

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

December 14, 2006

TO THE CHIEF EXECUTIVE OFFICER OR GENERAL MANAGER:

The official review date for the 2007 Shared National Credit (SNC) examination is May 7, 2007. The annual examination is conducted jointly by the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Federal Reserve System with participation by the Office of Thrift Supervision. Examination teams may start earlier in larger institutions. To prepare for the examination, the agencies must obtain year-end 2006 information on SNCs from supervised banks or bank holding companies. The official definition of a SNC is unchanged from last year and includes loan commitments of at least \$20 million that are shared by three or more supervised institutions.

The agencies use a combination of statistical and judgmental sampling techniques to select borrowers for review each year. Selected borrowers 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 examination date. The assigned ratings will be used during other examinations of the 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 bank agents or administrators SNCs selected for review in 2007, the bank's examiner-in-charge will contact you or your designated SNC contact prior to the examination start date and arrange a mutually agreeable time to discuss the examination process. Credit file documentation should be updated before the examination starts to facilitate its timely completion.

An enclosure to this letter describes in greater detail the examination data requirements applicable to your institution. Each agency will monitor the accuracy of reporting by its supervised institutions. You should, therefore, give SNC reporting the same attention you would other examination information requests. Updated SNC data should be returned to the appropriate authority as indicated in the enclosed examination data requirements.

Special attention should be given to the correct reporting of participating lender names and locations. Correct reporting of participant information helps to ensure the timely completion and processing of SNC data and accurate reporting to the participating lenders.

Each reporting bank must designate an individual contact for the SNC Program. In most cases, this person should also coordinate the collection and submission of SNC data for your institution. Nationally chartered and state non-member institutions should forward this letter and the accompanying documents to the appropriate designee. For state member institutions, the accompanying documents have already been forwarded to the previously designated contact.

Reporting institutions should submit the following items on or before December 31, 2006:

- The enclosed SNC Program Contact Form. The form requests confirmation of information for your designee(s). This form should be completed and returned to your primary regulator at the address on the form. Names and telephone numbers of the SNC Program contacts for each agency are included with the examination data requirements.
- The institution's internal credit risk rating scale used to rate SNC facilities 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).
- The enclosed internal ratings concordance table completed by the bank. Each internal rating category should be mapped to one of the five concordance categories listed in the table.

Thank you for your cooperation in the SNC Program. You are encouraged to provide suggestions to help us improve the SNC data collection and examination 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,

Douglas W. Roeder, Senior Deputy Comptroller
Large Bank Supervision
Office of the Comptroller of the Currency

Roger T. Cole, Director
Division of Banking Supervision and Regulation
Board of Governors of the Federal Reserve System

Sandra L. Thompson, Director
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation

Scott M. Albinson, Managing Director
Examination, Supervision, and consumer Protection
Office of Thrift Supervision

Enclosures

- Examination Data Requirements
- Electronic Online Shared Credit Reporting (E-OSCAR) Information Sheet (for state member banks using E-OSCAR for data submission)
- Electronic Online Shared Credit Reporting (E-OSCAR) password for each user
- Shared National Credits Report File layout (for state member banks using system-to-system file submission)
- SNC Reporting Application CD-ROM with User Documentation and data diskette (national banks)
- Key dates for financial institutions
- Concordance Table
- SNC Program Contact Form

cc: Bank SNC contact, OCC Resident EIC, FRB CPC or Relationship Manager

SHARED NATIONAL CREDIT PROGRAM EXAMINATION DATA REQUIREMENTS

Purpose and Objective

The Shared National Credit (SNC) Program is an interagency program participated by the four federal banking agencies: the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRS), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS). Cooperating state bank supervisors also participate in the annual examination.

Banking organizations subject to the SNC Program 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. It includes 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; and 4) bank holding companies and financial holding companies, and their non-bank subsidiaries and affiliates subject to examination by the Federal Reserve System. It does 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 another designated review bank. The credit quality rating assigned by the examiners is reported to all supervised lenders 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 federal banking 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 all participants.
- Each individual U.S. branch or agency of a foreign bank should report SNCs for which it is the agent.
- SNCs that are **agented by an entity that is not a supervised institution**¹ should be reported by the supervised institution at which the credit was reviewed in 2006. If you are unsure of the review bank, the identity of the non-supervised agent, or if the credit was not reviewed in

¹ Entities not supervised by one of the federal banking agencies may include insurance companies, investment banks, securities firms, finance companies, real estate development subsidiaries, foreign banks, etc.

2006, report the credit. If you have questions about reporting a particular credit, please contact the following:

- National banks and their subsidiaries and nationally licensed branches of foreign banks should contact Christal Coppedge at the OCC on 202-874-4591.
- State chartered banks that are not members of the FRS for which the FDIC is the primary regulator should contact Cecilia Lee Barry at the FDIC on 202-898-3506.
- State chartered banks, state licensed branches and agencies of foreign banks, and other lenders where any Federal Reserve Bank is the primary regulator should contact Migdalia Garcia-Brown at the Federal Reserve Bank of New York on 212-720-2232.
- Federal and state chartered thrifts, where the OTS is the primary regulator, should contact David Tate at the OTS on 202-906-5717.

When to Report

- The enclosed contact form, internal risk rating definitions, and concordance table should be completed and returned **by December 31, 2006**.
- The requested credit information should be returned as soon as possible, but **no later than January 31, 2007**.

What to Report

A **SNC** is any loan and/or formal loan commitment, including any asset such as other real estate, stocks, notes, bonds, and debentures taken for debts previously contracted, extended to a borrower 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.

