



# SHARED NATIONAL CREDIT

New Technology and Reporting Webinar

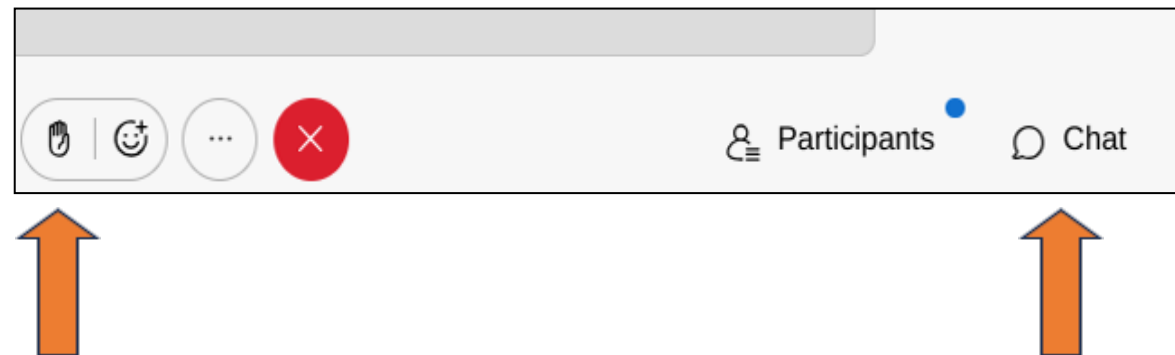
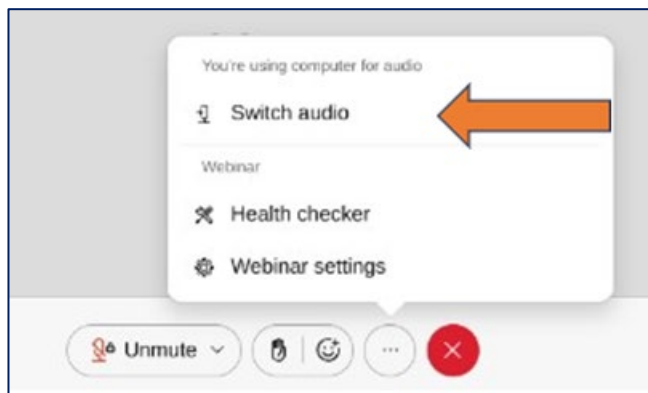
April 18, 2024

# Important Announcements

## ❑ THIS SESSION IS BEING RECORDED

## ❑ Using Webex

- If you have audio issues, you have an option to switch audio at the bottom of your screen
- As an attendee, you will be automatically muted throughout the webinar and will not be able to unmute yourself.
- Please raise your hand to ask a question and the hosts will unmute your microphone once the Q&A session begins or utilize the chat functionality.



# Presenters

(In order of Presentation)

Regina Bailey	<i>Federal Reserve Board of Governors</i>
Gary Storck	<i>Federal Deposit Insurance Corporation</i>
Chris Waltz	<i>Office of the Comptroller of the Currency</i>
Gayla Price	<i>Federal Reserve Board of Governors</i>
Angie Douglas	<i>Federal Reserve Bank of Kansas City</i>
Paige Terry	<i>Federal Reserve Bank of Kansas City</i>

# Panelists

and

# SNC Program Team Members

*Business Office  
Exam Office  
Technology Office  
and Support*

<b>Federal Reserve Board of Governors</b>				<b>Federal Deposit Insurance Corp.</b>			
Robert Cote		<i>Panelist</i>		Mark Sheely		<i>Panelist</i>	
Andrew Adepoju		<i>Panelist</i>		Adam Karlin		<i>Panelist</i>	
Isabella Carlsson				David George		<i>Panelist</i>	
				Karol Reis		<i>Panelist</i>	
<b>Comptroller of the Currency</b>				<b>Federal Reserve Bank of Kansas City</b>			
Jeff Speak		<i>Panelist</i>		Amanda Garcia		<i>Panelist</i>	
				Andrew Fast		<i>Panelist</i>	
<b>Federal Reserve Bank of Chicago</b>				Andrew Kuchmeister			
Elizabeth Ewing		<i>Panelist</i>		Barry Magnuson			
Ira Delilovic-Boomgarden		<i>Panelist</i>		Daniel Harbour			
Karen Bartman		<i>Panelist</i>		Jared Held			
Lauren Fredericks		<i>Panelist</i>		Tom Hobson			
Stephanie Gomes		<i>Panelist</i>					
Evan Ferrante							
Laura Henderson							

