Shared National Credits Program

2015 Review

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

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Executive Summary

The interagency Shared National Credits (SNC) Review for 2015 indicates credit risk in the portfolio remains high, despite a relatively favorable economic environment. The agencies noted a significant increase in leveraged lending volumes and continued loose underwriting, as evidenced by weak capital structures and provisions that limit the lenders ability to manage risk. While some improvement in underwriting practices was evident in the second half of the year, weakness in leveraged lending transactions drove an increase in classified[1] commitments. Further, the significant decline in oil prices over the past year has particularly adversely affected many Oil and Gas (O&G) exploration and production (E&P) companies leading to increased classified commitments in that subsector compared to last year.

Total SNC commitments increased by $518.3 billion to $3.9 trillion, or 15.3 percent from the 2014 review. Total volume of outstanding SNCs increased $297.8 billion to $1.9 trillion, an increase of 19.0 percent. Total special mention and classified commitments remained elevated at 9.5 percent of total commitments and increased $31.9 billion, or 9.4 percent, from $340.6 billion to $372.6 billion. Substandard dollar volume increased 18.5 percent from the 2014 level, primarily because of deterioration in O&G commitments, and represented 5.8 percent of the SNC portfolio. O&G commitments to the E&P and services sectors are $276.5 billion or 7.1 percent of the SNC population. Classified O&G borrowers totaled $34.2 billion or 15.0 percent of total classified commitment compared with $6.9 billion or 3.6 percent in 2014.

The 2015 SNC review found the incidence of non-pass loan originations to new borrowers (to either hold or distribute) fell in the second half of the year. Examiners noted improved compliance with underwriting expectations with regard to the 2013 leveraged lending guidance[2] and subsequent frequently asked question (FAQ) documents. However, gaps between industry practices and the guidance remain. Supervisors found deficiencies in underwriting standards and risk management of leveraged loans, which will require continued attention. In addition, 36.1 percent of leveraged transactions originated within the past year exhibited structures that were cited as weak by examiners. Persistent structural weaknesses included ineffective or no covenants, liberal repayment terms, and incremental debt provisions that allow for increased debt above starting leverage levels and the dilution of senior secured creditor positions. Supervisors' concern is increased when loans with incremental facility provisions are accompanied by weak lender covenant controls as the level of risk increases substantially when multiple weaknesses are found in a credit.

As noted in the 2013 guidance, financial institutions should ensure borrowers can repay credits when due, and that borrowers have sustainable capital structures, including bank borrowings and other debt, to support their continued operations through economic cycles. In many cases, examiners raised concerns about borrowers' capacity to repay newly underwritten loans if economic conditions deteriorated or if interest rates rose to historical norms.

The sudden and sustained decline in oil prices since mid-2014 has had a detrimental effect on E&P and oil services industries. Most borrowers reacted by issuing second lien debt to offset expected declines in liquidity, cutting capital expenditure budgets for 2015, and lowering shareholder distributions. Aggressive acquisition and exploration strategies in the 2010-2014 period funded by term debt raised leverage levels, making numerous borrowers more susceptible to a protracted decline in commodity prices. A general lack of protective covenants in reserved-based loans further exacerbated the situation.

Nonbank entities continued to be the primary buyers of riskier, leveraged loans. Nonbank entities held a disproportionate share of classified commitments compared with their overall ownership of the SNC

[1] A classified commitment is an asset that is rated substandard, doubtful or loss.
[2] 78 Fed. Reg. 17766 (March 22, 2013)

portfolio. Nonbank entities owned[3] $153.0 billion, or 67.0 percent of all SNC classified credits. U.S. banks owned 17.8 percent of classified commitments, and foreign bank organizations (FBOs) owned 15.2 percent. In addition, 17.0 percent of nonbank commitments were classified, compared with 2.4 percent of the U.S. bank portfolio and 2.6 percent of the FBO portfolio. Of nonaccrual loans, nonbank institutions owned 72.8 percent, or $39.7 billion.

The growing volume of total special mention and classified commitments, as well as the significant growth in the leveraged lending portfolio during 2014, require that the agencies continue to monitor the overall portfolio levels as well as the associated underwriting and risk-management processes. The agencies expect to see an increase in special mention and classified totals as the newly originated leveraged lending portfolio seasons. Further, any downturn in the economy may also result in a significant increase in special mention and classified totals given the high level of leverage in the lowest-rated pass credits. Slowing revenue growth and rising interest rates will adversely affect these borrowers' ability to meet cash flow projections especially considering the limited financial performance present in many of the current pass credits.

