

CPG’s External Risk Events Report

Capital Performance Group is now tracking events at banks across the country which could have risk implications for others.

Our report focuses on the largest banks in the country – those with assets of \$30.0B or more.

Events are divided into three categories based on the relative size of the fine or penalty levied against the institution in question:

HIGH IMPACT	MEDIUM IMPACT	LOW IMPACT
Penalties equivalent to 5.0% or more of average quarterly net income	Penalties equivalent to between 2.5% and 5.0% of average quarterly net income	Penalties equivalent to between 0.0% and 2.5% of average quarterly net income

Space is available on each page to mark those events that are most relevant to your institution. The following page also contains a template to help you determine the appropriate next steps to address risk in the impacted areas.

Each report covers the following categories of risk:

1. **Capital** – changes to markets or regulations that could impact an institution’s ability to remain well-capitalized
2. **Liquidity** – changes to markets or regulations that could impact an institution’s ability to fund its assets
3. **Interest Rate** – changes or potential changes to rates
4. **Credit** – instances of increased charge-offs or nonperforming loans in a particular credit segment
5. **Operational** – when the failure of a system, process, or person results in a loss or penalty
6. **Compliance** – when an institution is penalized due to noncompliance with a law or regulation
7. **Fiduciary** – when an institution fails to act in the best interest of either shareholders or clients
8. **Reputational** – ongoing lawsuits/investigations and settlements of lawsuits
9. **Strategic** – changes in the competitive environment of a market that could impact the ability of other institutions to meet their strategic goals

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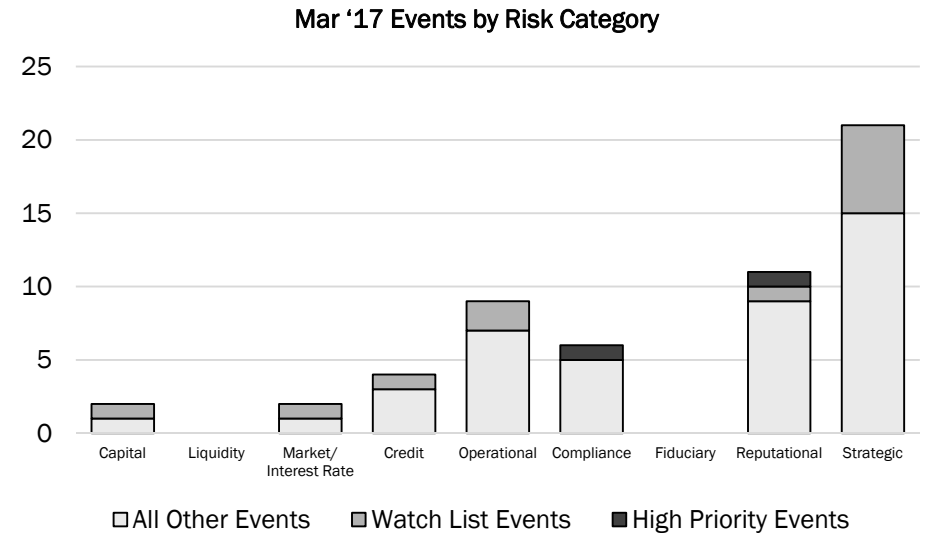
Determining Priorities for Your Institution

The template below can be used to help identify areas that warrant further investigation or attention. Business areas that have not been recently reviewed for risk – or that have been reviewed, but have problem areas that have not been addressed – should be considered high priorities for your institution. Other high priority areas would be those where the methods for identifying risk have not been updated to reflect current events, or where the bank’s competitive advantage is threatened.

