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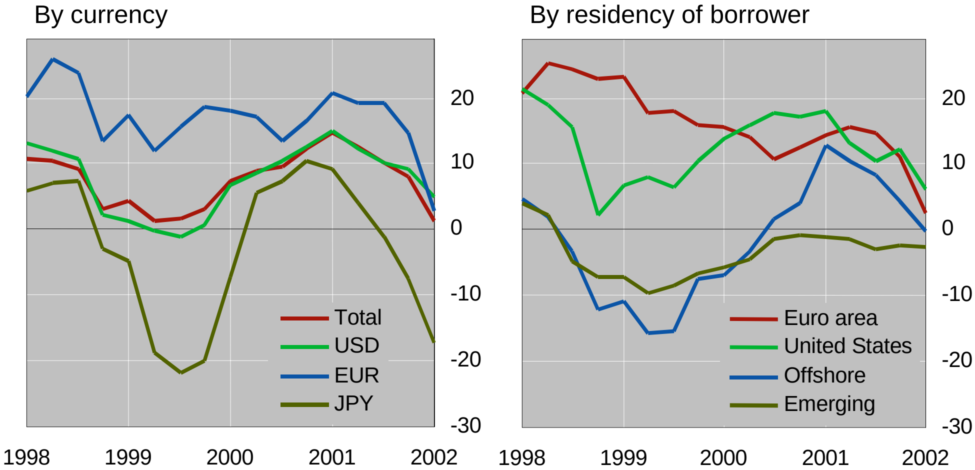
2. The international banking market

The slowdown in international banking activity evident throughout much of 2001 became more pronounced in the first quarter of 2002. Activity in virtually all segments of the international banking market was weak. Whereas a drop-off in credit to other banks had been largely responsible for the deceleration in cross-border banking activity during 2001, reductions in credit to banks' own foreign offices and non-bank borrowers exacerbated the slowdown in the first quarter. Subdued demand for bank credit appears to explain much of the slowdown, but a retrenchment of Japanese banks also made a significant contribution from the supply side.

With the exception of Latin America, aggregate lending to emerging markets was little affected by the global slowdown in credit growth. Banks broadly maintained their positions in Asia and Europe, even increasing them on selected countries. However, they reduced their claims on Latin America, especially Argentina. In addition, residents of Latin America and the Middle East repatriated funds placed abroad, resulting in the second successive quarter of net flows into emerging markets from banks in the reporting area.

Cross-border claims of BIS reporting banks

Annual percentage changes[1]

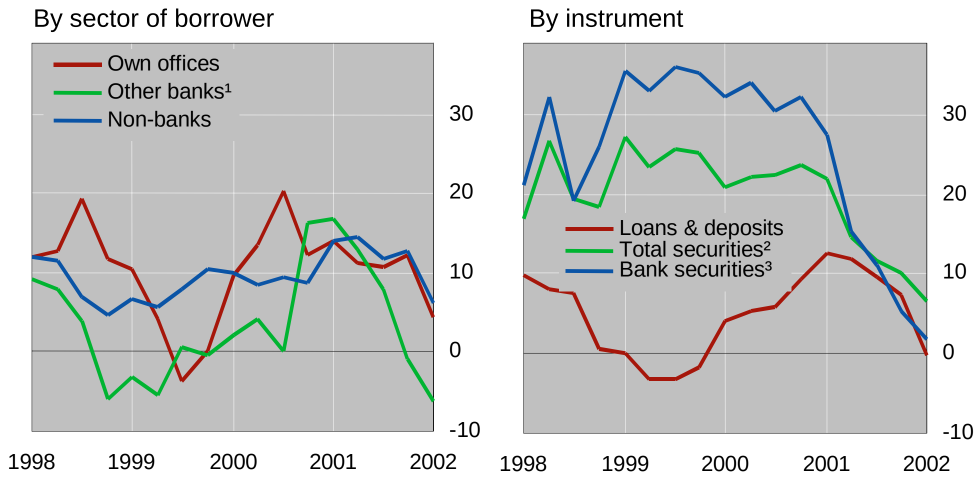


[1] Year-over-year changes in amounts outstanding, calculated as the sum of exchange rate adjusted changes in amounts outstanding between periods *t*–3 and *t*, divided by the amount outstanding in period *t*–4.