Other findings from the 2015 SNC review include:

- Classified commitments increased from $191.3 billion to $228.4 billion, representing 5.8 percent of the portfolio, compared with 5.6 percent in 2014. Classified dollar volume increased 19.4 percent from 2014 (see appendix A).
- Credits rated special mention, which exhibit potential weakness and could result in further deterioration if uncorrected, decreased slightly from $149.2 billion to $144.2 billion, representing 3.7 percent of the portfolio, compared with 4.4 percent in 2014. Special mention credits decreased 3.5 percent from 2014 (see appendix A).
- Credits classified doubtful and loss rose by $5.6 billion. In addition, adjusted for losses, nonaccrual loans increased from $43.3 billion to $49.9 billion, a 15.1 percent increase (see appendix A). Appendix C shows nonaccrual loans inclusive of loss dispositions.
- The distribution of credits across entity types—U.S. bank organizations, FBOs, and nonbanks remained relatively unchanged. U.S. bank organizations owned 43.3 percent of total SNC loan commitments, FBOs owned 33.7 percent, and nonbanks owned 23.0 percent. Nonbanks continued to own a larger share of classified (67.0 percent) and nonaccrual (72.9 percent) commitments than their total share of the SNC portfolio (23.0 percent) (see appendix C).

[3] Ownership of SNCs results from retention of a portion of SNCs originated for distribution and/or purchase of SNC loan participations.

About the SNC Review

The SNC program, governed by an interagency agreement among the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (the agencies), is designed to review and assess risk in the largest and most complex credits shared by multiple financial institutions. The program provides uniform treatment of, and increased efficiency in, the risk analysis and classification of shared credits.

The annual SNC review results are prepared and released jointly by the agencies. The 2015 SNC review included examination of $1.04 trillion in credit commitments covering 26.5 percent of the $3.9 trillion SNC portfolio. The sample was weighted toward noninvestment grade, special mention, and classified credits with 93.8 percent of all special mention and classified credits reviewed.

Definitions

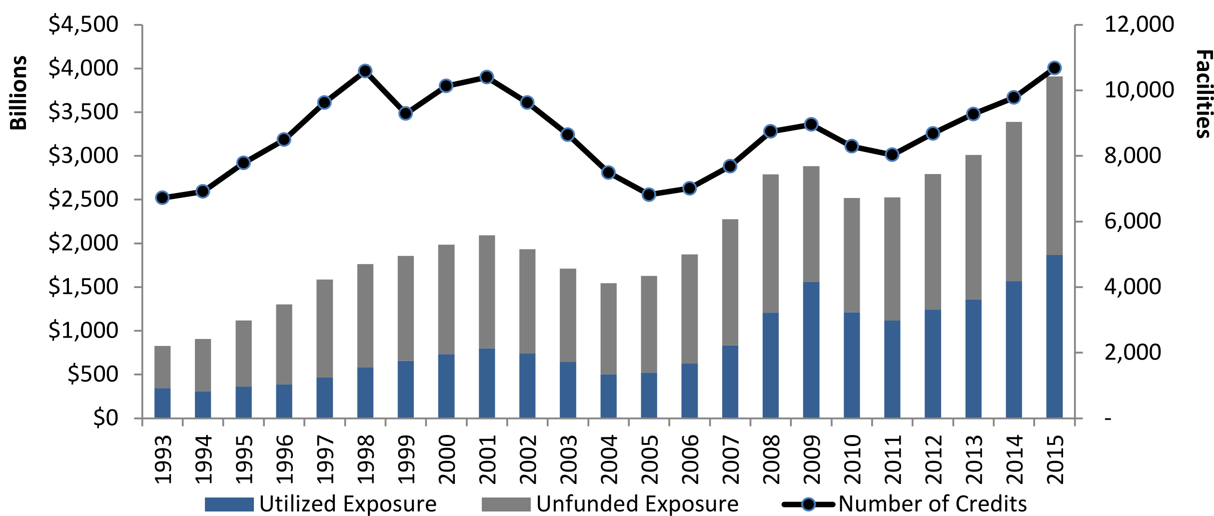
- **Credit Facilities**—Credit facilities include syndicated loans and loan commitments, letters of credit, and commercial leases, and other forms of credit. Commitment amounts include both drawn and undrawn portions of the loans, or facilities. The SNC review reports only the par amounts of commitments, which may differ from the amounts at which loans are carried by investors.
- **Special Mention and Classified Commitments**—This includes all commitments rated special mention, substandard, doubtful, and loss. Classified commitments include commitments rated substandard, doubtful, and loss. The agencies' uniform loan classification standards and examination manuals define these risk rating classifications. Loans that are special mention and classified are considered non-pass loans.
- **Doubtful**—Doubtful commitments have all the weaknesses of commitments classified as substandard and when the weaknesses make collection or liquidation in full, on the basis of available current information, highly questionable or improbable.
- **Loss**—Commitments classified as loss are uncollectible and of so little value that their continuance as bankable commitments is not warranted. Amounts classified as loss should be promptly charged off. This classification does not mean that there is no recovery or salvage value, but rather that it is not practical or desirable to defer writing off these commitments, even though some value may be recovered in the future.
- **Nonaccrual**—Nonaccrual loans are defined for regulatory reporting purposes as loans and lease financing receivables that are required to be reported on a nonaccrual basis because (a) they are maintained on a cash basis owing to a deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for 90 days or longer, unless the obligation is both well secured and in the process of collection.
- **Pass**—A credit that is in good standing and is not criticized in any way.
- **Shared National Credit (SNC)**—A shared national credit is any loan or formal loan commitment, and any asset such as real estate, stocks, notes, bonds, and debentures taken as debts previously contracted, extended to borrowers by a federally supervised institution, its subsidiaries, and affiliates, that aggregates to $20 million or more and is shared by three or more unaffiliated federally supervised institutions, or a portion of which is sold to two or more unaffiliated federally supervised institutions. The threshold of $20 million has remained unchanged since the first report in 1977.
- **Special Mention**—Special mention commitments have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses could result in further deterioration of the repayment prospects, or in the institutions' credit position in the future. Special mention commitments are not adversely rated and do not expose institutions to sufficient risk to warrant adverse rating.
- **Substandard**—Substandard commitments are inadequately protected by the current sound worth and paying capacity of the obligor, or of the collateral pledged, if any. Substandard commitments have well-defined weaknesses that jeopardize the liquidation of the debt and present the distinct possibility that the institution will sustain some loss if deficiencies are not corrected.