All credit facilities 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 domestic office of the institution. If denominated in a foreign currency, please report all amounts in U.S. dollars using the December 31, 2006 spot rate.
- Any other large credit(s) designated by the federal banking agencies as meeting the general intent or purpose of the SNC Program.

- Two or more credits to the same borrower that aggregate \$20 million and 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 is shared with 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. This is a new reporting request for institutions submitting data through the OCC. If an institution is unable to report in accordance with this request, please notify the OCC SNC contact.

SNCs do not include:

- 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.

How to Report

- **National Banks and State non-member banks:**
 - ✓ Enclosed is the **SNC Reporting Application CD-ROM and data diskette** that contain the credit information for the SNCs reported by your institution during the 2006 Program.
 - ✓ Instructions for using the OCC's application are contained in the SNC Reporting Application User Documentation.
- **State member banks:**
 - ✓ Enclosed is the SNCs **file layout for system-to-system state member banks** to follow when reporting their SNCs.
 - ✓ **State member banks using E-OSCAR for data submission** should access the application as indicated in the enclosed E-OSCAR information sheet.

- ✓ Instructions for the FRB's E-OSCAR application are contained in the E-OSCAR Manual found online. Additionally, E-OSCAR training is available. Please refer to the enclosed E-OSCAR information sheet for access details. Questions should be referred to the SNC Help Desk at 212-720-6549 or SNCInbox@ny.frb.org.
- Where a credit agreement has tranches/facilities with different terms, each tranche/facility should be reported as a separate credit.
- All data should be reported as of December 31, 2006.
- **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.
- Please validate the 2002 NAICS codes assigned. Also, when possible, please assign a six-digit NAICS code rather than a five-digit NAICS code.
- 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.

Where to Report

OCC, OTS and FDIC supervised institutions:

Nationally chartered banks, federally licensed branches and agencies of foreign banks, OTS institutions, and state licensed banks which are not members of the FRS and for whom the FDIC is the primary regulator should return the requested information **via overnight mail:**

Ms. Christal Coppedge
Office of the Comptroller of the Currency
Large Bank Supervision, Mail Stop 6-1
250 E Street, SW
Washington, DC 20219

Or via secure E-mail using the following instructions:

1. Go to <https://occsecuremail.banknet.gov/>.
2. Under the list of Useful Links, click on **Register for a new account**.
3. On the registration screen, enter your email address, the password you want to use, and a password reminder phrase. Passwords must be at least 8 characters, contain both alphabetic and numeric characters, and contain both uppercase and lowercase characters. When done, click on the **Submit Password** button. An Account Change Confirmation screen will display telling you a confirmation email has been sent to your email address
4. Open the OCC Secure Notification Email and click on the link provided to activate your account. Your browser should display a message that you have successfully activated your account. Click on the **Continue** button to take you back to the login screen.
5. Enter your email address and password, and click on the **Login** button. Click on the **Compose** tab to create an email to send to OCC. Enter **christal.coppedge@occ.treas.gov** on the To line and an appropriate title for the Subject line. Click on the **Attach File** button.
6. On the Attach File screen you can click on the Browse button to locate your .snc file. Once you have selected the file, click on the **Attach File** button to add the file to the Attachments box. Click on the **Done** button.
7. When you've completed the email, click on the **Send** button to send the message.

FRS supervised institutions:

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 should return the requested information as follows:

- **System-to-System submitters, via overnight mail to:**

Ms. Migdalia Garcia-Brown
Shared National Credit Department
Federal Reserve Bank of New York
33 Liberty Street, 33ML22
New York, NY 10045-0001

- **E-OSCAR submitters, electronically via the Internet address listed in the E-OSCAR Information Sheet.**

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

OCC

Grant Wilson	Grant.Wilson@occ.treas.gov	202-874-4184
Cathy Young	Cathy.Young@occ.treas.gov	202-874-4474
Christal Coppedge	Christal.Coppedge@occ.treas.gov	202-874-4591

FRB

Migdalia Garcia-Brown	migdalia.garcia@ny.frb.org	212-720-2232
Hugh Morgan	hugh.morgan@ny.frb.org	212-720-2189
Regina Bailey	regina.bailey@ny.frb.org	212-720-1502

FDIC

Cecilia Lee Barry	CBarry@fdic.gov	202-898-3506
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OTS

David Tate	david.tate@ots.treas.gov	202-906-5717
Virginia Varela	Virginia.varela@ots.treas.gov	202-906-5750

SHARED NATIONAL CREDIT PROGRAM

KEY DATES FOR FINANCIAL INSTITUTIONS

December 31, 2006	Bank contact name due to regulator Internal credit risk rating scale due to regulator Concordance table due to regulator
January 31, 2007	Updated SNC data due to regulator
May 7, 2007	Official interagency SNC examination date Examination teams begin at most locations
August 15, 2007	SNC examination results mailed to participating supervised institutions

Bank Name _____

Concordance Table

The regulators arbitrarily set up a concordance schedule to help match the bank's internal credit risk ratings with a 5-scale translation. Please indicate in the table below how your bank's internal risk ratings match with the concordance schedule.

Regulator's Scale	Bank's Internal Risk Rating Scale
1 = Investment grade	
2 = Noninvestment grade pass	
3 = Lowest rated pass	
4 = Special mention	
5 = Substandard, doubtful, or loss	

**SHARED NATIONAL CREDIT PROGRAM
CONTACT FORM**

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 address _____

Name _____

Title _____

Dept _____

Phone # _____

Email Address _____