

**Office of the Comptroller of the Currency  
Federal Deposit Insurance Corporation  
Board of Governors of the Federal Reserve System**

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December 5, 2011

TO THE CHIEF EXECUTIVE OFFICER:

The 2012 Shared National Credit (SNC) review, administered by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve System, will begin in April 2012. To prepare for the review, the federal bank regulatory agencies (Agencies) must obtain year-end 2011 SNC information from supervised banks or bank holding companies. The definition of a SNC and other reporting requirements are detailed in the attachment to this letter. Reporting institutions must designate an individual contact for the annual SNC review. In most cases, this person should also coordinate the collection and submission of the SNC data for your institution.

The Agencies use a combination of statistical and judgmental sampling techniques to select SNCs to review each year. SNCs that are selected for 2012 will be reviewed at the agent bank or another designated review site. The credit quality rating assigned by the examination team will be reported to each supervised institution that participated in the credit as of the review date. The assigned ratings will be used by the Agencies during other examinations of supervised institutions to avoid duplicate reviews and ensure consistent treatment of these credits. Internal ratings or other data provided to the Agencies is confidential and will not be disclosed to other institutions.

If your institution is the agent bank, or is chosen as the designated review site, you or your designated SNC contact will be notified by the examiner-in-charge (EIC) for your institution. The EIC, prior to the review start date, will arrange a mutually agreeable time to discuss the review process. Credit file documentation should be updated before the review starts to facilitate its timely completion.

**The attached Guidelines for Preparing Shared National Credit Data should be carefully read to ensure compliance with SNC reporting requirements. SNC reporting should receive the same attention you would give other examination information requests.** Some reporting areas that require particular focus are highlighted below and included in the “Additional Reporting Guidance” section of this letter:

- Participant data. Page 7 of Additional Reporting Guidance below.
- Loan charge-offs. Page 7
- Other real estate owned and other assets acquired through debts previously contracted.

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- Restructured, renewed, modified, and new loan internal identification numbers and origination dates. Page 8-9

**All reporting institutions should submit the following items 1, 2, and 3 on or before January 2, 2012. Item 4 should be submitted by FRS and FDIC reporters by January 31, 2012.**

1. SNC Program Contact Form (enclosed). This form requests confirmation of information for your SNC contact designee(s).
2. The institution's internal credit risk rating scale with a brief description of the categories and their regulatory, S&P, and Moody's equivalent (a photocopy from the bank's files will suffice).
3. The completed internal credit risk ratings concordance table (enclosed). Each internal rating category should be mapped to one of the seven concordance categories listed in the table. If difficulties are encountered in completing the concordance table, please contact your primary federal regulator.
4. Attestation (enclosed for FRS and FDIC reporters only). All reporters are required to sign an attestation confirming the accuracy of bank reported data.

The contact form, internal credit risk rating scale and concordance table should be returned to the address on the attached contact form.

Thank you for your cooperation in the SNC Program. You are encouraged to provide suggestions to help us improve the SNC data collection and review process. Questions pertaining to the SNC Program or this request should be directed to the contact person for the agency that supervises your financial institution.

Sincerely,



Michael Brosnan, Senior Deputy Comptroller  
Large Bank Supervision  
Office of the Comptroller of the Currency



Jack P. Jennings, III, Senior Associate Director  
Division of Banking Supervision and Regulation  
Board of Governors of the Federal Reserve System



Pete Hirsch, Acting Associate Director Mid Tier Bank Supervision Branch  
Federal Deposit Insurance Corporation

Enclosures:

- SNC Data Reporting Requirements
- Guidelines for Preparing Shared National Credit Data (FRS and FDIC supervised institutions)
- eSNC User Guide
- Key dates for financial institutions
- Regulatory Disposition Concordance Table
- SNC Program Contact Form
- Shared National Credit Program Attestation (FRS and FDIC supervised institutions)

## **2012 SHARED NATIONAL CREDIT REVIEW SNC DATA REPORTING REQUIREMENTS**

### **Purpose and Objective**

The annual Shared National Credit (SNC) review is administered by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRS), and the Federal Deposit Insurance Corporation (FDIC). Cooperating state bank supervisors also participate in the annual review.

Banking organizations subject to the review are referred to as “supervised institutions.” A **supervised institution** is any financial institution (including any “functionally regulated subsidiary”) subject to supervision by one of the federal bank regulatory agencies (Agencies). Supervised institutions include the following:

- 1) FDIC-insured banks and thrifts, their branches, subsidiaries, and affiliates
- 2) Federally licensed branches and agencies of foreign banks
- 3) State-licensed branches and agencies of foreign banks
- 4) Bank holding companies and financial holding companies, and their non-bank subsidiaries and affiliates subject to examination by the Federal Reserve System.

