

**RELEASE NOTES**

**SHARED NATIONAL CREDIT PROGRAM**

**REPORTING INSTRUCTIONS**

**September 2023**

**SNC Business Office**

## SUMMARY OF UPDATES

9/30/2023

**Industry Code—NAICS:** The 5 or 6 digit code that best describes the primary business activity of the reporting agent according to the North American Industry Classification System. If the reporting entity does not electronically store NAICS codes, please report a SIC code (see item #21 below) but do not report both a NAICS and a SIC code. See <https://www.census.gov/naics/> for further information about NAICS codes or to download a file containing all active NAICS codes. Please use the latest **2022** NAICS codes list.

**Industry Code – SIC:** The 4 digit numeric code that describes the primary business activity of the reporting agent according to the Standard Industrial Classification system. The Agencies prefer NAICS codes, however, SIC codes are acceptable if the reporting entity does not electronically store NAICS codes. Only report a SIC or NAICS code, not both. See <https://www.naics.com/everything-sic/> for further information about SIC codes and to find corresponding NAICS codes for existing SIC codes.

6/30/2023

### **Troubled Debt/ASU 2022-02 designation:**

Reporting requirements include a field for credits designated Troubled Debt Restructure or, for reporters that have adopted ASU 2022-02, credits that meet the reporting requirements under ASU 2022-02 (Y/N). All reporters should apply their internal Troubled Debt Restructure/ASU 2022-02 status (Y/N) to all reported credits.

### **Troubled Debt Restructuring Flag:**

Does the reporting entity identify the credit as either Troubled Debt Restructuring or, for reporters that have adopted ASU 2022-02, credits reportable under ASU 2022-02 (Y/N). For additional information, refer to the FR Y-9C glossary entry for “Troubled Debt Restructuring” and/or the FR Y-9C supplemental instructions on “Accounting for Loan Modifications to Borrowers Experiencing Financial Difficulties”.

### **Leveraged Lending Flag:**

Does the reporting entity identify the credit as Leveraged (Y or N). The definition of leveraged lending should agree with the criteria established by the reporting bank, but for SNC reporting, any de-minimis in the leveraged lending definition should be applied relative to global exposure and not an individual bank’s hold amount.

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

In the quarter following a mandated charge-off, **the Committed Exposure Global and the Utilized Exposure Global** should be reported as the full amount prior to the mandated-charge off and with

the appropriate split ratings. In the subsequent quarters following a mandated charge-off, **the Committed Global Exposure and** the 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 or** utilized exposures, but subsequent charge-offs recognized by the reporting bank should be reflected in the internal credit risk ratings submitted by the bank.

**35. Committed Exposure Global (in whole dollars):** The current amount the obligor is legally allowed to borrow according to the credit agreement. **This would reflect any reductions in the commitment amount resulting from SNC exam mandated charge-offs.**

**36. Utilized Exposure Global (in whole dollars):** The current amount that has been drawn and not repaid plus the contingent liability created under a sublimit i.e. for letters of credits that have been issued but not drawn. **This would also reflect any reductions in the commitment amount resulting from SNC exam mandated charge-offs**

12/31/2022

New Credit Purpose codes:

Code	Description
26	Dealer Floorplan
27	Equipment Leasing
28	Non-Purpose Loan Collateralized by Securities
29	Bridge Financing
30	Capital Call Subscription

9/20/2022

### **Lowest Rated Pass (LRP)**

The internal rating bucket(s) one or more notches above the Special Mention equivalent. Consider at least one notch above the Special Mention equivalent for risk rating systems with less than 10 internal Pass buckets. Consider at least two notches above the Special Mention equivalent for risk rating systems with 10 or more internal Pass buckets.

### **Basic Reporter vs Expanded Reporter**

The majority of institutions are considered Basic Reporters. All institutions should follow these Basic Reporter instructions unless they have an agreement with their primary federal regulator to provide additional information on credits they not only agent but also participate in. Those particular institutions should follow the Expanded Reporter instructions.

### **Cumulative Charge Offs**

The instructions as they read now state the following:

## 2. Loan charge-offs between SNC reviews

The 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 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 - \$1,000,000,000

Previous SNC mandated charge-offs - \$200,000,000

Subsequent reporting bank charge-offs (global amount) – 200,000,000

Reportable Utilized Exposure Global \$ 800,000,000

(\$1billion minus \$200 million mandated charge-offs)

Credit Exposure Internal Risk Rating and Regulatory Credit Risk Rating would be 75% substandard and 25% loss (\$600 million and \$200 million)

Note that 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 \$200 million charge-off plus the subsequent \$200 million charge-off times 10%) - \$40,000,000

9/10/2021

New Credit Type:

*Value:* 21

*Code:* RC-RBL

*Name:* REVOLVING CREDIT – RESERVE BASED

8/26/2020

Updated contact information

6/16/2020

Added following clarification for the **Rated Flag** field and the associated **Ratings Matrix**:

56. Rated Flag: Does the reporting entity rate this credit internally (Y or N). Report Y if the Reporting Institution has either an internal credit rating or internal obligor rating. Report N if the Reporting Institution does not internally rate the credit or the obligor. If the Reporting Institution does not rate the credit or obligor internally but applies a rating from another source, such as a public rating agency or exam results, please report N.

The chart below provides a diagram of the rating options:

Credit Exposure Internal Risk Rating	Obligor Internal Risk Rating	Concordance Rating	Rated Flag
Internal Rating Exists	Internal Rating Exists	Use Credit Exposure Internal Risk Rating	Y
Internal Rating Exists	No Internal Rating Exists	Use Credit Exposure Internal Risk Rating	Y
No Internal Rating Exists (HFS, TA, SA, NH or NR)	Internal Rating Exists	Use Obligor Internal Risk Rating	Y
No Internal Rating Exists	No Internal Rating Exists	Input 100 percent Lowest Rated Pass	N

*Applied to Basic / Expanded Reporter Instructions*

5/19/2020

Added following clarification for the **Obligor Name** field:

14. Name: Full legal name of the obligor. An exception to this is for mutual fund obligors where the structure permits access to the facility by individual mutual funds under a mutual fund company umbrella. In this case, report the name as a family of funds (for example, ABC Investments Family of Funds).

- *Applied to Basic / Expanded Reporter Instructions*