157	100	282	27826
1982	5096	5104	3328	110	4796	2803	1484	410	0	23130
	4726	2717	2916	35	5902	2603	3122	605	0	22626
	5988	3165	3387	317	254	2267	1421	393	0	17194
	1965	1943	2914	50	635	1673	931	30	0	10141
1983	1476	3462	1533	218	445	693	1444	200	0	9472
	2050	2522	1660	80	202	553	492	50	1240	8850
	1461	1943	469	250	124	732	1424	102	0	6505
	2376	2267	971	0	166	417	158	50	0	6406
1984	1782	1482	724	510	163	772	650	419	0	6501
	2205	1025	266	500	550	671	718	150	125	6209
	3078	1821	582	577	183	925	457	175	0	7798
	965	793	1540	540	111	534	701	0	0	5184

These amounts relate only to LIBOR-based loans; the other minor restrictions are set out in Section V on page 46



TABLE 13: MEAN SPREADS  
Percent

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	.87	1.01	1.08	.91	1.44	1.28	1.31	.89	.75	1.01
1973	.66	.78	.93	.90	.87	1.03	1.39	.92		.80
1974	.68	.88	1.16	.85	1.06	1.31	1.41	1.09	.65	.89
1975	1.42	1.51	1.65	1.32	1.56	1.62	1.83	1.69	1.55	1.56
1976	1.42	1.43	1.44	1.34	1.53	1.86	1.78	1.70	1.12	1.52
1977	.99	1.14	1.19	1.12	1.56	1.79	1.67		1.14	1.28
1978	.77	.84	1.01	.75	1.05	1.25	1.22	1.50	.74	.98
1979	.57	.81	.78	.77	.77	.83	1.01	.52	.71	.77
1980	.57	.68	.61	.91	.67	1.06	.95	.90	.60	.73
1981	.53	.53	.64	.62	.68	1.39	.98	.75	.62	.71
1982	.54	.55	.80	1.10	.86	1.62	.90	.74		.82
1983	.60	.70	.76	1.19	.71	.91	1.12	.77	.45	.75
1984	.50	.85	.64	.85	.55	.69	.80	.60	.75	.67
1972	1.23	1.30	1.21	1.00	1.25	1.00	1.75		.75	1.21
	1.24	1.75					1.50	1.03		1.21
	.55	.45	1.04	.75			1.36	.75		.72
	.67	1.05	.97		2.00	1.29	1.00			1.05
1973		.25	1.00	.50	.75	1.00				.91
	.55	.82	.90	.97	2.00					.90
	.55	.75	.81		.94		1.58			.71
	.87	.81	1.02		.65	1.25	1.17	.92		.87
1974	.60	.65	1.41	.64	.98	1.07	1.11	.69		.67
	.74	.76	.91	.68	.82	1.23	1.35		.65	.88
	.93	1.02	1.07	1.05	1.17	1.17	1.39	1.00		1.06
	1.17	1.29	1.23	1.20	1.36	1.59	2.10	1.45		1.40
1975	1.26	1.51	1.57	1.43	1.54	1.67	1.88	1.76		1.54
	1.48	1.54	1.79	1.21	1.61	1.64	1.85			1.61
	1.57	1.52	1.61	1.35	1.52	1.47	1.79	1.75	1.63	1.56
	1.51	1.47	1.53	1.29	1.54	1.78	1.87	1.64	1.50	1.53
1976	1.76	1.45	1.60	1.49	1.49	1.84	1.78	1.77	1.20	1.61
	1.20	1.37	1.44	1.34	1.64	1.83	1.76	1.88	1.57	1.44
	1.34	1.56	1.34	1.37	1.74	1.90	1.98	1.72	1.38	1.55
	1.41	1.41	1.58	1.22	1.44	1.86	1.73	1.49	.98	1.49
1977	.99	1.20	1.20	1.29	1.55	1.81	1.88			1.28
	1.12	1.17	1.15	1.17	1.41	1.99	1.72		1.20	1.31
	1.22	1.36	1.18	1.24	1.65	1.81	1.55		1.25	1.43
	.87	1.04	1.21	.96	1.40	1.66	1.60		1.09	1.17
1978	.82	.89	1.00	.92	1.15	1.54	1.47			1.08
	.79	.81	1.16	.75	1.08	1.54	1.41			1.04
	.73	.78	1.00	.72	1.07	1.08	1.15		.72	.92
	.74	.96	.91	.65	.90	1.02	.96	1.50	.81	.89
1979	.70	.81	.99	.92	.84	.90	1.00	.52	.88	.86
	.50	.71	.85	.69	.86	.77	1.10	.51		.75
	.57	.97	.62	.62	.66	.79	1.02	.82	.72	.77
	.53	.72	.64	.64	.67	.85	.94		.50	.71
1980	.59	.67	.74	.71	.84	.81	1.13	.63	.63	.74
	.56	.62	.60	.71	.69	1.00	.93		.63	.70
	.57	.75	.48	1.45	.55	.95	.95	.93		.71
	.57	.71	.70	.65	.71	1.32	.83	.75	.55	.76
1981	.46	.50	.67	.62	.80	1.33	1.02	.75	1.00	.77
	.58	.55	.67	.63	.60	1.21	.92	.75	1.00	.72
	.51	.64	.64	.62	.78	1.52	.98	.65		.64
	.58	.50	.60		.55	1.53	.98	.82	.52	.74
1982	.54	.63	.56	.52	.74	1.63	1.08	.80		.78
	.49	.46	.73	.75	.95	1.53	.71	.75		.79
	.53	.47	.84	1.28	1.60	1.64	.96	.66		.80
	.64	.57	1.09	1.50	.70	1.68	1.19	.83		.99
1983	.68	.66	.85	1.23	.57	.71	1.08	.85		.77
	.56	.72	.59	1.00	.53	1.42	.98	.69	.45	.68
	.68	.68	1.20	1.22	.99	.79	1.26	.66		.88
	.54	.77	.70		1.10	.76	.63	.75		.68
1984	.42	.81	.74	.75	.53	.74	1.04	.51		.68
	.59	.72	.62	.97	.44	.75	.70	.64	.75	.66
	.49	1.04	.62	.78	.75	.68	1.17	.77		.72
	.48	.67	.61	.91	.76	.58	.43			.60