Supervised institutions do not include U. S. representative or loan production offices of foreign banks or foreign offices of foreign banks.

A sample of SNCs is reviewed each year at the agent banks or other designated review sites. The credit quality rating assigned by the examiners to each credit is reported to all supervised institutions that participate in the credit. These ratings are used during subsequent examinations of supervised institutions to avoid duplicate reviews and to ensure consistent treatment of credits.

The Agencies will monitor the accuracy of reporting by the institutions under their supervision. Reporting banks should treat this request for SNC information with the same degree of diligence afforded other bank supervision reporting requirements.

### **Who Reports**

- **The agent or administrative agent of the credit.** The agent is the supervised institution that **originates** a SNC **and/or administers** the credit for the syndication or participating lenders.
- Each individual U.S. branch or agency of a foreign bank should report SNCs for which it is the agent.

If you have questions about reporting a particular credit, please contact the following:

Regulatory Agency	Contact	Phone No	Type of Bank
OCC	Christal Coppedge	202-874-4591	OCC chartered national banks and thrifts, their subsidiaries, and nationally licensed branches of foreign banks.
FDIC	Mark Sheely	573-875-6620 ext. 4227.	State chartered banks that are not members of the FRS.
FRS	Vadim Tovshteyn	212-720-8465	State chartered banks, state licensed branches and agencies of foreign banks, and other lenders where any Federal Reserve Bank is the primary regulator.

### **When to Report**

- The enclosed contact form, internal risk rating definitions, and concordance table should be completed and returned to the appropriate agency **by January 2, 2012.**
- The requested credit information should be submitted on or before **January 31, 2012.**
- For all FRS and FDIC supervised institutions, please also submit the enclosed attestation signed by a senior officer that has managerial responsibilities for the internal controls for reporting SNC data by **January 31, 2012.**

### **What to Report**

A **SNC** is any loan and/or formal loan commitment extended to a borrower (excluding individuals) by a supervised institution, its subsidiaries, and affiliates for which the original amount aggregates \$20 million or more; and 1) which is shared by three or more supervised unaffiliated institutions under a formal lending agreement; or, 2) a portion of which is sold to two or more supervised unaffiliated institutions, with the purchasing institutions assuming their pro rata share of the credit risk. SNCs include assets such as other real estate, stocks, notes, bonds, and debentures taken for debts previously contracted. As previously mentioned, the official definition of a SNC has been changed to exclude extensions of credit to individuals from the reporting requirements. **All assets that meet this definition should be reported.**

**SNCs include:**

- All international credits to borrowers in the private sector regardless of currency denomination that are administered by a U. S. domestic office of the institution. If denominated in a foreign currency, please report all amounts in U.S. dollars using the December 31, 2011 spot rate.
- Any other large credit(s) designated by the Agencies as meeting the general intent or purpose of the SNC Program.
- Other assets acquired through debts previously contracted if owned by the syndication or lending group. This includes other real estate owned, corporate stock, partnership interests, and other business assets.
- Two or more credits to the same borrower that aggregate \$20 million or more in which each credit has the same supervised participating lenders and same origination date.
- When any credit facility or tranche of a syndicated loan agreement equals \$20 million or more and includes three or more supervised institutions, all the other credit facilities or tranches subject to that agreement should be reported regardless of their dollar amount or the number of supervised institutions participating in them. If an institution is unable to report in accordance with this request, please notify the SNC contact.
- Please report each tranche/facility as a separate credit when a credit agreement has tranches/facilities with different terms.

**SNCs do not include:**

- Credits extended directly to an individual. These loans should be excluded from the submission.
- Credits shared solely between affiliated supervised institutions.
- Private sector credits that are 100% guaranteed by a sovereign entity.
- Direct credits to sovereign borrowers.
- Credits known as "club credits" which include related borrowings from multiple lenders but are not extended under the same lending agreement.
- Credits with different maturity dates for participating lenders.

If an institution is uncertain whether or not a credit meets the definition of a SNC, it should report the credit as a SNC. The appropriate regulatory agency will make the determination.

## **Additional Reporting Guidance**

### **1. Participant data**

Reporting institutions must ensure that the legal names and locations for participating lenders provided in the data submission are accurate.<sup>1</sup> Correct reporting of participant information helps to ensure efficient processing of SNC data and accurate reporting of review results to the participating lenders. Incorrect information can lead to a financial institution receiving confidential information that does not pertain to its organization. When selecting participant lenders for branches of Foreign Banking Organizations (FBOs), ensure the correct U.S. based entity is reported, and that the FBO's head office or another related foreign based entity is not incorrectly selected.