# Agenda

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- ❑ Training and Onboarding Roadmap
- ❑ Overview of New SNC Reporting Instructions
- ❑ Introduction to New SNC Technology
- ❑ Testing Approach
- ❑ Q&A Session
- ❑ Closing

# Training and Onboarding

# Training and Onboarding Roadmap

## May 2024

### Reporting Banks test new SNC Technology



Detailed overview of data submission process to kickoff testing



Access to relevant videos and reference guides



Drop in calls to answer business and product questions

## August 2024

### Go/No-Go Decision

#### Training Sessions



Training and Q&A sessions on how to submit data

## October 2024

### Banks begin submitting data in new SNC technology



Drop in calls to answer questions about how to submit data

## January 2025

### First Day Letter



Reference guide for submitting loan files



Drop in calls to answer questions about how to submit loan files

## March 2025

### Banks retrieve exam results in new SNC technology



Drop in calls to answer questions about how to retrieve results

## June/July 2024

### Onboarding for Reporting contacts



Distribute/Collect SNC Reporter Profiles

Distribute/Collect User Profile Forms

## September 2024

### Reminders and Training Updates



Onboarding reminders, dates for training on the loan file submission process, available support and resources will be included in the 3<sup>rd</sup> quarter SNC Examination Results

## December 2024

### Prepare to submit requested loan files



Training on how to submit loan files for the 2025 SNC Exams

## February 2025

### Prepare to retrieve exam results



Training on how to retrieve exam results available in March

# New Reporting Instructions



# Reporting Instructions Overview

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- Review Reporting Instructions
  - What Did Not Change
  - What Did Change
  - What Is New
  
- Review New Data Fields
  - Commercial Real Estate
  - Financial Sponsors
  - Leveraged Lending Ratios
  
- Review Clarified Procedures
  - Reporting Charge-offs

# What Did Not Change

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## ☐ Deadlines

- Data submissions are still required the last day of the month following the reporting period
- As needed, assistance will be provided to banks struggling to complete the submission on time

## ☐ Reporting of Internal IDs

- While clarified in the instructions, rules for reporting internal credit and entity IDs has not changed
- Instructions for “restructured with material change” are not intended to require the creation of a new ID

## ☐ Access to Prior Data

- Prior reporting periods will be available for viewing and to copy into the current report date

# What Changed: Certain Fields

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## ❑ Data Fields Removed:

- Credit Utility Fields
- Cumulative Charge-offs
- Troubled Debt Restructuring Flag

## ❑ Data Field Names:

- “Original” is now “Previous”
- Rated Flag is now “Do you risk rate this credit”?
- Committed/Utilized Exposure is now Global Committed/Outstanding
- Credit Exposure and Obligor Risk Rating are now “Bank Internal Credit/Obligor Rating”

# What Changed: Streamlined Procedures

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- ❑ Amendments
  - Will no longer be accepted once the relevant SNC examination has been finalized
  
- ❑ Reporting “Not Rated” Credits
  - Do not report a Concordance Rating
  - Do not report Accrual Status
  - Specific values required for Bank Internal Credit Rating and Bank Internal Obligor Rating
    - Trading Account (Agent and Participant)
    - Successor Agent (Agent)
    - No Hold (Agent)

# What Changed: Streamlined Instructions and Procedures

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- ❑ SNC Definition
- ❑ Consolidated Reporting Instructions
- ❑ Bilateral Data Submissions
  - Include with Agent Submissions
  - Use “B” in the Credit Agreement Identifier field and/or enter “Bilateral” in the comments field
- ❑ Reporting Internal Ratings
  - Type of ratings expected determined by the SNC Reporter Profile:
    - Credit Ratings
    - Obligor Ratings
    - Both Credit and Obligor Ratings
- ❑ Reporting Bank Profile
  - Obsolete: Basic and Expanded Reporter profile
  - Obsolete: Manual vs. STS (XML) Reporter profile
  - Replaced by: SNC Reporter Profile

# SNC Reporter Profile

The SNC Reporter Profile is used to determine whether an institution is expected to report a Participant submission, BASEL Ratings, and the type of ratings that will be provided.