PART I: SNC Credit Quality

Overall SNC Portfolio

The 2015 SNC portfolio totaled $3.9 trillion, with 10,675 credit facilities to 6,571 borrowers (see figure 1). The commitment amount rose by $518.3 billion, or 15.3 percent, from 2014, while the outstanding dollar volume of the portfolio increased by $297.8 billion, or 19.0 percent (see appendix A), and the number of credits increased by 897, or 9.2 percent. Appendix B contains a breakout of SNC results by major industry groups.[4]

Figure 1: Overall Credit Facilities and Commitment Trends



Overall SNC Credit Quality and Trends

The percentages of special mention and classified commitments remained elevated at 3.7 percent and 5.8 percent compared with 4.4 percent and 5.6 percent in 2014, respectively (see appendix B).[5] Special mention and classified commitments increased by $31.9 billion to $372.6 billion (see figure 2), a 9.4 percent increase from last year. Credits rated special mention decreased by $5.1 billion to $144.2 billion, a 3.5 percent decrease. Credit quality in several industry groups improved over the past year, particularly in the services segment. Classified credits increased by $37.1 billion to $228.4 billion, a 19.4 percent increase. The volume of nonaccrual loans net of loss dispositions increased from $43.3 billion to $49.9 billion, a 15.1 percent rise, and remained at 1.3 percent of the portfolio. The special mention and classified asset ratio continued to be double that of the pre-crisis period. The agencies remain concerned about the overall level of special mention and classified commitments as they have not recovered to the same level as previous recoveries (see figure 2).