### **2. Loan charge-offs between SNC reviews**

The Committed Exposure Global and Utilized Exposure Global should be reported net of all SNC review mandated charge-offs. Subsequent charge-offs recognized by the reporting bank between SNC reviews should not be netted from the committed and utilized exposures. Subsequent charge-offs recognized by the reporting bank should be reflected in the internal credit risk ratings submitted by the bank.

#### **For example:**

Legal commitment and utilized exposure	\$100,000,000
Previous SNC mandated charge-offs	20,000,000
Subsequent reporting bank charge-offs	20,000,000

(this is the Committed Exposure Global amount of charge-offs, not the participant share)

**Reportable Committed and Utilized Exposure Global**      \$ 80,000,000  
(\$100 million minus \$20 million mandated charge-offs)

**Credit Exposure Internal Risk Rating and Regulatory Credit Risk Rating** would be 75% substandard and 25% loss (\$60 million and \$20 million)

The cumulative charge-offs is the share of charge-offs, SNC mandated and non-mandated, recognized by the reporting bank over the life of the credit.

**Cumulative Charge-offs** assuming a 10% hold by the reporting bank (mandated \$20 million charge-off plus the subsequent \$20 million charge-off times 10%)      \$4,000,000

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<sup>1</sup> See page nine under the section titled, "Identifying Participating Lender Names" for a link that allows users to search for institutions to correctly identify the appropriate RSSD number.

### **3. Other Real Estate Owned (OREO)**

If all or some part of a SNC has been satisfied through the transfer of ownership in OREO to the syndication or lending group since the prior SNC review, the reporting bank must submit the initial recorded investment in the loan satisfied. This amount is the unpaid balance of the loan increased by accrued and uncollected interest, unamortized premium, and loan acquisition costs, if any, and then decreased by previous direct write down, finance charges, and unamortized discount, if any. This amount is entered as the Committed and Utilized Exposure Global. The Type code should be OREO, and the prior reporting period's Internal Credit Facility ID should be reported in both credit ID data fields this reporting period.

Subsequent to the initial OREO reporting instructions outlined above, the reporting bank must submit the above referenced commitment and utilized amount net of all SNC review mandated asset valuation write-downs, but gross of any subsequent valuation write-downs recognized by the reporting bank between SNC reviews. Subsequent valuation write-downs should be reported in the Cumulative Charge-offs data and Credit Risk Ratings similar to the method described in section 2. Loan charge-offs between SNC reviews.

### **4. Other Assets Acquired in Satisfaction of a SNC**

If all or some part of a SNC has been satisfied in exchange for equity ownership (corporate stock or partnership interest) in a firm since the prior SNC review, the reporting bank must submit the initial recorded investment in the loan satisfied. This amount is the unpaid balance of the loan, increased by accrued and uncollected interest, unamortized premium, and loan acquisition costs, if any, and decreased by previous direct write down, finance charges, and unamortized discount, if any. This amount is entered as the Committed and Utilized Exposure Global. For the Type code, select "Other" and type in the appropriate description of the asset, such as Corporate Stock or Limited Partnership. The prior reporting period's Internal Credit Facility ID should be reported in both credit ID data fields this reporting period.

Subsequent to the initial equity reporting instructions outlined above, the reporting bank must submit the above referenced commitment and utilized amount net of all SNC review mandated asset valuation write-downs, but gross of any subsequent valuation write-downs recognized by the reporting bank between SNC reviews. Subsequent valuation write-downs should be reported in the Cumulative Charge-offs data and Credit Risk Ratings similar to the method described in section 2. Loan charge-offs between SNC reviews.

### **5. Current and Original Internal Credit - IDs**

If the internal credit facility ID is changed by the reporting institution, the new Internal Credit Facility ID should be reported, and the Original Internal Credit ID should be the internal credit ID reported for the credit in the prior reporting period.

## 6. Credit Origination Dates

For SNC reporting purposes, origination dates should be reported as follows:

**Restructured/refinanced credits:** if a credit is restructured or refinanced prior to maturity, the origination date reported is the effective date of restructure or refinancing. A restructure/refinanced credit means a new loan agreement being instituted prior to maturity.

**Renewed credits:** if a matured credit is renewed, the origination date reported is the effective date of the renewal.

**Modified/amended credit agreements:** if a credit agreement is only modified or amended (maturity extension or covenant modifications), the origination date reported should be the effective date of the original loan agreement, NOT the date of the modification or amendment. Modified means original loan agreement in place with formal modifications to certain existing terms or conditions. Close to amendment which adds to existing loan agreement.