Graph 2.1

Cross-border claims of BIS reporting banks

Annual percentage changes



[1] Excluding claims on central banks and other official monetary authorities. [2] Mainly debt securities. [3] Banks' holdings of securities issued by banks' own foreign offices and other banks.

Graph 2.2

Cross-border credit to all sectors slows

Slowest growth rate of cross-border bank credit since mid-1999

The growth of cross-border bank credit fell to 1% year over year in the first quarter of 2002 from 8% in the fourth quarter of 2001 (Graph 2.1). This is the sharpest fall-off in growth since the end of 1998, and the slowest pace of expansion since mid-1999. In seasonally unadjusted terms, the outstanding stock of cross-border claims booked by banks in the BIS reporting area increased by \$31 billion between end-December 2001 and end-March 2002, to \$11.6 trillion (Table 2.1).

Credit to most regions and all sectors is weak

Credit to most regions was weak. Cross-border claims on the euro area decelerated especially sharply, increasing by only 3% year over year in the first quarter of 2002 compared to 12% in the fourth quarter of 2001. The annual growth rate of cross-border claims on the United States held up better than claims on other regions but still slowed, to 6% in the first quarter from 12% in the fourth.

Moreover, credit to all sectors decelerated (Graph 2.2). Credit to unrelated banks had already begun to weaken during 2001 and contracted by 6% between end-March 2001 and end-March 2002. The growth of cross-border claims on other sectors had remained steady during 2001, but in the first quarter the slowdown spread beyond the interbank market. The annual rate of growth of inter-office claims – a substantial share of which arise from round-tripping through international banking centres – fell to 4% in the first quarter from 12% in the fourth. The growth of claims on corporations and other non-banks decelerated to 6% from 13%.

Despite the slowdown in credit growth, banks continued to issue sizeable amounts of securities. The outstanding stock of certificates of deposit (CDs) and other securities placed with non-residents by banks in the reporting area

Cross-border claims of BIS reporting banks

Exchange rate adjusted changes in amounts outstanding, in billions of US dollars[1]

	2000	2001	2001				2002	Stocks at end-March 2002
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Total claims	1,221.9	858.9	729.2	–79.9	–25.3	234.8	31.1	11,562.9
By instrument								
Loans and deposits	738.1	613.3	603.4	–89.6	–64.0	163.5	–19.7	8,774.4
Securities[2]	483.8	245.6	125.8	9.7	38.7	71.3	50.8	2,788.4
By currency								
US dollar	513.3	432.1	231.0	–5.3	18.5	187.9	37.0	5,282.8
Euro	455.6	438.1	396.9	8.2	45.7	–12.6	45.8	3,322.9
Japanese yen	94.6	–65.3	–6.0	–14.9	–51.0	6.6	–81.3	626.3
Other currencies[3]	158.4	54.1	107.3	–67.8	–38.4	52.9	29.5	2,330.8
By sector of borrower								
Own offices	408.3	443.4	185.3	–63.2	89.8	231.5	–95.4	3,679.3
Other banks[4]	524.8	–31.1	270.5	–92.1	–115.8	–93.7	70.5	3,930.2
Non-banks	288.8	446.5	273.5	75.4	0.7	97.0	55.9	3,953.3
By residency of borrower								
Advanced economies	1,133.3	800.8	661.9	–51.3	–14.5	204.6	22.5	8,967.6
Euro area	389.0	368.4	332.3	34.4	–6.6	8.2	50.3	3,577.5
Japan	–12.0	–23.3	–1.6	–25.1	–24.6	28.0	–51.8	462.8
United States	309.2	251.7	129.5	16.7	23.9	81.6	11.0	2,361.6
Offshore centres	51.4	55.2	50.5	–23.3	3.2	24.9	–6.7	1,460.7
Emerging economies	–7.8	–20.6	–1.5	–4.9	–16.9	2.7	–4.7	858.8
Unallocated[5]	45.0	23.5	18.3	–0.3	2.9	2.6	19.9	275.7
Memo: Local claims[6]	*207.5*	*93.5*	*122.3*	*–30.8*	*2.1*	*–0.1*	*63.0*	*1,624.4*