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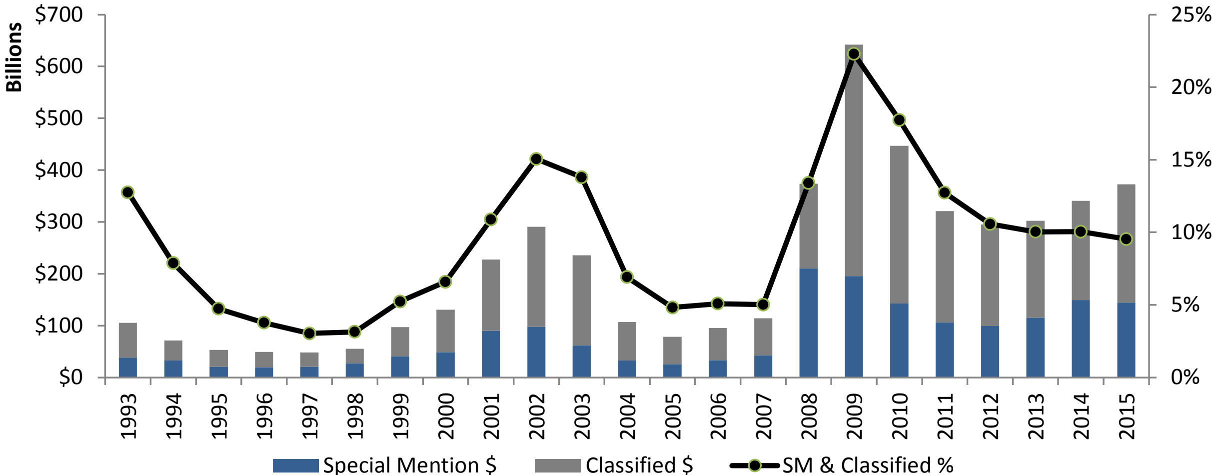
[4] The agencies introduced industry data in 2008 that presented industries vertically along product origination and distribution lines. The review places credits in seven primary sectors, largely following the outline of the 2007 U.S. Census Bureau North American Industry Classification System codes (see appendix B). The seven primary sectors are further dissected into 24 industry groups constructed from 93 subgroups. The analysis in this report uses the 24 industry groups.

[5] The non-pass credits and related ratios do not include the effects of hedging or other techniques that organizations may use to mitigate risk.

Figure 2: Overall Special Mention and Classified Volume and Percentage Trends



PART 2: SNC Loan Distribution

Loan Distribution by Volume

Table 1 lists the total dollar volume and percentage of the SNC portfolio by lender type. The percentage of SNC commitments owned by U.S. banking organizations decreased slightly from 43.4 percent to 43.3 percent. The percentage of SNC commitments owned by FBOs decreased slightly from 34.5 percent to 33.7 percent and commitments for nonbanks increased from 22.1 percent to 23.0 percent of the portfolio. Nonbanks included securitization pools, hedge funds, insurance companies, and pension funds.

Table 1: Distribution of SNC Commitments by Lender Type

Lender Type	2014 Total Commitments ($ Trillion)	2015 Total Commitments ($ Trillion)	2014 % Total Commitments	2015 % Total Commitments
U.S. Banks	$1.49	$1.69	43.4%	43.3%
FBOs	$1.14	$1.32	34.5%	33.7%
Nonbanks	$0.76	$0.90	22.1%	23.0%
Total	$3.39	$3.91	100.0%	100.0%

Loan Distribution by Credit Quality

While nonbank entities owned the smallest share of SNC commitments (23.0 percent), they owned 67.0 percent of classified commitments (see appendix C). U.S. banks owned 17.8 percent of classified commitments, and FBOs owned 15.2 percent. In addition, 17.0 percent of nonbank commitments were classified, compared with 2.4 percent of the U.S. bank portfolio and 2.6 percent of the FBO portfolio. Of nonaccrual loans, nonbank institutions owned 72.8 percent, or $39.7 billion. Classified credits increased for U.S. banks, FBOs and nonbanks over the past year. Classified credits held by nonbanks increased by $12.4 billion, or 8.8 percent, to $153.0 billion; U.S. bank classified credits increased by $15.1 billion, or 59.0 percent, to $40.7 billion; and FBO classified credits increased by $9.7 billion, or 38.6 percent, to $34.8 billion (see appendix C).

PART 3: SNC Underwriting Trends

This is the ninth consecutive SNC review in which examiners conducted an analysis of underwriting standards. The 2015 review included an evaluation of underwriting standards on 926 SNCs originated in 2014 compared with 714 reviewed in 2013 and 918 reviewed in 2014. Underwriting assessments covered 24.0 percent of the number of loans underwritten in 2014 and 27.3 percent of the dollar volume. The review evaluated structure, repayment terms, pricing, collateral, and loan agreements.

The SNC examination noted weaknesses in underwriting standards in 28 percent of the loan transactions sampled which was higher than experienced in recent years. Leveraged lending transactions were the primary driver of this deterioration. The most frequently cited underwriting deficiencies identified during the 2015 SNC review were minimal or no loan covenants, liberal repayment terms, repayment dependent on refinancing, and inadequate collateral valuations. The weak underwriting structures were in part attributable to aggressive competition and market liquidity.

PART 4: Leveraged Lending

The 2015 SNC review included an examination of 667 leveraged loan obligors with $624.3 billion in commitments or 44.5 percent of leveraged SNC borrowers, representing 61.7 percent of all leveraged loans by dollar commitment. This is down from 2014 when the review included 782 leveraged loan obligors with $623.2 billion in commitments or 63.9 percent of leveraged borrowers.