### Identifying Participating Lender Names

In order to collect correct participating lender legal names, reporting banks are encouraged to use the institution directory, <http://www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx>, to search for the participating lender legal names.

If a participating lender is an individual, do not report the individual's name. Report the participant's name as "Other Non- Regulated Entity" instead.

Correct reporting of participant information helps to ensure the timely completion and processing of SNC data and accurate reporting of results to the participating lenders.

### How to Report

#### **OCC Supervised Institutions including thrifts:**

- Basic reporters (annual) will submit SNC data through the eSNC data system. Manual entry reporting institutions should enter and submit their credits directly in eSNC: <https://bsr.frb.gov/SNCEXT>
- **Please report the actual booking location** for participating lenders that are **domestic offices of foreign banks**.
- **Please report the head office as the booking location** for participating lenders that are domestic branches of domestic banks.

- **Please report the foreign branch as the booking location** for participating lenders that are foreign branches of domestic banks.
- **Please report the head office as the booking location** for all participating lenders that are foreign branches (non U.S.) of foreign banks.

### **FRS and FDIC Supervised Institutions:**

**FRS:** Bank holding companies and financial holding companies and their non-bank subsidiaries subject to examination by the FRS, state chartered banks which are members of the FRS and their subsidiaries, and state licensed branches, agencies, and non-bank subsidiaries of foreign banking organizations.

**FDIC:** Nonmember banks subject to examination by the FDIC.

If you are an FRS or FDIC supervised institution you should return the requested information using the eSNC application. Please see the following instructions on [how to report this information](#):

- System-to-System institutions should submit their XML files via eSNC<sup>2</sup>: <https://bsr.frb.gov/SNCEXT>
- Manual entry reporting institutions should enter and submit their credits directly in eSNC<sup>2</sup>: <https://bsr.frb.gov/SNCEXT>
- Please report the actual booking location (city, state and country) for ALL participating lenders.
- If you need to modify the authorized users of your institution, please fill out the appropriate forms. They are available at: [http://www.newyorkfed.org/banking/reportingforms/shared\\_national\\_credits.html](http://www.newyorkfed.org/banking/reportingforms/shared_national_credits.html)
- Submission questions should be referred to the SNC Help Desk at 212-720-6549 or [SNCInbox@ny.frb.org](mailto:SNCInbox@ny.frb.org).

### **ALL Reporting Institutions:**

- **Please report all data as of December 31, 2011.**
- **Please validate the NAICS codes assigned to each obligor.**

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<sup>2</sup> A revised version of the eSNC User Guide is enclosed.

- For non-supervised lenders, you may use an existing main office location to report various funds in the same family. It is not necessary to add a new lender if the root name of the family already exists.
- Please limit the use of “Other Financial Institutions” as a participating lender. Whenever possible, select the legal name of the lender, following the rules listed above.

**Questions pertaining to the SNC program or this request may be directed to:**

**OCC**

Grant Wilson	<a href="mailto:Grant.Wilson@occ.treas.gov">Grant.Wilson@occ.treas.gov</a>	202-874-4184
Jamie-Jo Perry	<a href="mailto:Jamiejo.Perry@occ.treas.gov">Jamiejo.Perry@occ.treas.gov</a>	202-874-4610
Christal Coppedge	<a href="mailto:Christal.Coppedge@occ.treas.gov">Christal.Coppedge@occ.treas.gov</a> or <a href="mailto:snc@occ.treas.gov">snc@occ.treas.gov</a>	202-874-4591

**FRS**

John O’Sullivan	<a href="mailto:John.O’sullivan@ny.frb.org">John.O’sullivan@ny.frb.org</a>	212-720-5790
Jane Stone	<a href="mailto:Jane.Stone@ny.frb.org">Jane.Stone@ny.frb.org</a>	212-720-2244
SNC Help Desk	<a href="mailto:SNCInbox@ny.frb.org">SNCInbox@ny.frb.org</a>	212-720-6549

**FDIC**

Mary Garner	<a href="mailto:MGarner@fdic.gov">MGarner@fdic.gov</a>	202-898-6594
Mark Sheely	<a href="mailto:MSheely@fdic.gov">MSheely@fdic.gov</a> <a href="mailto:FDIC-SNC@fdic.gov">FDIC-SNC@fdic.gov</a>	573-875-6620

## **KEY DATES FOR FINANCIAL INSTITUTIONS**

January 2, 2012	Bank contact name due to regulator Internal credit risk rating scale due to regulator Concordance table due to regulator
January 31, 2012	Updated SNC data due to regulator Attestation due to regulator (FRS, FDIC)
July 2, 2012	SNC review results distributed to participating supervised institutions

## Regulatory Disposition Concordance Table

**Reporting Institution:**

**Date:**

In the table below, please map your institution's internal obligor and credit risk ratings to the appropriate regulatory disposition grade. If your institution does not have an obligor risk rating, leave that column blank. This table will be validated and approved on an annual basis by the institution's examination team.