[1] Not adjusted for seasonal effects. [2] Mainly debt securities. Other assets account for less than 5% of total claims outstanding. [3] Including unallocated currencies. [4] Borrowers other than own offices, official monetary authorities (eg central banks) and non-banks. Owing to errors and omissions, claims on other banks reported above may differ from data reported in Table 8 in the Statistical Annex. [5] Including claims on international organisations. [6] Foreign currency claims on residents of the country in which the reporting bank is domiciled. Table 2.1

Banks cut purchases of securities

increased by 11% year over year in the first quarter, in line with the increase in the previous quarter. Banks had in the past purchased a large portion of this issuance, but in recent quarters banks' cross-border purchases of securities issued by other banks have dropped substantially. The annual growth rate of banks' cross-border holdings of bank-issued securities fell to 2% in the first quarter of 2002 from nearly 30% a year earlier. As banks' purchases slowed, institutional investors and corporations which had previously invested short-term funds in the commercial paper (CP) market increased their holdings of CDs in response to the decline in CP issuance and growing concerns about corporate credit risk.

Japanese banks retrench again

The slowdown in cross-border bank credit in the first quarter of 2002 was exacerbated by further declines in Japanese banks' international positions. Japanese banks' cross-border claims contracted by 13% year over year in the first quarter, fully reversing the gradual expansion in their claims following the recapitalisation of the banking system in early 1999 (Graph 2.3). Sales of foreign securities and cutbacks in interbank activity accounted for most of the retrenchment but, unlike in 1998–99, Japanese banks' inter-office positions remained more or less unchanged.

Japanese banks take profits on foreign bond holdings ...

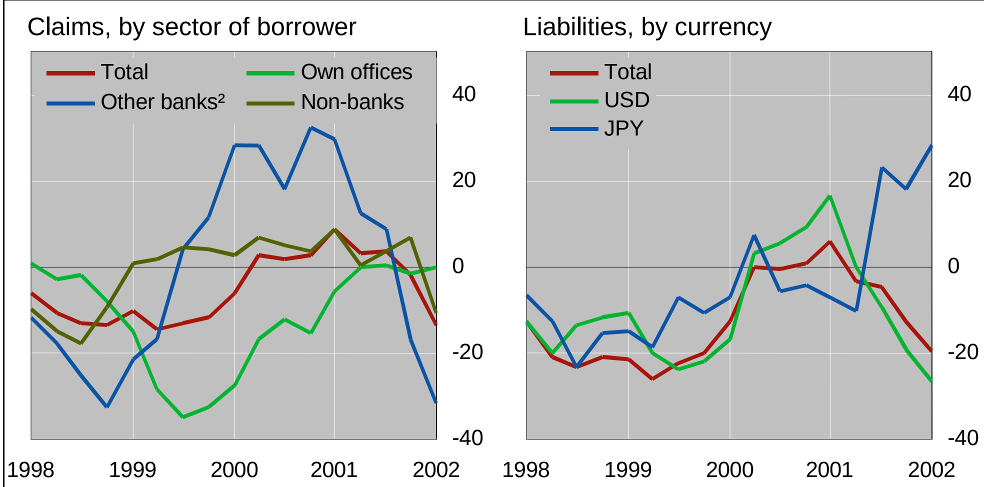
Credit to non-banks was especially weak. Japanese banks took profits on their foreign bond holdings in the first quarter. They had purchased European and US government and agency securities in the second half of 2001 in anticipation of a decline in interest rates, and in the early part of 2002 they sold some of these securities. The restructuring of Japanese institutional investment funds also contributed to the decline in claims on non-banks. In the first quarter, some institutional investors closed their partnerships located abroad and transferred the accounts to Japan. Given that these partnerships were held through bank trust accounts, their closure resulted in a large fall in Japanese banks' claims on non-banks, in particular claims on non-bank residents of offshore centres.[1]

... reduce their interbank activity ...

Furthermore, Japanese banks continued to unwind their claims on other unrelated banks. Their cross-border interbank claims contracted by 32% year over year in the first quarter, a rate of decline last experienced in early 1999 prior to the recapitalisation of the Japanese banking system. However, even while scaling back their interbank activity, during the most recent retrenchment Japanese banks maintained their inter-office positions. By contrast, in 1998–99 their inter-office claims fell precipitously owing to the closure of many overseas offices.