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## Examples:

- Bank A
  - Rating System: Credit
  - Participant Submission: Yes
  - BASEL Ratings: No
  
- Bank B
  - Rating System: Obligor
  - Participant Submission: Yes
  - BASEL Ratings: No
  
- Bank C
  - Rating System: Both
  - Participant Submission: Yes
  - BASEL Ratings: Yes

# New Procedures

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## □ Reconciliation

- Report the reason why credits from the previous report date were not reported or correct Internal Credit ID when misreported
- Applies to Agent data submissions only
- Allows agencies to accurately track changes to SNC portfolio from quarter to quarter
- Current reasons for credits no longer reported:
  - Paid Off
  - Charged Off
  - Cancelled
  - Restructured with Material Changes
  - No longer meets the qualifications of a SNC
  - Other (requires explanation)

# Reconciliation Example

## Report Date: 9/30/2024

- Prev Internal Credit ID: 1 | Internal Credit ID: 1
- Prev Internal Credit ID: 2 | Internal Credit ID: 2
- Prev Internal Credit ID: 3 | Internal Credit ID: 3
- Prev Internal Credit ID: 4 | Internal Credit ID: 4
- Prev Internal Credit ID: 5 | Internal Credit ID: 5

## Report Date: 12/31/2024

- Prev Internal Credit ID: 4 | Internal Credit ID: 4
- Prev Internal Credit ID: 5 | Internal Credit ID: 5
- Prev Internal Credit ID: 6 | Internal Credit ID: 6
- Prev Internal Credit ID: 7 | Internal Credit ID: 7

## Report Date: 12/31/2024 (After Reconciliation)

- Prev Internal Credit ID: 2 | Internal Credit ID: 6
- Prev Internal Credit ID: 3 | Internal Credit ID: 3
- Prev Internal Credit ID: 4 | Internal Credit ID: 4
- Prev Internal Credit ID: 5 | Internal Credit ID: 5
- Prev Internal Credit ID: 7 | Internal Credit ID: 7

## RECONCILIATION PROCESS

- Based on the Internal Credit IDs, Credits 1, 2, and 3 reported in 9/30 were not reported in 12/31 – these must be reconciled
- Based on the Internal Credit IDs, Credits 6 and 7 reported in 12/31 are considered “New”

ID	Reason Credit Not Reported	Reconciliation Action Taken
1	Credit was not reported because it was paid off	Reason Selected: <b>Paid Off</b>
2	Credit was accidentally reported as new, using Internal Credit ID 6	Assign Internal Credit ID 4 to Internal Credit ID 2
3	Credit was accidentally excluded; should have been reported	Copy the 9/30 credit into 12/31 reporting period



# New Data Fields

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## □ Required

- Credit Agreement Identifier (Per Agent credit)
- Credit Agreement Date (Per Agent and Participant credit)
- Accrual Status (Replaces single Nonaccrual Date field)

## □ Optional

- Legal Entity Identifier (per entity)
- Comments (Per Agent or Participant credit)

# Commercial Real Estate Reporting

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- ❑ Twelve (12) New Commercial Real Estate Fields
  - Required: Per credit, indicate whether the credit is for Commercial Real Estate (Yes or No)
  - If Yes, two additional fields become required:
    - ❑ Indicate whether the credit is for acquisition, development, or construction (ADC) Indicator(Yes or No)
    - ❑ Indicate whether the credit is a REIT (Yes or No)
  - Based on responses, additional metrics requested, some optional and some required

# Commercial Real Estate Reporting

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- Is this credit for commercial real estate?
- Is the property under acquisition, development, or construction?
- Is the obligor a Real Estate Investment Trust (REIT) or equivalent?
- Property Type
- Property Valuation, Valuation Type, Valuation as of Date
- LTV, Debt Yield Ratio (TTM), DSC Ratio (TTM), Interest Coverage Ratio (TTM), Interest Coverage Ratio as of date

# CRE FAQs and Uncommon Events

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- ❑ CRE Definition
- ❑ RE Valuations
- ❑ REIT Equivalent
- ❑ Multi-property Secured Credits
- ❑ Credit Purpose Description

# Financial Sponsors Reporting

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- ❑ Two (2) New Data Fields
  - Required: Per credit, indicate whether the credit has financial sponsors (Yes or No)
  - If Yes, sponsor entity information and ownership percentage required
- ❑ Financial sponsors are private equity investment firms that own and/or control several unique obligors
- ❑ Financial sponsors set strategic objectives and establish the company's capital structure
  - This includes negotiating and interacting with agent banks regarding reportable SNCs
- ❑ Reporting begins when ownership is at least 25% of the obligor involved in the transaction

# Financial Sponsor Reporting and FAQs

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- ❑ Definition based upon what the institution uses
  - Individuals should not be reported as sponsors
- ❑ Affiliated sponsors should be consolidated under one relationship name
- ❑ For multiple credits to the same obligor:
  - Report all sponsors under one credit, or
  - Report all sponsors under each credit
- ❑ Minimum reported value is 25%