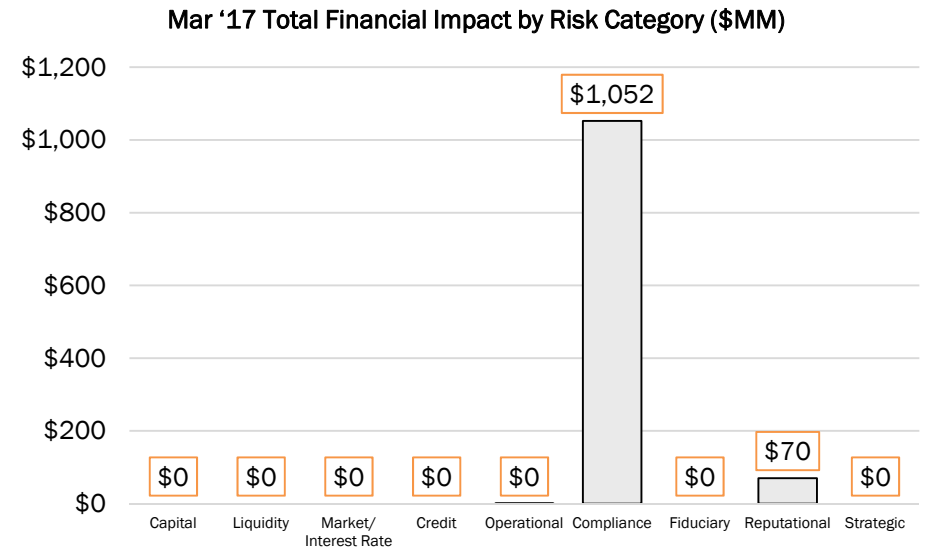
	Event 1	Event 2	Event 3	Event 4	Event 5
Brief Description					
Business area impacted by event					
Date of last review for risk					
Date of next review					
Were any problems identified during the last review? Y/N					
Were the problems addressed? If not, what is the plan to address them?					
Does the review process accurately reflect current events? If not, what is the plan to address this?					
Does the event impact the bank’s competitive advantage(s) in any way?					

Overview – March 2017

Event	Risk Type	Financial Impact to Bank In Question
Deutsche Bank reached a settlement with the DOJ related to LIBOR manipulation	Compliance & BSA/AML	\$775.0MM
East West Bancorp disclosed that it had settled a contract dispute alleging that the bank had breached a loan agreement in November 2016.	Reputational	\$25.0MM



Categories with External Events
<ul style="list-style-type: none"> • Capital Risk (see pg. 8) • Market/Interest Rate Risk (see pg. 10) • Credit Risk (see pg. 12) • Operational Risk (see pg. 15) • Compliance & BSA/AML Risk (see pg. 20) • Reputational Risk (see pg. 23) • Strategic Risk (see pg. 28)
Categories with No External Events
<p>Liquidity Risk</p> <p>Fiduciary Risk</p>



Overview – March 2017



WATCHLIST EVENTS
Capital Risk
The FDIC and the Fed released their views on the living wills of 20 banks, page 8.
Market/Interest Rate Risk
The Fed voted to increase rates by 25 basis points, page 10.
Credit Risk
Mortgage credit performance continues to improve, page 12.
Operational Risk
<ul style="list-style-type: none"> Bank of America and U.S. Bank were targeted by North Korean hackers, page 15. A former Wells Fargo branch manager has been convicted of money laundering and false bank entry charges, page 16.
Reputational Risk
Wells Fargo's fair lending rating dropped from "outstanding" to "needs to improve," page 24.
Strategic Risk
<ul style="list-style-type: none"> Merrill Lynch is reorganizing and will be combining its New York Metro and New England sales divisions, page 28. Goldman Sachs may be in the process of designing a robo-advisor to target mass affluent customers, page 29. The Fed approved People's United Bank's acquisition of Suffolk Bancorp – and increased its threshold for a deal that would result in systemic risk from \$25.0B to \$100.0B, page 29. Morgan Stanley and JPMorgan Chase are both working on new retirement products, page 30. U.S. Bank expects to launch its robo-advisor product later this year, page 30.

Notable Legislative & Regulatory Events

- The Securities and Exchange Commission (SEC) approved new rules designed to protect seniors.
- The Consumer Financial Protection Bureau (CFPB) continues to face legal challenges.
- Mr. Jay Clayton's nomination for SEC chair was approved by the Senate Banking Committee.

See pages 5 to 7 for more information

Significant Management Changes

- JPMorgan Chase hired a new head of small business banking and appointed a new CEO of their retail brokerage arm.
- Wells Fargo lost two regional presidents in Southern California.