Cross-border positions of Japanese banks[1]

Annual percentage changes



[1] Unconsolidated, on-balance sheet positions, including positions vis-à-vis own offices. For data on the consolidated claims of Japanese banks (ie after netting out inter-office positions), see Tables 9B and 9C in the Statistical Annex. [2] Excluding claims on central banks and other official monetary authorities.

Graph 2.3

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[1] Japan includes trustee business when reporting the international assets and liabilities of banks in Japan. Most other reporting countries exclude trustee business. See Bank for International Settlements, *Guide to the international banking statistics*, July 2000, p 23.

Japanese banks' sales of foreign securities, coupled with their withdrawal from the interbank market, contributed to a 26% contraction in the outstanding stock of Japanese banks' cross-border US dollar liabilities between end-March 2001 and end-March 2002. Dollar liabilities were further depressed by a shift from uncollateralised borrowing through the interbank market to what was in effect collateralised borrowing through the foreign exchange swap market. In recent quarters, declines in Japanese banks' cross-border foreign currency liabilities have coincided with increases in their overseas offices' yen liabilities. Yen funds appear to have been channelled to Japanese banks' overseas offices, where they were swapped for dollars or other foreign currencies. Notably, unlike in 1998–99, when a sharp increase in the premium charged by international banks on loans to Japanese banks – the so-called "Japan premium" – had forced Japanese banks to cut back their dollar borrowing, the Japan premium remained stable in the early part of 2002.

... and turn to FX swaps to borrow dollars

Differences in the most recent banking cycle

In addition to differences in the factors behind the retreat of Japanese banks from the international banking market, the latest cycle in cross-border banking activity differs in several other important respects from the previous slowdown. These differences include the precipitating forces, purchases of securities, and lending to emerging markets.

Latest banking cycle is precipitated by the global economic downturn ...

Whereas the 1997–99 slowdown had been precipitated by financial crises in emerging markets and Japan, the latest cycle appears to have been driven largely by the downturn in the global economy. The drop-off in the growth rate of cross-border bank credit in 2001–02 was more or less contemporaneous with the emergence of signs of economic weakness in the major economies. As corporate demand for inventory and investment financing declined, credit growth – both domestic and cross-border – decelerated. The collapse in merger and acquisition activity and telecoms borrowing in 2001 further depressed demand for bank financing. On the supply side, the slowdown in credit growth was exacerbated by a deterioration in the credit quality of banks' loan portfolios and the consequent tightening of lending standards.[2]

Furthermore, in contrast to the earlier slowdown, banks' purchases of securities decelerated in tandem with lending activity during the most recent cycle. In the run-up to and months following the introduction of the single European currency in January 1999, the tremendous growth of banks' euro-denominated securities' holdings had partially offset weaker loan growth. By the end of 2000 the portfolio adjustment process triggered by monetary union had run its course. Consequently, following several years of increases of 20% or more, the annual growth rate of banks' cross-border holdings of securities began to slow in early 2001 and fell to 7% by the first quarter of 2002 (Graph 2.2). Purchases of government bonds helped to support the growth of

[2] See Bank for International Settlements, *72nd Annual Report*, July 2002, pp 122–40.

cross-border holdings of non-bank securities, but, as discussed above, purchases of bank-issued securities fell sharply.

Another notable difference between the latest cycle in cross-border banking activity and the previous slowdown is that whereas in the 1997–99 period credit to emerging markets had fallen significantly, in recent quarters banks have been more willing to maintain their positions. In the first quarter of 2002, outstanding claims on emerging markets as a group contracted at approximately the same rate as in the previous few quarters, by 3% year over year. The relative stability of claims on emerging markets partly reflects the fact that many banks had already sharply curtailed their exposures.

... and, unlike in 1997–99, lending to emerging markets is little affected

Withdrawals again boost bank flows to emerging markets

While cross-border bank claims on most emerging markets did not follow the cycle in global activity, some countries, particularly in Latin America, did face increasingly difficult financing conditions. Nevertheless, in the first quarter of 2002 bank flows to emerging markets continued to be dominated by shifts in deposits rather than cutbacks in claims. After growing steadily between mid-1999 and mid-2001, placements by emerging markets with banks in the BIS reporting area had begun to contract in the third quarter of 2001 (Graph 2.2 and Table 2.2). Residents of emerging Asia resumed deposits of funds abroad in the first quarter of 2002, but residents of Latin America and the Middle East again withdrew substantial amounts.