The 2015 SNC review found the incidence of non-pass loan originations to new borrowers (to either hold or distribute) fell in the second half of the year. After the issuance of the FAQs for implementing the March 2013 Interagency Guidance on Leveraged Lending, the volume of non-pass leveraged loans declined sharply. However, weak underwriting continues to be found in leveraged loans. Weak characteristics continue to include nominal equity and minimal de-leveraging capacity. In addition, loan covenant protection deteriorated, as evidenced by the reduced number of financial maintenance covenants, the use of net debt in leverage covenants, excessive headroom, springing features, and various accordion features including incremental facilities that allow increased debt above starting leverage and the dilution of senior secured positions. Taken together, weakened provisions pertaining to the level of debt and reduced lender covenant controls limit the bank's ability to manage risk within an acceptable range.

Based on underwriting surveys of the SNC portfolio, 92.2 percent of leveraged loans originated after June 1, 2014 contained incremental provisions. Incremental facilities have been included in loan agreements for a number of years, but are drawing attention because of their increased usage in conjunction with relaxation of other structural elements such as covenants and restricted payments.

An incremental facility provision in a loan agreement provides flexibility for a borrower to add additional debt, generally at the same seniority level as the original loan, with a sharing of collateral between existing and new incremental lenders. Until recently, most leveraged loan agreements had incurrence covenants or constraints on borrower's actions such as paying a dividend or increasing debt. Often, maintenance covenants were also present that required a borrower to meet certain financial tests. The combination of incurrence and maintenance covenants were overlapping constraints that provided lender controls to manage risk within a credit. The SNC examination noted instances where incremental facilities have been used for dividends and other purposes that weaken the underlying credit fundamentals of the borrower, which coincided with softened constraints that would limit lender remedies if they were needed. Supervisors will continue to review the use of these facilities to ensure that risks taken are identified and managed appropriately.

The 2015 leveraged SNC portfolio totaled $1.04 trillion compared to $767.4 billion in commitments in 2014 with 1,499 obligors and 3,044 facilities. The leveraged portfolio showed significant growth

(31.8 percent) year-over-year. The five largest industry segments represented in the leveraged portfolio are: Healthcare ($140.8 billion), Media/Telecom ($130.2 billion), Finance/Insurance ($124.3 billion), Materials/Commodities ($61.8 billion), and Retail Stores excluding food ($44.8 billion). These five sectors represented, in aggregate, 49.6 percent of all leveraged commitments, among 24 industry segments tracked by the agencies.

Leveraged loans make up 82.8 percent of all SNC special mention commitments, 65.2 percent of all substandard loans, 65.1 percent of all doubtful loans, and 59.3 percent of all nonaccrual loans. The prevalence of leveraged lending is the primary contributor to the overall SNC special mention and classified rate of 9.5 percent.

PART 5: Oil and Gas Lending

The 2015 SNC review included an examination of 141 O&G obligors with $78.2 billion in commitments or 33.8 percent of O&G SNC borrowers, representing 28.3 percent of all O&G gas loans by dollar commitment. The drop in oil prices during 2014 created concerns regarding adverse impacts on credit quality. A combination of supply and demand factors pushed O&G prices significantly downward with spot West Texas Intermediate oil prices falling from $100-$105 per barrel (bbl) early in the year to under $43/bbl by March 2015. Shifts in global supply and demand fundamentals in recent years have challenged analysts' ability to predict how long lower prices will be sustained, especially relative to prevailing conditions during previous benchmark oil price declines. The SNC examination observed that the significant decreases in O&G market prices have impaired many O&G companies' ability to pay interest and principal, and has led to some defaults. In addition, companies incurred significant debt to fund drilling programs, and their capital structures became unsustainable in the face of lower oil prices.