These averages are weighted by amount

TABLE 14: VALUE OF SYNDICATED LOANS USED IN MEAN MATURITIES CALCULATIONS  
US \$ million

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	2077	1075	587	98	361	754	207	299	120	5579
1973	8237	2311	2466	435	1590	706	1014	463	0	17222
1974	12685	4511	1027	1155	1819	2034	1991	730	160	26112
1975	1761	3542	2776	2045	2507	3115	1794	410	65	18016
1976	4187	4589	4102	1587	3267	3047	2906	971	1665	26322
1977	7701	7402	7871	2194	2881	4428	3656	12	1375	37520
1978	14798	10735	9507	2574	8539	8105	7267	150	670	62344
1979	12635	14271	11305	4220	9192	13326	7332	3260	385	75926
1980	20369	17628	12896	2825	6933	10997	7861	593	584	80685
1981	56355	15419	12802	1075	11005	14506	11470	421	352	123406
1982	23149	18195	13819	512	12156	11601	7124	1388	0	87945
1983	8164	13497	5524	548	1284	3516	3833	402	1240	38010
1984	9281	5587	3504	2127	1025	3399	2605	804	125	28457
1972	843	259	186	35	170	26	42	25	120	1707
	233	127	93	0	0	70	20	167	0	710
	530	303	124	63	87	60	112	82	0	1361
	470	386	185	0	104	598	33	25	0	1801
1973	468	97	878	105	100	295	75	0	0	2018
	2115	984	431	60	265	58	200	0	0	4112
	3265	835	703	220	485	224	418	163	0	6313
	2390	395	454	50	740	129	321	300	0	4779
1974	8544	1099	380	155	210	420	667	200	0	11675
	1890	1553	250	580	832	681	773	185	100	6843
	1228	1257	150	100	349	366	211	28	0	3689
	1023	602	248	320	427	568	341	317	60	3905
1975	459	431	60	360	345	912	350	85	0	3001
	556	969	792	350	908	454	454	0	0	4483
	438	938	1504	515	504	1086	728	100	25	5837
	309	1206	420	820	750	663	262	225	40	4695
1976	1283	399	646	265	743	265	1364	558	900	6422
	1693	1798	1272	785	665	626	686	30	40	7594
	808	1155	1714	162	532	938	189	205	25	5728
	404	1237	471	375	1328	1218	667	178	700	6577
1977	2407	1935	2164	325	508	1090	590	0	100	9120
	1827	1925	1359	451	748	771	875	0	500	8456
	497	652	2371	543	1480	1152	601	12	50	7357
	2970	2890	1977	875	145	1415	1590	0	725	12586
1978	3630	2358	2845	500	2145	1878	1958	0	0	15314
	3242	2763	1883	814	1822	1269	1212	0	0	13006
	5131	3746	2659	490	2384	3469	1934	0	520	20333
	2795	1868	2121	770	2188	1488	2162	150	150	13692
1979	2790	2945	2447	1715	1573	4150	1723	837	125	18304
	2700	3369	3335	949	3414	3247	1786	2232	0	21032
	2761	4186	3693	1109	1961	2715	2055	190	160	18831
	4384	3771	1830	447	2244	3215	1768	0	100	17759
1980	4670	4146	2511	657	864	2612	2170	35	250	17914
	2411	5569	4315	526	1908	2636	1467	0	159	18991
	2990	2735	3455	792	2329	1895	1413	524	0	16132
	10298	5179	2615	851	1832	3853	2811	34	175	27649
1981	5208	4601	2478	885	3775	3397	3958	57	50	24409
	10961	4232	1897	102	2524	3623	2130	195	20	25684
	29268	1665	2903	88	2150	3360	2180	69	0	41682
	10918	4922	5525	0	2557	4126	3202	100	282	31631
1982	6271	6353	3591	110	4796	3284	1580	410	0	26395
	6956	5036	3536	35	6442	3829	3170	555	0	29559
	7441	4144	3714	317	254	2508	1370	393	0	20142
	2480	2662	2978	50	665	1980	1004	30	0	11848
1983	1731	5270	2278	218	645	1026	1614	200	0	12981
	2253	2950	1689	80	302	930	561	50	1240	10055
	1595	2126	547	250	124	1063	1457	102	0	7265
	2585	3151	1010	0	213	497	201	50	0	7708
1984	1969	1527	944	510	163	1100	669	419	0	7301
	3241	1075	386	500	569	796	744	210	125	7645
	3106	1854	634	577	183	949	490	175	0	7969
	965	1131	1540	540	111	554	701	0	0	5542

