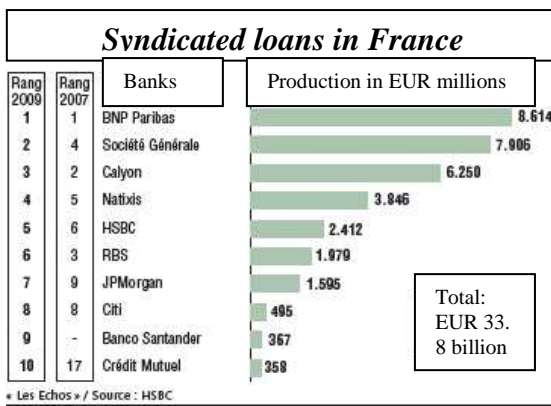


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## The crisis shuffles the deck in syndicated loans in France (Translated by Calyon )

**With the level of activity cut by a factor of five and the heightened strength of “domestic” players, the financial upheaval has profoundly altered the ranking of banks active in syndicated loans in France.**



A tsunami has hit syndicated loans. According to the data presented by Dealogic yesterday at a Bfinance seminar, production was cut by a factor of virtually five from 2005 to 2009, dropping from 242 deals totaling EUR 205 billion to 77 deals totaling EUR 41.6 billion. An equivalent collapse is evident among the sector’s top ten banks, which syndicated a total of EUR 156 billion in 2005 compared with a mere EUR 33.8 billion this year.

The market’s weakness also led to increased volatility in market positions. BNP Paribas continued to dominate but lost five points of market share, falling from 25.4% in 2007 to 20.7% in 2009. Second-place Société Générale picked up ten points, rising from 9.93% in 2007 to 19% in 2009 but with only half the volume. Meanwhile, the Crédit Agricole subsidiary Calyon slipped from second to third place with flat market share and volumes in free fall (EUR 22.8 billion in 2007 compared with EUR 6.2 billion in 2009).

Another consequence of the crisis is that the market has become more “domestic”. In other words, the French are lending to the French. The sector’s four main French players (see illustration) had cumulative market share of 64.7 %, compared with 56.8% two years earlier. At the same time, Crédit Mutuel rose to tenth place (vs. 17th in 2007), with amounts that declined by only 43.6% (EUR 821 million in 2007, compared with EUR 358 million this year).

### Mixed results

Conversely, the results of European and U.S. rivals were mixed. RBS, number three in 2007, dropped to sixth place while Bank of America - Merrill Lynch fell from seventh place in 2007 with EUR 4.4 billion to 14th place with volumes of only EUR 167 million. Other international banks fared better as, for example, did HSBC, which moved up one notch to fifth place while JP Morgan rose to seventh from ninth place.

These figures can be attributed to the cut in activity, the relative strength of large companies' cash positions and the weakness in the demand for bank debt. "*Already-opened credit lines were drawn down by an average of 35% and by around 45% at the depth of the crisis*", comments Philippe Henry, head of large clients at HSBC France.

The level of activity is not expected to pick up until the 2011-2013 period, when a large number of credit lines will reach maturity and need to be renewed by companies. Of course this supposes that the banks will be able to align their financing terms with the currently favorable terms available on the bond market.

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