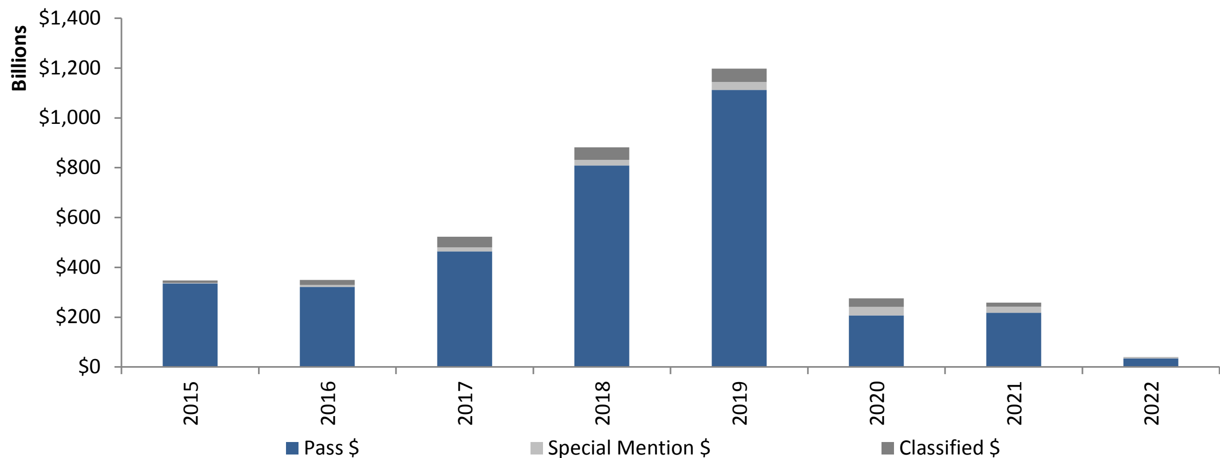
The examination focused on the upstream (E&P and services) sector. The 2015 O&G SNC portfolio totaled $276.5 billion, which represents 7.1 percent of the total $3.9 trillion in reported SNCs. O&G related credits are in the initial stage of a downturn; as such, they contributed to the weakened credit risk noted in the SNC portfolio as 11.0 percent of special mention and worse credits were related to O&G.

While many companies have hedged against price declines, this revenue is non-recurring and will run-off, thus potentially affecting future operating cash flows and long-term loan serviceability. As a result, companies are preserving liquidity by deferring development drilling, cutting general and administrative expenses through layoffs and where possible, incurring high-priced term debt to pay down reserve-based lines and increase borrowing availability. Banks are showing flexibility in working with borrowers by relaxing leverage covenants and allowing customer's time to curtail borrowing base over-advances. The banks and customers are taking reasonable actions during this stressed environment.

PART 6: SNC Portfolio—Maturity Profile

Refinancing risk decreased in the SNC portfolio as 22.3 percent of SNC commitments will mature in 2016 and 2017, compared with 25.0 percent for the same period in the 2014 SNC Review (see figure 3). During 2014 and into 2015, syndicators continued to refinance and modify loan agreements to extend maturities. These transactions had the effect of relieving near-term refinancing risk, but may not improve borrowers' ability to repay their debts in the longer term. Bank management should ensure such loan modification strategies are not substituted for realistic debt repayment or to avoid recognizing problem loans.

Figure 3: SNC Portfolio—Maturity Schedule



Appendix A: Committed and Outstanding Balances

(In Billions of Dollars)

Committed and Outstanding Balances (Dollars in Billions)								
Year	**Special Mention**	**Sub-Standard**	**Doubtful**	**Loss**	**Total Classified**	**Total Criticized**	**Total Committed**	**Total Outstanding**
1989	24.0	18.5	3.5	0.9	22.9	46.9	692	245
1990	43.1	50.8	5.8	1.8	58.4	101.5	769	321
1991	49.2	65.5	10.8	3.5	79.8	129.0	806	361
1992	50.4	56.4	12.8	3.3	72.5	122.9	798	357
1993	31.7	50.4	6.7	3.5	60.6	92.3	806	332
1994	31.4	31.1	2.7	2.3	36.1	67.5	893	298
1995	18.8	25.0	1.7	1.5	28.2	47.0	1,063	343
1996	16.8	23.1	2.6	1.4	27.1	43.9	1,200	372
1997	19.6	19.4	1.9	0.9	22.2	41.8	1,435	423
1998	22.7	17.6	3.5	0.9	22.0	44.7	1,759	562
1999	30.8	31.0	4.9	1.5	37.4	68.2	1,829	628
2000	36.0	47.9	10.7	4.7	63.3	99.3	1,951	705
2001	75.4	87.0	22.5	8.0	117.5	192.8	2,049	769
2002	79.0	112.0	26.1	19.1	157.1	236.1	1,871	692
2003	55.2	112.1	29.3	10.7	152.2	207.4	1,644	600
2004	32.8	55.1	12.5	6.4	74.0	106.8	1,545	500
2005	25.9	44.2	5.6	2.7	52.5	78.3	1,627	522
2006	33.4	58.1	2.5	1.2	61.8	95.2	1,874	626
2007	42.5	69.6	1.2	0.8	71.6	114.1	2,275	835
2008	210.4	154.9	5.5	2.6	163.1	373.4	2,789	1,208
2009	195.3	337.1	56.4	53.3	446.8	642.1	2,881	1,563
2010	142.7	256.4	32.6	15.4	304.5	447.2	2,519	1,210
2011	106.4	190.7	14.0	9.9	214.6	321.0	2,524	1,118
2012	99.3	161.7	29.5	4.6	195.8	295.1	2,792	1,243
2013	115.0	164.5	14.5	8.0	187.0	302.0	3,011	1,362
2014	149.2	171.0	11.8	7.8	191.3	340.6	3,389	1,568
2015	144.2	203.2	20.6	4.6	228.4	372.6	3,909	1,867