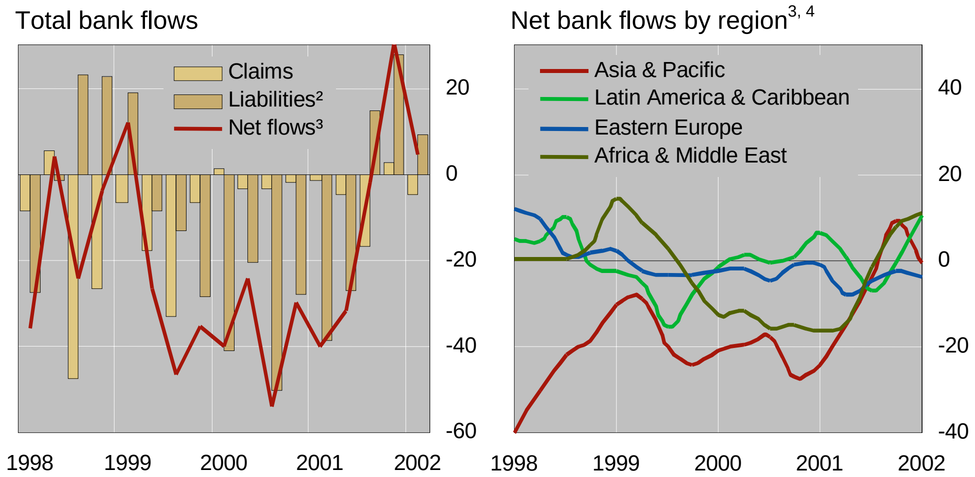
Many emerging economies in Asia and eastern Europe, as well as oil-exporting countries, maintained ready access to the international banking market in the first quarter of 2002. Banks continued to increase their claims on Malaysia and the Philippines. Repo activity boosted claims on Korea. Cross-border credit to Poland and Russia remained strong. And lending to Iran and the United Arab Emirates surged. More recent data on syndicated lending suggest that borrowers from a number of these countries remained active in the second quarter too (see “International syndicated credits in the second quarter of 2002” on page 22).

Many emerging economies maintain access to the international banking market

In the Asia-Pacific region, new lending to some countries was offset by further repayments by others and, moreover, renewed deposit outflows (Graph 2.4). Net flows (claims less liabilities) from banks in the reporting area to the region, which had turned positive in the latter part of 2001, reversed direction again in the first quarter of 2002: outflows equalled $11 billion in the first quarter, compared to inflows of $10 billion in the fourth. Banks in Korea, Taiwan (China) and Pakistan placed large amounts with banks abroad. By contrast, banks in mainland China continued to withdraw deposits, after having placed significant sums abroad between mid-1999 and mid-2001 (see “Rising foreign currency liquidity of banks in China” on page 67). In the first quarter, banks in mainland China also paid down their external bank debt, resulting in a sizeable contraction in cross-border bank claims on mainland China. Claims on Indonesian residents fell again in the first quarter, and banks in Indonesia withdrew funds from banks in the reporting area to meet some of these repayments.

Cross-border bank flows to emerging economies[1]

Exchange rate adjusted changes in amounts outstanding, in billions of US dollars



[1] A positive value represents an inflow into emerging economies from banks in the BIS reporting area, and a negative value an outflow from emerging economies. [2] A positive value indicates a decrease in BIS reporting banks' liabilities vis-à-vis emerging economies, and a negative value an increase. [3] Changes in claims minus changes in liabilities. [4] Two-quarter moving average.

Graph 2.4

Asia and emerging Europe place more deposits abroad ...

In emerging Europe too, new lending was offset by placements abroad, resulting in net flows of $4 billion from the region to banks in the BIS reporting area. Banks in Russia and Poland channelled substantial amounts to banks in the reporting area. Notably, outflows from Turkey slowed significantly in the first quarter. Indeed, claims rose for the first time since late 2000, by $1 billion, although this rise was more than offset by an increase in foreign banks' liabilities to banks in Turkey. The rise in claims reflects repo activity between banks in the United States and banks in Turkey; banks in other countries continued to reduce their claims. In the second quarter of 2002, Turkish banks raised $545 million in the syndicated loan market, mostly for trade financing and to refinance maturing facilities.

