

# RETHINKING SYNDICATED LENDING: THE EUROPEAN LOAN MARKET TO 2015

BY NACHUM KAPLAN, ASSOCIATE EDITOR, IFR

**This state-of-the-industry report provides a definitive analysis of the increasingly dynamic and complex loan market, and shows you:**

- The **flaws at the heart of relationship lending**, and how banks can and must adapt to the changing market
- Why banks need the **courage to walk away** from relationship lending, and when the time is right to do so
- What the **loan bank of the future** will look like
- Who the **new breed of investors** are, and what impact they're having on the booming leveraged finance market
- How some players can – and will – **benefit from a downward credit cycle**.



# RETHINKING SYNDICATED LENDING: THE EUROPEAN LOAN MARKET TO 2015

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**The European syndicated loan market has grown hugely. In 2006 a staggering US\$1.5 trillion worth of loans had been booked in the EMEA region, more than three times US\$494.7 billion done in 2001.**

But fierce competition among banks still clinging to the old relationship lending paradigm has been exploited to the fullest by Europe's smartest borrowers. As syndicated loan volumes have soared, pricing has fallen to eye-watering levels, sometimes below the lending banks' own cost of funds. Banks have responded to the inherent flaws in relationship lending but, with a few exceptions, not yet to the degree necessary to overcome them.

Luckily, other forces are at work. The rapid expansion of leveraged finance into a mainstream market; enormous growth in structured lending; new risk management strategies; a proliferation of new players in the market and the advent of the single European currency – all offer excellent opportunities to those with reach and imagination, and huge challenges to those without.

Taken together, these developments have prompted a major rethink not just of banks' approach to relationship lending but of the very concept of lending itself.

**Rethinking Syndicated Lending: The European Loan Market to 2015** offers a timely and hugely insightful analysis of this increasingly dynamic market. Written by Nachum Kaplan, IFR's Associate Editor for Loans and High Yield, the report examines the forces that have shaped the loan market to date, outlines the likely shape of the market to 2015 and considers those skills, strategies and resources that will best meet with success in the future.

Drawing on the candid views of many of Europe's top loan bankers, a wealth of data and the author's own experience,

**Rethinking Syndicated Lending: The European Loan Market to 2015** should be essential reading for all lenders, borrowers and investors looking for an edge in this fast-evolving market.

## ABOUT THE AUTHOR

Nachum Kaplan is associate editor of Loans/High Yield at International Financing Review (IFR) magazine in London and the senior judge for the loan and high-yield categories of IFR's annual capital markets awards. He has been with IFR since 2001.

A career financial journalist with 15 years international experience, he has worked in his native Australia, Indonesia and the United Kingdom and has travelled extensively in Asia, Europe and the US as part of his work.

He began his career as a stock, bond and currency market reporter for the Herald Sun, Australia's biggest-selling daily newspaper. He then moved to Indonesia where he worked for The Jakarta Post English-language daily after which he joined US financial newswire Bridge News, where he became the Jakarta bureau chief. He reported on the 1997-1998 Asian Financial Crisis and the subsequent political turmoil that culminated in the downfall of Indonesian dictator President Soeharto after a 32-year rule. He moved to London with Bridge News in 2000

## People interviewed in the course of researching this report include:

**David Basset**, global head of loans, Royal Bank of Scotland

**Tim Ritchie**, global head of loans, Barclays Capital

**Grant Kvalheim**, global head of leveraged finance, Barclays Capital

**Julian van Kan**, global head of loans, BNP Paribas

**Steve Swift**, head of loan syndicate, SG CIB

**Chris Baines**, managing director, European leveraged capital markets, SG

**Michael Mauer**, global head of loans and leveraged finance, Citigroup

**Steve Victorin**, managing director, global fixed income capital markets, Citigroup

**Atiq ur Rehman**, managing director, head of global emerging markets, Citigroup

**Simon-Parry Wingfield**, managing director, global capital markets, Morgan Stanley

**Brian Basset**, managing director, head of high-yield and loan capital markets, Europe, Deutsche Bank

**Matthias Gaab**, managing director, head of loan capital markets, Frankfurt, Deutsche Bank

**Kim Humphreys**, head of syndications, Mizuho Corporate Bank and chairman of the Loan Market Association

**Hamish Buckland**, head of European leveraged finance, JPMorgan

**Kristian Orssten**, head of loan debt capital markets, JPMorgan

**Rolan Boehm**, joint head of European loan syndicate, Dresdner Kleinwort

**Michael Legeland**, head of loan distribution, Commerzbank

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