These amounts relate to all loans for which the final maturity date is known

TABLE 15: MEAN FINAL MATURITIES  
Years

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	5.50	7.45	6.87	6.18	7.31	8.51	6.27	5.45	5.00	6.57
1973	8.52	9.84	9.76	9.23	9.35	10.30	9.64	9.03		9.12
1974	8.31	7.61	9.72	7.19	9.10	8.91	7.56	6.40	5.16	8.17
1975	5.23	6.18	5.69	5.44	5.10	5.96	5.77	5.12	5.00	5.67
1976	6.23	5.77	6.44	5.08	5.71	5.48	5.45	5.32	4.99	5.76
1977	7.04	7.13	6.72	6.34	6.81	6.58	6.34	1.50	6.80	6.80
1978	8.37	8.26	8.37	7.42	8.13	10.12	8.60	5.00	9.99	8.54
1979	9.06	9.13	6.68	8.03	8.80	10.37	9.36	4.70	9.86	8.71
1980	8.06	8.29	4.76	6.49	7.06	7.70	8.12	7.32	5.36	7.37
1981	7.91	8.34	4.58	5.23	7.94	7.59	7.44	6.08	7.06	7.51
1982	7.27	9.09	4.27	4.40	4.95	6.91	7.43	5.72		6.78
1983	6.20	7.42	7.11	3.91	9.12	6.10	6.69	7.05	7.00	6.91
1984	7.00	6.82	7.45	5.71	8.27	6.36	7.37	8.72	7.00	6.98
1972	5.27	6.39	6.18	5.00	8.41	5.62	3.81	5.60	5.00	5.80
	4.82	8.12	6.73			7.00	8.00	5.72		6.18
	4.54	7.04	7.25	6.84	5.54	9.50	7.23	5.00		5.98
	7.33	8.27	7.38		7.00	8.71	5.10	4.92		7.90
1973	5.62	6.85	9.12	7.00	10.00	9.86	10.67			8.30
	8.82	9.63	10.21	8.50	8.72	9.76	7.92			9.12
	8.85	10.32	11.07	9.86	11.71	9.99	9.86	10.92		9.71
	8.36	10.11	8.56	12.00	7.93	12.10	10.19	8.00		8.70
1974	8.90	7.85	11.34	8.74	11.52	11.31	8.06	7.50		8.94
	7.92	8.05	8.72	7.78	10.20	9.73	6.53	7.81	7.50	8.26
	6.91	7.18	5.00	7.00	7.74	8.49	8.28	4.50		7.22
	5.86	6.96	11.10	5.44	6.87	6.44	8.46	5.04	1.25	6.61
1975	5.32	6.22	5.42	6.33	4.71	7.08	5.24	5.00		6.02
	5.49	5.50	5.26	5.00	5.04	5.25	5.45			5.29
	5.04	6.37	5.56	5.50	5.00	5.76	6.10	5.00	5.00	5.69
	4.87	6.55	6.98	5.18	5.41	5.26	6.08	5.22	5.00	5.77
1976	6.77	5.88	5.87	5.38	4.79	5.49	5.39	5.25	4.83	5.59