... but Saudi Arabia and other oil exporters withdraw funds

In contrast to much of Asia and emerging Europe, residents of the Middle East and Africa withdrew funds from banks abroad for the third successive quarter. Coupled with new bank credit, withdrawals resulted in net flows of $7 billion into the region in the first quarter of 2002. Most of these funds went to oil-exporting countries, in particular Saudi Arabia. Almost the entire amount withdrawn by Saudi residents in the first quarter came from banks in Europe, and most of the funds were denominated in US dollars.

Weak demand depresses cross-border lending to South Africa

Inflows to oil-exporting countries were partially offset by large outflows from South Africa. Short-term bank claims on South African borrowers, especially non-banks, fell further in the first quarter. Between March 2001 and March 2002, the outstanding stock of cross-border claims on South African residents fell by 13%. Moreover, short-term claims fell to 49% of consolidated international bank claims on South Africa at end-March 2002, from 60% a year earlier. The contraction in cross-border credit appears to have been driven by

Cross-border bank flows to emerging economies

Exchange rate adjusted changes in amounts outstanding, in billions of US dollars

	Banks' position[1]	2000	2001	2001				2002	Stocks at end-March 2002
		Year	Year	Q1	Q2	Q3	Q4	Q1	
Total[2]	Claims	–7.8	–20.6	–1.5	–4.9	–16.9	2.7	–4.7	858.8
	Liabilities	140.1	23.2	38.7	26.9	–14.9	–27.5	–9.0	1,071.5
Argentina	Claims	1.2	–5.8	–1.7	1.6	–2.4	–3.3	–4.4	36.4
	Liabilities	3.1	–16.7	–6.0	2.3	–1.9	–11.1	–0.9	22.7
Brazil	Claims	9.5	0.9	4.0	0.1	–1.1	–2.2	0.7	95.5
	Liabilities	–4.6	0.4	–2.6	2.2	4.9	–4.1	1.7	49.0
Chile	Claims	0.3	0.2	0.5	0.4	–0.9	0.2	–0.4	18.4
	Liabilities	–1.5	–1.0	–0.3	0.2	–0.4	–0.6	0.3	14.8
China	Claims	–5.4	–3.5	–1.8	1.5	–2.7	–0.6	–7.3	46.7
	Liabilities	35.7	–6.5	0.7	3.5	–6.6	–4.0	–7.0	86.5
Indonesia	Claims	–3.6	–5.4	–0.8	–1.5	–2.3	–0.8	–1.3	33.7
	Liabilities	–1.0	1.1	1.5	–0.7	–0.4	0.7	–1.4	12.6
Korea	Claims	–4.8	–0.2	3.3	–2.6	1.0	–2.0	6.6	68.6
	Liabilities	–1.7	1.7	4.6	–2.2	–2.4	1.7	11.8	40.5
Mexico	Claims	–1.0	4.9	4.9	–0.2	–1.9	2.1	0.7	63.1
	Liabilities	6.9	8.9	3.2	0.6	4.5	0.6	–15.5	47.1
Russia	Claims	–6.6	1.3	–1.2	0.3	0.2	2.1	1.4	37.6
	Liabilities	7.2	5.2	3.8	2.6	–2.8	1.7	3.6	32.0
Saudi Arabia	Claims	0.1	–2.4	–1.9	0.1	–1.6	1.0	0.2	23.7
	Liabilities	10.9	–9.7	4.7	–1.4	–5.7	–7.3	–5.1	46.0
South Africa	Claims	0.6	–0.4	0.5	–0.5	0.8	–1.1	–1.5	16.2
	Liabilities	0.4	2.1	1.2	0.6	1.1	–0.9	0.2	16.2
Thailand	Claims	–7.8	–3.5	–1.0	–0.8	–3.1	1.4	–2.2	20.7
	Liabilities	1.9	1.3	0.3	1.0	–0.5	0.5	–0.7	14.8
Turkey	Claims	11.3	–12.0	–2.2	–5.1	–0.9	–3.7	1.0	37.3
	Liabilities	2.3	–2.1	–1.2	0.4	0.8	–2.1	1.7	19.9
Memo:									
EU accession countries[3]	*Claims*	*7.5*	*6.3*	*1.0*	*1.7*	*–0.4*	*4.1*	*1.3*	*73.3*
	Liabilities	*5.5*	*9.9*	*4.5*	*–0.2*	*0.9*	*4.8*	*–0.6*	*62.2*
OPEC members	*Claims*	*–11.4*	*–14.1*	*–7.5*	*–2.5*	*–5.1*	*1.1*	*3.5*	*128.8*
	Liabilities	*37.7*	*–2.8*	*13.3*	*2.1*	*–9.7*	*–8.5*	*–5.5*	*236.7*

