PRESS RELEASE

Federal Deposit Insurance Corporation

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BANK REGULATORS' DATA SHOW INCREASE IN ADVERSELY CLASSIFIED SYNDICATED BANK LOANS

FOR IMMEDIATE RELEASE

WASHINGTON _ Syndicated bank loans rated adversely by examiners increased in 1999 from low levels, according to data released today by three federal bank regulatory agencies.

The agencies -- the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation -- released aggregate data for the past six years and data by major industry sector for the past three years.

Under the Shared National Credit (SNC) Program, the agencies review large syndicated loans annually, usually in May and June. The program, established in 1977, is designed to provide an efficient and consistent review and classification of any loan or loan commitment shared by three or more institutions and totaling $20 million or more.

In 1999, the SNC Program covered 8,974 credits to 5,587 borrowers totaling $1.8 trillion in drawn and undrawn loan commitments. Of the total, $37.4 billion, or 2 percent, was classified adversely because of default or other significant credit concerns. That was up from the lowest level this decade, 1.3 percent in 1998, but still significantly below the 4.1 percent level reached in 1994.

Borrowers have drawn down about a third of the $1.8 trillion in loan commitments, or $630 billion. Of this amount, $33 billion, or 5.3 percent, was classified adversely, up from 3.2 percent in 1998 but down from 11 percent in 1994.

The percentage of adversely classified credits rose in 1999 for most major industry sectors compared with 1998. The rise was sharpest for service industries because of a large increase in problem loans in the health-care sector. Other industries recording an increase included oil and gas and wholesale and retail trade.

Credits listed as "special mention" by examiners because of potential weakness -- a less serious category than the three adverse classifications: substandard, doubtful, and loss -- totaled $31.4 billion in 1999, up from $22.8 billion in 1998 but about the same as in 1994.

Attachment: Summary of Shared National Credit Program
(15 Kb - PDF help or hard copy)

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