# Leveraged Lending Ratios Reporting

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- ❑ Twelve (12) New Data Fields
  - Fields available for all credits where the Leveraged Lending Flag is Yes
  - Optional through June 30, 2025, reporting period, except date fields for entered ratios
  - Encouraged to report as soon as the information is available
- ❑ Report obligor-specific metrics for leverage and repayment capacity
- ❑ Sample calculation definitions and examples provided in instructions to promote consistency

# Leveraged Lending Ratios Reporting and FAQs

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- ❑ Calculations and examples provided in instructions are guidelines
  - Report calculations based upon what institution uses
  - Examiners will evaluate calculations during SNC exams
- ❑ Outstanding Debt Repayment
- ❑ EBITDAR vs EBITDA
- ❑ FCC Ratio
- ❑ Cost Savings / Synergies Add Backs
- ❑ As of Dates



# Reporting for Loss

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## □ Overall Rule

## □ Examples

- 100% Loss – Agent Only
- 100% Loss – Exam Mandated
- Split Rating with Loss portion – Agent Only
- Split Rating – Exam Mandated

# Reporting for Loss – Overall Rule

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## *Overall Rule:*

- Credit information is generally reported on behalf of the entire syndicate
- Some items are reported **based** on the agent bank information, such as:
  - Internal ratings
  - Accrual status
  - Nonaccrual date
  - Leveraged Lending Flag
  - Leveraged Lending Ratios (new fields)

# Reporting for Loss – Example 1

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## □ **Example 1 – 100% Loss (Agent Only)**

- Global Committed = \$1,000,000,000
- Global Outstanding = \$1,000,000,000
- Agent Internal Credit Rating = 100% Loss

## □ **What to Report**

The bank should report the full contractual amount and 100% Loss until the quarter following an exam mandated Loss.

# Reporting for Loss – Example 2

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## □ **Example 2 – 100% Loss (Exam Mandated)**

- Global Committed = \$1,000,000,000
- Global Outstanding = \$1,000,000,000
- Agent Internal Credit Rating = 100% Loss (to reflect exam rating)

## □ **What to Report**

The bank should report the full contractual amount and 100% Loss for the quarter following an exam mandated Loss and no longer report the credit in subsequent quarters.

# Reporting for Loss – Example 3

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## □ **Example 3 – 50% Substandard; 50% Loss (Agent Only)**

- Global Committed \$1,000,000,000
- Global Outstanding \$1,000,000,000
- Agent internal credit rating 50% Substandard; 50% Loss

## □ **What to Report**

The bank should report the full contractual amount and 50% Substandard; 50% Loss until the quarter following an exam mandated Loss.

# Reporting for Loss – Example 4

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## □ **Example 4 – 50% Substandard; 50% Loss (Exam Mandated)**

- Global Committed = \$1,000,000,000
- Global Outstanding = \$1,000,000,000
- Agent Internal Credit Rating = 50% Sub; 50% Loss (to reflect exam rating)

## □ **What to Report**

The bank should report the full contractual amount and 50% Substandard; 50% Loss until the quarter following an exam mandated Loss. Subsequent quarters, the bank should report:

- Global Committed = \$500,000,000
- Global Outstanding = \$500,000,000
- Agent Internal Credit Rating = 100% Substandard

# New SNC Technology

# SNC Technology Changes Overview

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- ❑ eSNC is going away
  - The new SNC Reporting Application will be housed on the OASIS platform
- ❑ RSA SecureID Tokens are going away
  - Replaced by Login.gov
- ❑ Manual vs. STS is going away
  - Reporters will have flexibility to choose one or both methods each reporting period
- ❑ Basic vs. Expanded XSDs is going away
  - Your Reporter Profile will be used to validate your XML file
- ❑ Separate access for Agent and Participant Submissions
  - Both types will be accessible from the same screen
- ❑ Separate submission for Bilateral credits
  - Will be reported along with Agent submissions



DEMOS

# New SNC Technology Demo

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- Product Demonstration
  - Login.gov/Dashboard
  - Manual Submission
  - XML Submission

# Testing Approach

# Testing Approach

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- ❑ Opportunities to test prior to onboarding/adoption
  - Dates available in May
  - Additional access information and references provided prior to testing kickoff
- ❑ Sign Up: [Contact Information Form](#)
  - Sign up by April 29

# Q&A Session