[1] External on-balance sheet positions of banks in the BIS reporting area. Liabilities mainly comprise deposits. An increase in claims represents an inflow into emerging economies; an increase in liabilities represents an outflow from emerging economies. [2] All emerging economies. For details on additional countries, see Tables 6 and 7 in the Statistical Annex. [3] Countries in accession negotiations with the European Union, ie Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic and Slovenia. Table 2.2

weaker demand for external finance, owing to a steady improvement in South Africa's current account balance, rather than cutbacks in lending. South African borrowers were active in the international syndicated loan market during 2001 and the early part of 2002, suggesting that banks remained willing to take on South African risk.

Claims on several Latin American countries contract

Borrowers in Latin America appeared to have more difficulty obtaining cross-border bank financing than borrowers in other regions. During the first quarter, claims on Latin America fell by $5 billion, or 5% year over year, and signings of syndicated loan facilities dropped to their lowest level since 1996.

Cutbacks and write-offs of claims on Argentina accounted for a large part of the contraction in credit to the region. In addition, Colombia, Chile and Peru all saw claims decline. In the first quarter, Colombian and Chilean borrowers raised funds in the international syndicated loan market, and the Peruvian government in the debt securities market, yet these borrowings were not enough to offset repayments.

Lending to Brazil and Mexico held up better than lending to other Latin American countries. Indeed, cross-border bank claims on both Brazil and Mexico increased by $0.7 billion during the first quarter. Most of these funds went to non-bank borrowers, mainly corporations. In the second quarter of 2002, Brazilian and Mexican corporations were again active in the international syndicated loan market, to refinance maturing loans. Despite the challenges faced by Uruguay following the crisis in Argentina, claims on Uruguay also increased slightly during the first quarter. Trade credit accounted for most of this increase. Agricultural exports from Uruguay peak in the first half of each year, tending to boost demand for export financing.

Mexican central bank shifts reserves from deposits to securities ...

Cross-border lending activity in Latin America in the first quarter was overshadowed by changes in banks' liabilities to residents in the region. Corporations, individuals and other non-bank residents deposited over $2 billion with banks in the reporting area. Non-banks in Venezuela made especially large deposits. However, banks in Latin America, including central banks, withdrew a massive $19 billion from banks in the BIS reporting area, a larger amount even than in the fourth quarter of 2001, when Argentine banks drew down the bulk of their external assets. Banks in Peru, Colombia, Argentina and Uruguay repatriated significant amounts from abroad. By far the largest withdrawals were by banks in Mexico, which repatriated $16 billion, equivalent to one quarter of their total placements with banks in the reporting area. A large part of this decline reflected a reallocation of assets. In particular, the Mexican central bank withdrew $10 billion from banks abroad and reinvested the funds in foreign securities, including US Treasury and agency bonds.

... consistent with the global trend in reserve holdings

The Bank of Mexico's decision to reallocate its foreign exchange reserves is consistent with the global trend in reserve holdings. Deposits with banks in the BIS reporting area by central banks and other official monetary authorities peaked at 22% of total foreign exchange reserves at end-June 2001, before declining steadily to 18% by end-March 2002. The currency composition of central banks' offshore deposits remained more or less unchanged, with nearly 70% of deposits denominated in US dollars and 17% in euros.

International syndicated credits in the second quarter of 2002

Blaise Gadanecz

Activity in the international syndicated loan market rebounded during the second quarter of 2002, with signings rising by nearly 20% over the first quarter on a seasonally adjusted basis. However, this rebound did not represent a return to the days of easy credit in 1999 and 2000. Rather, it reflected the refinancing of facilities signed a year earlier as well as efforts by firms to expand their backup credit lines in response to difficult financing conditions in the commercial paper (CP) market.