See pages 36 and 37 for more information

Legislative Events

- 1. SEC Chair Nominee Advances:** Jay Clayton, President Trump’s pick for SEC Chairman, had his nomination approved by the Senate Banking Committee. This nomination is expected to be brought before the full Senate for a vote at the end of April. Like other recent nominees, Mr. Clayton is in favor of reducing regulations. Some senators have expressed concerns about potential conflicts of interest due to Mr. Clayton’s past work with several financial firms while serving as a partner at the law firm of Sullivan & Cromwell, LLP.
- 2. Financial CHOICE Act Reintroduction Expected “Soon”:** At various recent events, Rep. Jeb Hensarling (R-TX) has hinted that his Financial CHOICE Act will be reintroduced on the House floor in the coming weeks. Senator Ted Cruz (R-TX) has noted that this bill is a major priority for the Republican Congress.

Other members of Congress have mentioned that they expect the Choice Act to be reintroduced this summer, after Congress deals with healthcare but before the House Financial Services Committee has to reauthorize the National Flood Insurance Program, which is set to expire in September. We will continue to provide updates on the progress of this bill as it moves through the legislative process.

- 3. OIRA Insight, Reform, & Accountability Act Passes House:** The U.S. House voted 241 to 184 in favor of the OIRA Insight, Reform, and Accountability Act. The Act would subject the CFPB, the Fed, and other independent agencies to regulatory review by the Office of Information and Regulatory Affairs (OIRA). Proposed rules subject to review would include any rule that has an annual effect on the economy of \$100.0MM or more, creates inconsistency with actions from another agency, has significant budget impacts, or raises new legal/policy issues.



Regulatory Events

1. New Rules to Address Financial Exploitation of Seniors:

The Securities and Exchange Commission (SEC) has approved the Financial Industry Regulatory Authority's (FINRA) proposed rule addressing the financial exploitation of seniors. Firms will be required to make a reasonable effort to obtain contact information for an individual trusted by the senior for a customer's account. Firms will also be permitted to place a temporary hold on the account when there is a reasonable belief of financial exploitation. This rule will become effective on February 5, 2018.



2. Equal Credit Opportunity Act Amendments Proposed:

The Consumer Financial Protection Bureau (CFPB) has released a proposal to amend Equal Credit Opportunity Act regulations to provide flexibility for mortgage lenders in the collection of consumer ethnicity and race information. Regulation B, the CFPB's rule implementing the ECOA, currently requires lenders to maintain different practices depending on their loan volume. The proposal would do away with this requirement.



Democratic senators urged the SEC's inspector general to probe whether the Acting Chairman, Michael Piwowar overstepped his authority when he restricted the agency's investigative and subpoena power.

4. Commodity Futures Trading Commission Chair Nominated:

President Donald Trump has nominated acting chairman of the CFTC J. Christopher Giancarlo to the full-time position. The announcement confirms earlier rumors that Giancarlo would succeed Timothy Massad, who stepped down in January.

5. Federal Financial Institutions Examination Council (FFIEC) Completes Review of Banking Rules & Regulations:

As part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, member agencies of the FFIEC issued a report to Congress detailing their review of rules affecting financial institutions. The report details several actions planned or taken by the regulators, including streamlining call reports, increasing appraisal thresholds for CRE loans, and increasing the number of institutions eligible for less frequent examination cycles.

6. CFPB Faces Continued Legal Challenges:

The Justice Department (DOJ) has filed a brief stating that the CFPB's current single-director structure is unconstitutional. The brief also argued that the President should be able to fire the regulator's director without providing any cause.

Meanwhile, President Trump hosted nine community bank CEOs at the White House to brainstorm what to do with the CFPB. *American Banker* reported that Trump was considering a five-member board structure at the CFPB, as opposed to a single director (with the ability to fire that director at will).

Regulatory Events

7. **Office of the Comptroller of the Currency (OCC) Provides Clarification on Fintech Charters:** House Republicans sent a letter to the OCC, urging the agency to slow the creation of its fintech charter. The letter also urged the agency to allow the incoming comptroller to evaluate the charter when the current comptroller's term expires.

A few days later, the OCC published a supplement to its existing licensing manual that provided more details of the plan to grant special-purpose charters to fintech companies. Fintech charter applicants must provide detailed business plans with financial projections, risk analyses, and internal controls assessments, which may make the process “too involved and iterative for smaller companies.”