	6.30	5.52	6.18	5.00	6.23	5.54	5.36	3.00	7.00	5.80
	5.56	6.10	6.96	5.20	5.64	6.21	3.72	6.22	7.00	6.16
	5.60	5.78	6.01	5.00	5.98	4.88	6.16	4.90	5.00	5.55
1977	6.96	6.63	6.70	5.62	5.43	5.57	5.93		5.50	6.45
	6.97	6.87	6.83	5.64	8.08	6.01	5.94		6.50	6.73
	6.09	6.66	6.24	7.15	6.68	6.23	6.35	1.50	7.00	6.43
	7.29	7.74	7.22	6.46	6.46	7.94	6.70		7.17	7.31
1978	7.09	7.63	8.65	6.30	8.91	9.35	7.63			8.04
	9.09	8.79	7.55	6.73	8.85	9.35	8.23			8.57
	9.23	8.30	8.15	8.04	6.35	10.92	8.98		9.98	8.84
	7.61	8.17	8.99	8.49	8.70	9.89	9.36	5.00	10.00	8.65
1979	8.31	8.84	7.35	8.38	7.87	10.19	8.60	5.01	7.00	8.53
	10.05	9.73	7.05	7.36	9.12	10.38	8.76	4.56		8.61
	9.23	9.20	6.15	8.32	7.67	10.91	10.02	5.05	12.00	8.71
	8.83	8.76	6.19	7.37	9.97	10.11	9.92		10.00	9.00
1980	7.14	8.85	6.47	7.53	7.04	8.17	9.13	10.00	7.00	7.85
	6.90	7.99	4.59	6.56	7.66	7.96	7.89		7.00	6.99
	6.97	8.17	2.52	6.89	6.23	7.06	7.58	7.23		6.18
	9.06	8.23	6.36	5.25	7.50	7.52	7.74	6.00	1.54	8.03
1981	7.83	7.82	5.23	5.72	8.47	7.99	6.61	4.55	4.00	7.39
	8.37	8.40	3.16	2.00	7.52	8.12	8.38	6.49	4.00	7.83
	8.09	7.86	4.98	4.04	7.92	7.35	7.20	4.86		7.73
	6.99	8.94	4.56		7.58	7.01	8.02	7.00	7.82	7.03
1982	7.44	9.53	3.66	8.00	4.10	6.62	6.25	7.00		6.64
	6.68	9.66	3.78	7.00	5.15	6.88	8.33	4.60		6.67
	7.82	8.70	4.92	2.92	5.26	7.07	7.44	6.04		7.20
	6.84	7.57	4.81	4.00	8.95	7.25	6.42	4.67		6.63
1983	6.03	8.16	6.95	2.83	9.00	6.36	6.71	10.00		7.32
	5.03	6.80	7.44	1.56	9.30	6.38	6.02	2.50	7.00	6.46
	6.67	7.24	5.93	5.60	10.00	6.33	6.81	4.52		6.75
	7.05	6.88	7.54		8.70	4.54	7.52	5.00		6.93
1984	5.70	7.66	7.62	3.94	9.60	7.24	7.66	11.74		7.08
	8.60	7.25	6.10	7.10	9.11	5.45	6.67	4.76	7.00	7.57
	5.94	5.12	7.33	6.09	6.21	6.84	6.47	6.23		6.02
	7.70	8.09	7.73	5.67	5.37	5.11	8.47			7.38