Note: Figures may not add to totals due to rounding

Appendix B: SNC Industry Trends by Sector

(In Billions of Dollars)

Industry	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Services												
Commitment	377.1	401.6	464.0	589.3	779.0	820.1	735.4	701.3	784.9	821.2	927.3	1,062.1
Classified	21.6	24.0	20.1	18.1	45.0	156.5	120.1	92.3	92.8	86.2	85.5	74.9
Special Mention	12.7	5.7	13.3	14.3	106.6	81.5	73.1	57.3	43.2	47.3	65.2	68.1
% Classified	5.7%	6.0%	4.3%	3.1%	5.8%	19.1%	16.3%	13.2%	11.8%	10.5%	9.2%	7.1%
% Special Mention	3.4%	1.4%	2.9%	2.4%	13.7%	9.9%	9.9%	8.2%	5.5%	5.8%	7.0%	6.4%
Commodities												
Commitment	312.0	325.6	364.1	439.6	578.1	658.8	592.3	593.0	665.0	709.5	788.6	904.5
Classified	32.7	18.0	18.3	10.7	12.7	77.8	57.7	42.5	34.8	39.4	43.5	72.1
Special Mention	15.2	8.9	7.6	7.0	53.6	34.9	20.4	14.0	22.4	27.7	30.0	23.1
% Classified	10.5%	5.5%	5.0%	2.4%	2.2%	11.8%	9.7%	7.2%	5.2%	5.6%	5.5%	8.0%
% Special Mention	4.9%	2.7%	2.1%	1.6%	9.3%	5.3%	3.4%	2.4%	3.4%	3.9%	3.8%	2.5%
Financial												
Commitment	372.7	363.2	431.1	506.3	541.0	470.9	391.3	435.4	462.6	521.9	598.3	691.7
Classified	4.2	0.9	2.1	19.2	32.5	60.4	32.6	27.6	24.7	25.3	26.7	32.2
Special Mention	0.6	0.5	2.9	3.3	13.7	28.0	17.7	9.6	9.6	12.1	19.6	20.5
% Classified	1.1%	0.3%	0.5%	3.8%	6.0%	12.8%	8.3%	6.3%	5.3%	4.8%	4.5%	4.6%
% Special Mention	0.2%	0.1%	0.7%	0.7%	2.5%	5.9%	4.5%	2.2%	2.1%	2.3%	3.3%	3.0%
Manufacturers												
Commitment	261.7	271.9	289.4	339.4	405.0	436.6	368.4	385.2	431.4	480.1	531.8	599.2
Classified	11.6	7.3	18.8	18.8	39.8	78.4	27.2	17.0	16.6	15.7	16.5	23.3
Special Mention	2.6	9.6	8.1	10.8	13.2	16.3	7.6	4.3	7.7	13.0	16.6	21.3
% Classified	4.4%	2.7%	6.5%	5.5%	9.8%	18.0%	7.4%	4.4%	3.9%	3.3%	3.1%	3.9%
% Special Mention	1.0%	3.5%	2.8%	3.2%	3.3%	3.7%	2.1%	1.1%	1.8%	2.7%	3.1%	3.6%
Real Estate												
Commitment	99.5	122.9	159.2	203.6	241.6	244.4	198.2	164.8	164.8	171.9	222.1	262.3
Classified	1.6	0.6	0.6	2.9	25.3	49.2	45.9	23.7	14.4	5.1	3.9	5.8
Special Mention	0.9	0.2	0.5	2.2	9.2	22.3	15.3	11.4	6.9	2.1	2.0	2.3
% Classified	1.6%	0.5%	0.4%	1.4%	10.5%	20.1%	23.1%	14.4%	8.8%	3.0%	1.7%	2.2%
% Special Mention	0.9%	0.1%	0.3%	1.1%	3.8%	9.1%	7.7%	6.9%	4.2%	1.2%	0.9%	0.9%
Distribution												
Commitment	108.7	122.3	146.1	175.7	216.0	220.5	199.0	225.9	268.7	291.3	306.5	369.8
Classified	2.2	1.7	1.5	1.9	7.7	23.2	19.6	10.0	10.7	11.8	11.0	16.7
Special Mention	0.9	1.0	0.9	4.7	13.9	12.1	8.4	9.8	8.9	12.4	15.9	8.5
% Classified	2.0%	1.4%	1.0%	1.1%	3.6%	10.5%	9.9%	4.4%	4.0%	4.1%	3.6%	4.5%
% Special Mention	0.8%	0.8%	0.6%	2.7%	6.4%	5.5%	4.2%	4.4%	3.3%	4.3%	5.2%	2.3%
Government												
Commitment	14.3	19.1	20.1	21.6	28.6	29.9	34.0	18.5	14.6	15.3	15.8	19.1
Classified	0.0	0.0	0.4	0.1	0.0	1.2	1.5	1.5	1.6	3.4	4.2	3.5
Special Mention	0.1	0.0	0.1	0.1	0.1	0.2	0.1	0.0	0.5	0.3	0.2	0.4
% Classified	0.3%	0.1%	1.8%	0.5%	0.0%	4.0%	4.3%	8.4%	11.0%	22.4%	26.7%	18.2%
% Special Mention	0.6%	0.0%	0.4%	0.2%	0.4%	0.7%	0.4%	0.0%	3.4%	2.1%	1.4%	2.1%
All Industries (Total)												
Commitment	1,546.1	1,626.6	1,873.9	2,275.4	2,789.2	2,881.2	2,518.5	2,524.2	2,792.0	3,011.1	3,390.5	3,908.8
Classified	74.0	52.5	61.8	71.7	163.1	446.8	304.5	214.6	195.8	187.0	191.3	228.4
Special Mention	32.8	25.9	33.4	42.4	210.4	195.3	142.7	106.4	99.3	115.0	149.4	144.2
% Classified	4.8%	3.2%	3.3%	3.2%	5.8%	15.5%	12.1%	8.5%	7.0%	6.2%	5.6%	5.8%
% Special Mention	2.1%	1.6%	1.8%	1.9%	7.5%	6.8%	5.7%	4.2%	3.6%	3.8%	4.4%	3.7%