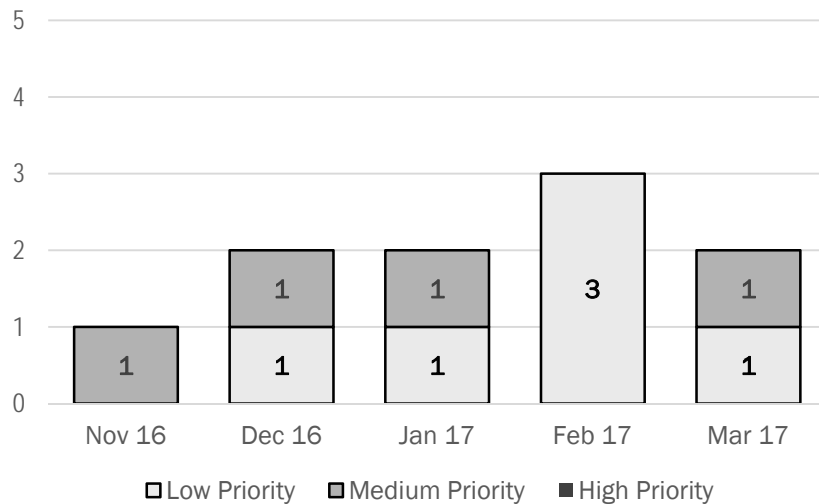
8. **“Fiduciary Rule” Receives New Implementation Date:** The Department of Labor (DOL) has officially pushed back the Fiduciary Rule's implementation date from April 10th to June 9th (a delay of 60 days) to allow more time to examine whether to adjust the rule or strike it down altogether.

Capital Risk

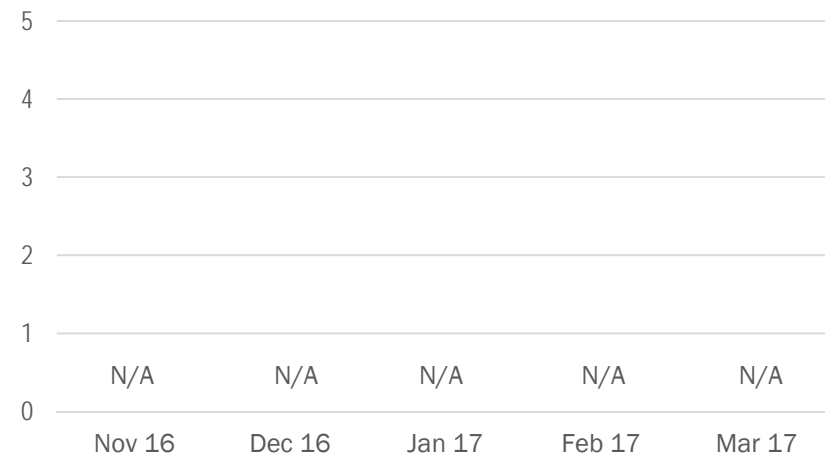
DATE: MARCH 24, 2017

EVENT	<p>The FDIC and the Fed have approved the living wills of 15 of the 20 financial institutions that originally submitted these resolution plans in December 2015. The agencies identified shortcomings in the resolution plan of Northern Trust (\$123.9B; Chicago, IL) and have asked the bank to address them by the end of the year. In addition, the regulators issued guidance to Barclays Plc (\$1.5T; London, UK), Credit Suisse Group AG (\$806.8B; Zurich, Switzerland), Deutsche Bank AG (\$1.7T; Frankfurt am Main, Germany), and UBS Group AG (\$920.1B; Zurich, Switzerland) regarding “key vulnerabilities” in their plans. These four banks have until July 1, 2018, to submit their revised plans.</p>	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	MEDIUM		

