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

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Agencies Issue Shared National Credit Review

Credit risk for large, syndicated loans has increased over the last year, according to the 2020 Shared National Credit (SNC) Review released by federal bank regulatory agencies today. The elevated risk is largely attributed to the effects of COVID-19. While risk has increased, many agent banks have strengthened their risk management systems since the prior downturn and are better equipped to measure and mitigate risks associated with loans in the current environment.

The review, which evaluates the quality of large syndicated loans, was conducted by the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, and reflects examination of SNC loans originated on or before June 30, 2020. The 2020 results provide additional analysis focusing on borrowers in five industries that were affected significantly by the pandemic: entertainment and recreation, oil and gas, real estate, retail, and transportation services.

The 2020 SNC portfolio included 5,652 borrowers, totaling $5.1 trillion in commitments, up 5.0 percent from a year ago. Nearly half of the total commitments were leveraged loans. The percentage of "non-pass" loans, including special mention and classified SNC commitments, for the portfolio rose from 6.9 percent to 12.4 percent year over year. While U.S banks held nearly 45 percent of all SNC commitments, they held less than a quarter of non-pass loans. For leveraged borrowers operating in COVID-19 affected industries, non-pass loans rose from 13.5 percent to 29.2 percent year over year. Commitments to borrowers in COVID-19 affected industries represented about one-fifth of all SNC commitments.

In response to the increase in loan risks, banks substantially increased their loan-loss reserves, and aggregate capital in the system has risen by nearly a percentage point since March of 2020. Supervisors will monitor the performance of this portfolio relative to the increased loss cushion established by banks during 2020.

**This report was revised on July 30, 2021 to correct an error in the historical 2009 – 2018 data for the Financial and Commodities industries in Appendix C: Summary of SNC Industry Trends*.

Attachment:

2020 SNC Program Review Report

Media Contacts:

FDIC	Julianne Fisher Breitbeil	(202) 898-6895
Federal Reserve	Darren Gersh	(202) 452-2955
OCC	Stephanie Collins	(202) 649-6870

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