These averages are weighted by amount

TABLE 16: MEAN AVERAGE MATURITIES  
Years

	OECD MAJ	MIN	OIL EXP	EAST BLOC	NOE	NIC	LDC	OTHER	INT INST	TOTAL
1972	3.00	3.98	3.68	3.34	3.91	4.51	3.38	3.05	2.75	3.54
1973	4.81	5.17	5.13	4.86	4.99	5.40	5.07	4.76		4.96
1974	4.41	4.06	5.11	3.85	4.80	4.71	4.03	3.45	2.83	4.33
1975	2.86	3.51	3.09	2.97	2.87	3.26	3.22	2.81	2.75	3.14
1976	3.43	3.16	3.47	2.79	3.14	2.99	3.00	2.91	2.74	3.15
1977	4.40	4.29	3.73	3.55	3.78	3.61	3.47	1.00	3.76	3.93
1978	4.90	5.02	4.90	5.08	5.08	5.86	4.95	2.75	7.67	5.11
1979	5.84	6.22	4.37	5.69	5.88	6.86	5.95	2.61	5.86	5.74
1980	4.46	5.18	3.21	4.71	4.48	4.95	5.19	4.94	3.79	4.56
1981	4.72	5.72	2.99	2.89	5.20	4.70	5.13	4.04	3.96	4.72
1982	4.54	5.60	2.91	2.93	3.18	4.70	5.12	3.55		4.36
1983	3.84	4.97	5.11	2.80	6.36	4.12	4.30	4.09	5.00	4.61
1984	4.18	4.91	5.25	4.26	6.28	4.39	4.83	6.33	6.25	4.69
1972	2.89	3.44	3.34	2.75	4.46	3.06	2.15	3.05	2.75	3.15
	2.66	4.31	3.61			3.75	4.25	3.25		3.37
	2.52	3.77	3.87	3.67	3.02	5.00	3.86	2.75		3.24
	3.91	4.38	3.94		3.75	4.61	2.80	2.71		4.20
1973	3.06	3.68	4.81	3.75	5.25	5.18	5.58			4.40
	5.84	5.06	5.35	4.50	4.61	5.13	4.21			5.42
	4.68	5.41	5.78	5.18	6.34	5.24	5.18	5.71		5.12
	4.43	5.30	4.53	6.25	4.22	6.30	5.34	4.25		4.60
1974	4.70	4.18	5.92	4.62	6.01	5.91	4.28	4.00		4.72
	4.21	4.27	4.61	4.14	5.35	5.12	3.51	4.16	4.00	4.38
	3.71	3.84	2.75	3.75	4.12	4.49	4.39	2.50		3.86
	3.18	3.73	5.80	2.97	3.69	3.47	4.48	2.77	.88	3.56
1975	2.91	3.36	2.96	3.42	2.61	3.79	2.89	2.75		3.26
	2.99	3.01	2.88	2.75	2.98	3.09	2.98			2.96
	2.77	3.44	3.03	3.00	2.75	3.13	3.51	2.75	2.75	3.12
	2.69	4.02	3.74	2.84	2.96	2.88	3.29	2.86	2.75	3.26
1976	3.64	3.19	3.19	2.94	2.80	3.00	2.95	2.87	2.67	3.06