TREND IN CAPITAL RISK EVENTS



TREND IN FINANCIAL IMPACT



Capital Risk, continued

DATE: MARCH 2, 2017

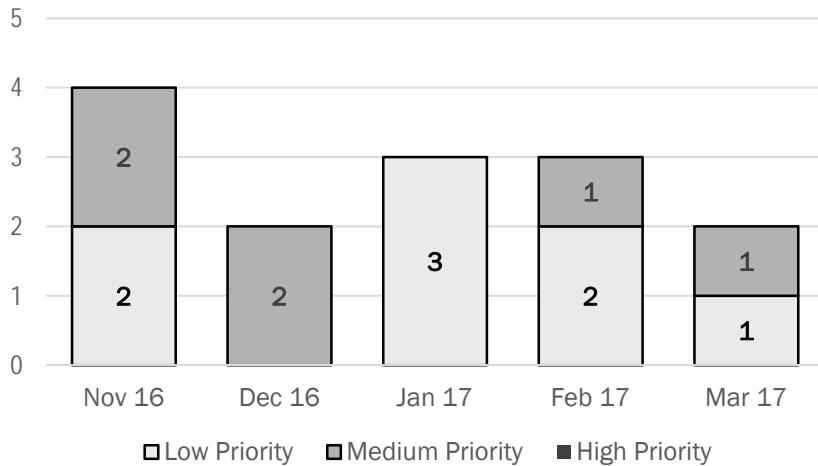
EVENT	Morgan Stanley's (\$815.0B; New York, NY) revised 2016 capital plan was accepted by the Federal Reserve. In June 2016, the company was asked to submit an additional capital plan to address "certain qualitative deficiencies in its capital planning process." The Fed stated it will look to see progress in these previous deficiencies in the 2017 stress test.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

Market/Interest Rate Risk

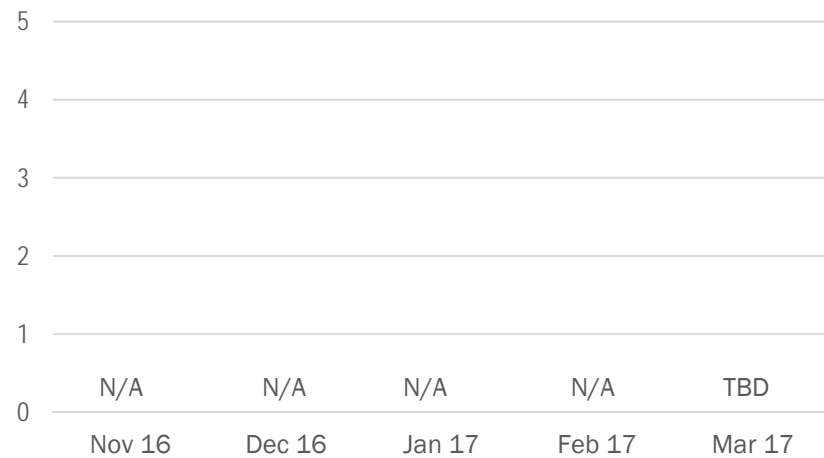
DATE: MARCH 15, 2017

EVENT	<p>For the second time in three months, the Federal Reserve voted to increase interest rates by 25 basis points for a benchmark rate of 0.75% to 1.00%. Fed chairwoman Janet Yellen stated while the U.S. economy continues to expand at a moderate pace, the Fed still plans to increase rates slowly.</p> <p>The Federal Reserve’s next meeting will take place May 2nd and 3rd.</p>	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	MEDIUM		