<b>Regulatory Disposition</b>	<b>Obligor Internal Risk Rating</b>	<b>Credit Internal Risk Rating</b>
1 = Investment grade		
2 = Non-investment grade		
3 = Lowest rated pass		
4 = Special mention		
5 = Substandard		
6 = Doubtful		
7 = Loss		

**SHARED NATIONAL CREDIT PROGRAM  
CONTACT FORM  
(For OCC Supervised Institutions Only)**

TO: Christal J. Coppedge  
Office of the Comptroller of the Currency  
Large Bank Supervision, Mail Stop 6-1  
250 E Street, SW  
Washington, D.C. 20219

FROM: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Bank name and **street** address)

DATE: \_\_\_\_\_

We acknowledge receipt of the request for information on Shared National Credits.

If you have questions regarding credits agented by or reviewed in our bank, please contact the following person(s):

Name \_\_\_\_\_

Title \_\_\_\_\_

Dept \_\_\_\_\_

Phone # \_\_\_\_\_

Email \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Dept \_\_\_\_\_

Phone # \_\_\_\_\_

Email \_\_\_\_\_

**SHARED NATIONAL CREDIT PROGRAM**  
**2012 Contact Form\***  
**(For FRS and FDIC Supervised Institutions)**

**Mail To:** Shared National Credit (SNC) Business Office  
Federal Reserve Bank of New York  
Statistics Function  
33 Liberty Street, 4<sup>th</sup> Floor  
New York, New York 10045-0001

**Or Email To:** [SNCInbox@ny.frb.org](mailto:SNCInbox@ny.frb.org)

**Please Print or Type all Information**

**Institution Name:**

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**Chief Executive Officer or Senior Officer:**

*(Only the CEO or Senior Officer is authorized to receive the final Shared National Credit Program results.)*

Name:

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Title:

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Address:

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Phone Number:

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During the 2012 review, you may contact the person(s) indicated below to coordinate the Shared National Credit Review, handle correspondence to and from the Federal Reserve System, and to answer questions regarding credits agented and/or reviewed at this organization.

**SNC Contact:**

Name/Title:

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Department:

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Phone

Number:

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E-Mail

Address:

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Fax

Number:

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Mailing Address (Please do not use a P.O. Box):

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**SNC Contact (Alternate):**

Name/Title: \_\_\_\_\_

Phone

Number: \_\_\_\_\_

E-Mail

Address: \_\_\_\_\_

Fax

Number: \_\_\_\_\_

Mailing Address (Please do not use a P.O. Box):

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If the SNC Contact does not have access to the eSNC application, or is not considered the primary contact, please indicate one (1) user which is considered the Primary contact. This person should have Level 2 access (for more information, please review the eSNC Access Control Form).

During the 2012 data collection process, you may contact the person below with regard to the input, deletion, and submission of SNC data using the eSNC application.

**Primary eSNC (Electronic Shared Credit System) Contact:**

Name/Title:

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Phone Number:

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E-Mail Address:

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We acknowledge receipt of the request for information on Shared National Credits.

SNC CONTACT SIGNATURE

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- Organization has to report SNCs on January 31, 2012.
- No agented deals to report at this time

\* For control purposes, please return this form even if your institution does not have any SNCs to report.

**Shared National Credit Program  
Attestation  
(For FRS and FDIC Supervised Institutions)**

Date: \_\_\_\_\_

Mail To: Shared National Credit (SNC) Business Office  
Federal Reserve Bank of New York  
Statistics Function  
33 Liberty Street, 4<sup>th</sup> Floor  
New York, New York 10045-0001

Or Email To: [SNCInbox@ny.frb.org](mailto:SNCInbox@ny.frb.org)

This is to confirm that the Shared National Credit (SNC) data submitted to the Federal Reserve System as of December 31, 2011 has been reviewed for accuracy and integrity, including the Participant Lender data. We also confirm that proper internal controls have been implemented to mitigate the risk of error with respect to the SNC data, including an annual internal review function prior to data submission to ensure that the SNC data are current.

Authorized Official Name/Title:

\_\_\_\_\_

Authorized Official Signature

\_\_\_\_\_

Bank Name

\_\_\_\_\_

Location

\_\_\_\_\_