Note: Figures may not add to totals due to rounding

Appendix C: Exposure by Entity Type

Share of Total Commitments (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US Banking Institutions	46.5	46.5	44.3	42.7	41.1	40.8	40.8	41.5	43.2	44.4	43.4	43.3
FBOs	41.6	41.6	41.5	41.4	39.0	38.0	37.9	38.3	36.9	35.8	34.5	33.7
Nonbanks	12.0	12.0	14.3	15.9	19.9	21.2	21.3	20.2	19.8	19.7	22.1	23.0

Total Classifications ($ billion)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US Banking Institutions	18.8	11.9	13.1	19.2	47.2	134.8	81.6	49.4	35.8	29.2	25.6	40.7
FBOs	31.3	15.5	17.3	17.6	45.9	101.8	62.0	41.7	37.8	32.4	25.1	34.8
Nonbanks	24.0	25.0	31.5	34.8	70.0	210.2	160.9	123.5	122.2	125.4	140.6	153.0
Totals	74.2	52.5	61.8	71.6	163.1	446.8	304.5	214.6	195.8	187.0	191.3	228.4

Classifieds as % of Commitments

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US Banking Institutions	2.6	1.6	1.6	2.0	4.1	11.5	7.9	4.7	3.0	2.2	1.7	2.4
FBOs	4.9	2.3	2.2	1.9	4.2	9.3	6.0	4.3	3.7	3.0	2.1	2.6
Nonbanks	13.0	11.7	11.8	9.6	12.6	34.4	30.0	24.3	22.1	21.1	18.8	17.0
Totals	4.8	3.2	3.3	3.1	5.8	15.5	12.1	8.5	7.0	6.2	5.6	5.8

Total Nonaccrual Commitments ($ billion)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US Banking Institutions	7.7	3.9	2.8	0.8	7.4	46.8	35.6	22.0	12.9	7.9	5.4	7.6
FBOs	17.6	9.0	4.7	0.9	5.6	35.5	28.6	18.1	15.9	11.2	6.5	7.2
Nonbanks	12.3	11.9	10.2	2.2	9.3	89.8	87.0	61.0	56.9	49.7	39.2	39.7
Totals	37.6	24.8	17.7	3.9	22.3	172.1	151.2	101.1	85.6	68.8	51.1	54.5

Note: Figures may not add to totals due to rounding