	3.56	3.01	3.34	2.75	3.36	3.02	3.01	1.75	3.75	3.19
	3.03	3.40	3.73	2.85	3.07	3.36	2.11	3.36	3.75	3.35
	3.05	3.16	3.25	2.75	3.24	2.69	3.33	2.70	2.75	3.03
1977	4.83	4.69	3.67	3.06	3.65	3.04	3.34		3.00	4.06
	3.96	4.05	3.82	3.69	4.29	3.27	3.28		3.50	3.81
	3.88	4.01	3.59	3.83	3.59	3.57	3.43	1.00	3.75	3.64
	4.42	4.26	3.92	3.48	3.48	4.26	3.63		4.05	4.09
1978	4.01	4.12	5.41	3.92	5.70	5.18	4.30			4.70
	5.17	4.79	4.18	4.87	4.77	5.54	4.81			4.87
	5.31	5.90	4.55	4.27	4.26	6.22	5.29		7.64	5.38
	4.97	4.71	5.28	6.56	5.64	6.17	5.30	2.75	7.75	5.37
1979	6.04	6.15	5.12	5.81	5.39	6.56	5.45	2.76	3.75	5.75
	6.02	6.50	4.15	5.46	6.08	6.76	5.58	2.53		5.49
	6.66	6.29	4.38	6.06	4.90	7.33	6.79	2.97	7.89	6.00
	5.09	5.96	3.74	4.78	6.80	6.96	5.85		5.25	5.76
1980	3.86	5.51	4.61	5.77	4.38	5.41	5.71	5.25	5.75	4.92
	3.93	5.17	3.22	4.84	5.48	5.51	5.53		3.75	4.65
	3.91	4.94	1.71	5.01	3.74	4.30	4.76	5.03		3.80
	5.01	5.04	3.85	3.54	4.41	4.58	4.82	3.25	1.02	4.72
1981	4.32	5.35	3.32	3.11	4.86	4.69	4.39	2.53	3.50	4.51
	4.88	5.92	1.92	1.25	5.79	4.93	6.06	4.47	2.25	5.01
	4.77	5.36	3.36	2.58	4.88	4.59	5.17	2.68		4.70
	4.60	6.01	3.02		5.41	4.58	5.38	5.00	4.16	4.68
1982	4.07	6.22	2.39	5.75	2.45	4.66	4.46	4.34		4.17
	4.01	5.39	2.37	5.00	3.49	4.36	5.91	3.23		4.17
	5.63	5.34	3.49	1.71	3.84	4.99	4.79	3.27		4.91
	3.95	4.95	3.46	3.00	5.14	5.04	4.11	2.58		4.31
1983	3.71	5.28	5.05	1.67	6.22	4.45	4.38	5.25		4.84
	2.88	5.18	5.19	1.03	7.14	3.98	4.10	1.50	5.00	4.48
	3.94	4.51	3.49	4.35	6.34	4.50	4.26	2.88		4.26
	4.71	4.59	5.97		5.70	2.93	4.41	4.50		4.73
1984	3.74	5.74	5.85	3.08	7.12	5.06	5.27	9.18		5.11
	4.73	5.20	3.96	5.32	7.04	3.59	4.77	3.05	6.25	4.83
	3.50	3.77	5.18	4.45	4.60	4.88	4.81	3.45		4.03
	5.40	5.40	5.23	4.20	3.87	3.34	4.50			4.88