Signings of standby or CP backup facilities soared to $46 billion, their highest level since the boom in lending to telecoms in late 2000. Ironically, this surge in signings of international standby facilities occurred even while banks were becoming increasingly reluctant to extend backup lines. Lower-quality credits are rarely able to arrange standby facilities, and so credit rating downgrades over the past year have reduced the number of eligible borrowers. At the same time, in the first half of 2002 those firms still able to tap the CP market made a concerted effort to reduce their exposure to rollover risk by both extending the maturity of their debt and expanding their backup lines. GE Capital arranged an $18 billion standby facility in two tranches, GMAC a $7.4 billion facility, Morgan Stanley Dean Witter $5.5 billion, and Household Finance Corporation $5.4 billion.

Syndicated lending in the second quarter was further boosted by $42 billion in refinancing activity, mainly by telecommunications companies. Vodafone AirTouch arranged a $10.7 billion facility at spreads almost equivalent to those on the maturing facility. PCCW Hong Kong Telecom raised HK$ 10 billion in order to retire early part of a US dollar facility signed in 2001.

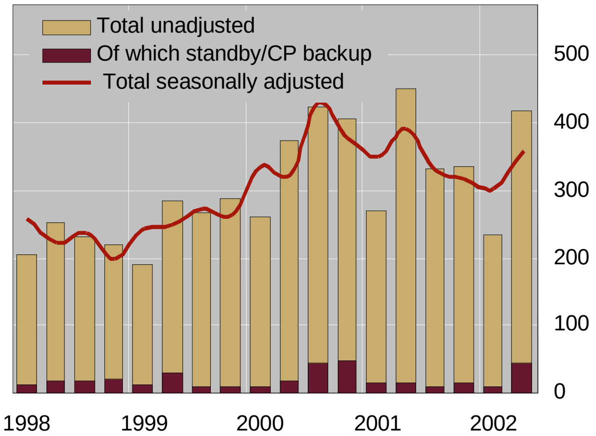
Turning to emerging economies, lending to borrowers in Latin America was substantially below volumes in recent years. Brazilian electrical utilities and steel firms raised $1.5 billion, and Mexican debtors $900 million. Few borrowers from other Latin American countries were able to access the syndicated loan market in the second quarter. Latin American firms face a heavy repayment schedule in the second half of 2002, with over $10 billion in syndicated facilities maturing. Mexican borrowers face the largest repayments, at $4.7 billion, followed by Argentine borrowers at $2.9 billion.

Borrowers from other emerging markets maintained favourable access to the syndicated loan market in the second quarter. Korean banks and corporations raised $2 billion, and the government and state airline of Qatar $1.4 billion. Borrowers from Turkey, mainly banks, signed facilities totalling $0.6 billion, at pricing comparable to that on loans arranged in 2001.

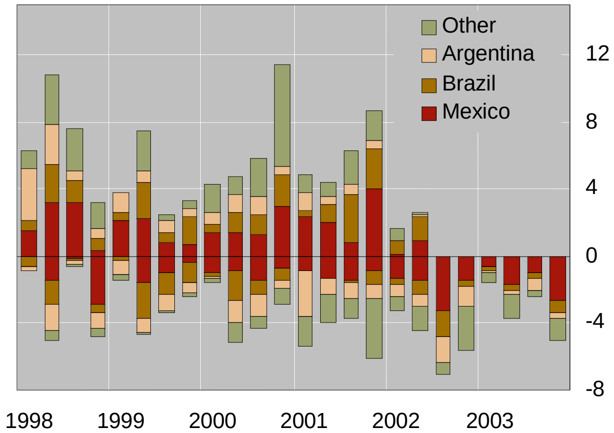
Activity in the international syndicated credit market

In billions of US dollars

Signed facilities



Signed and maturing facilities for Latin America[1]



[1] Signed facilities are represented by positive values, maturing ones by negative values. Maturing facilities are estimated based on facilities signed from January 1993 onwards and assume that the facility was not repaid or cancelled before maturity.

Sources: Dealogic Loanware; BIS.