These averages are weighted by amount

Because of limited recording of grace periods prior to 1979 the results are not based on comprehensive grace period information before that date

## Bank of England Discussion Papers

Title	Author
1-5, 8 11-14, 16-17 & 21	<i>A list of these papers can be found in the December 1981 Bulletin, or can be obtained from the Bank. These papers are now out of print, but photocopies can be obtained from University Microfilms International (see below).</i>
6	'Real' national saving and its sectoral composition C T Taylor A R Threadgold
7	The direction of causality between the exchange rate, prices and money C A Enoch
9	The sterling/dollar rate in the floating rate period: the role of money, prices and intervention I D Saville
10	Bank lending and the money supply B J Moore A R Threadgold
15	Influences on the profitability of twenty-two industrial sectors N P Williams
18	Two studies of commodity price behaviour: Interrelationships between commodity prices Short-run pricing behaviour in commodity markets Mrs J L Hedges C A Enoch
19	Unobserved components, signal extraction and relationships between macroeconomic time series T C Mills
20	A portfolio model of domestic and external financial markets C B Briault Dr S K Howson
22	The syndicated credits market I D Bond

## Technical Series

1	The consumption function in macroeconomic models: a comparative study*	E P Davis
2	Growth coefficients in error correction and autoregressive distributed lag models K D Patterson	
3	Composite monetary indicators for the United Kingdom; construction and empirical analysis* T C Mills	
4	The impact of exchange rate variability on international trade flows* G Justice	
5	Trade in manufactures A C Hotson K L Gardiner	
6	A recursive model of personal sector expenditure and accumulation* E P Davis	
7	A dynamic 'translog' model of substitution technologies in UK manufacturing industry D J Asteraki	

## Papers presented to the Panel of Academic Consultants<sup>(a)</sup>

	<u>Title</u>	<u>Author</u>
8	International monetary arrangements the limits to planning*	P M Oppenheimer
9	Institutions in the financial markets: questions, and some tentative answers*	M V Posner
10	The arguments for and against protectionism*	M Fg Scott The Hon W A H Godley
14	The usefulness of macroeconomic models*	Prof W H Buiter T F Cripps Prof Angus Deaton Prof A P L Minford M V Posner
15	Factors underlying the recent recession*	G D N Worswick Dr A Budd
17	Why do forecasts differ?*	Prof M J Artis
19	Bank lending, monetary control and funding policy*	Prof A D Bain
20	The economics of pension arrangements*	Prof Harold Rose J A Kay
22	Monetary trends in the United Kingdom	Prof A J Brown Prof D F Hendry and N R Ericsson
23	The UK economic recovery in the 1930s	G D N Worswick P N Sedgwick Prof Michael Beenstock Dr Forrest Capie Prof Brian Griffiths
24	Employment, real wages and unemployment in the United Kingdom	Prof J R Sargent Sir Bryan Hopkin

\* These papers are no longer available from the Bank, but photocopies can be obtained from University Microfilms International, at 30-32 Mortimer Street, London W1N 7RA.

(a) Other papers in this series were not distributed.