TREND IN MARKET/INTEREST RATE RISK EVENTS



TREND IN FINANCIAL IMPACT



Market/Interest Rate Risk, continued

DATE: MARCH 28, 2017

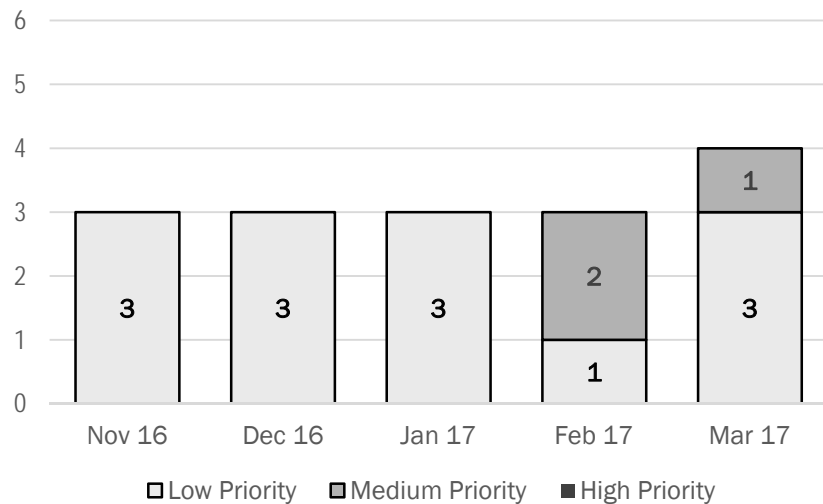
EVENT	<p>Rising rates have had a negative impact on available-for-sale (AFS) securities portfolios. In advance of interest rate increases, many institutions moved securities from their AFS portfolios to their held-to-maturity (HTM) portfolios, which are not subject to mark-to-market adjustments on a quarterly basis. The value of AFS portfolios moved to unrealized losses of \$5.2B in 4Q16, compared to unrealized gains of \$19.1B in 3Q16. Changes in the valuation of the AFS portfolio impact tangible common equity.</p>	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

Credit Risk

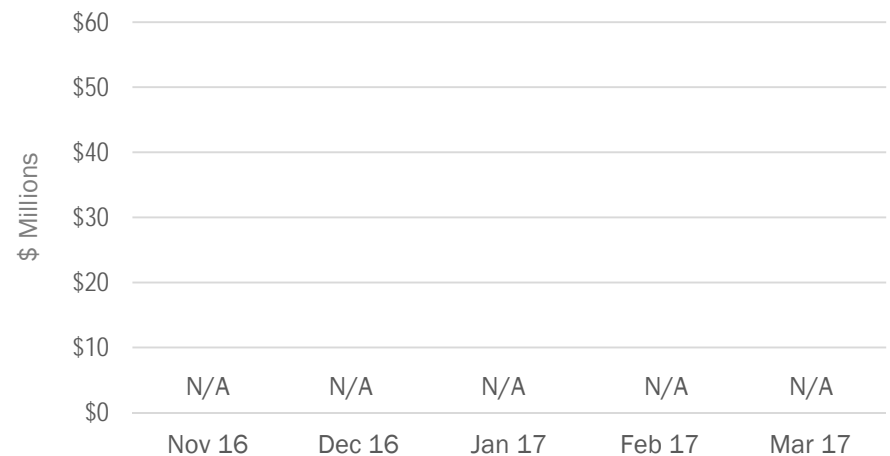
DATE: MARCH 24, 2017

EVENT	<p>According to an OCC review of seven national banks with large mortgage-servicing portfolios, mortgage credit performance continues to improve. The 4Q16 Mortgage Metrics Report found that 94.7% of first-lien mortgages at these institutions were performing, compared to 94.1% a year earlier. The number of loans in foreclosure has declined by 28.2% compared to 4Q15.</p> <p>Banks in the study include Bank of America Corporation (\$2.2T; Charlotte, NC), Citigroup (\$1.8T; New York, NY), HSBC North America Holdings Inc. (\$277.8; New York, NY), JPMorgan Chase & Co. (\$2.5T; New York, NY), PNC Financial Services Group, Inc. (\$366.9B; Pittsburgh, PA), U.S. Bancorp (\$446.0B; Minneapolis, MN), and Wells Fargo & Company (\$1.9T; San Francisco, CA).</p>	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	MEDIUM		

TREND IN CREDIT RISK EVENTS



TREND IN FINANCIAL IMPACT



Credit Risk, continued

DATE: MARCH 20, 2017

EVENT	Credit card issuers saw higher delinquencies and charge-off rates in February. Of the major issuers, American Express Company (\$158.9B; New York, NY) , Bank of America, Citigroup, Discover Financial Services (\$92.3B; Riverwoods, IL) , and JPMorgan Chase all saw increases in delinquency rates month-over-month. Delinquencies at Capital One Financial Corporation (\$357.2B; McLean, VA) were flat.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 8, 2017

EVENT	The number of newly delinquent student loans and defaults on student loans increased to a new high in 4Q16. Loans 90+ days past due increased by 5.4% year-over-year. Meanwhile, 7.1% of directly owned federal loans were in default. The majority of student loan defaults typically come from individuals who attended for-profit and 2-year institutions.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

Credit Risk, continued

DATE: MARCH 3, 2017

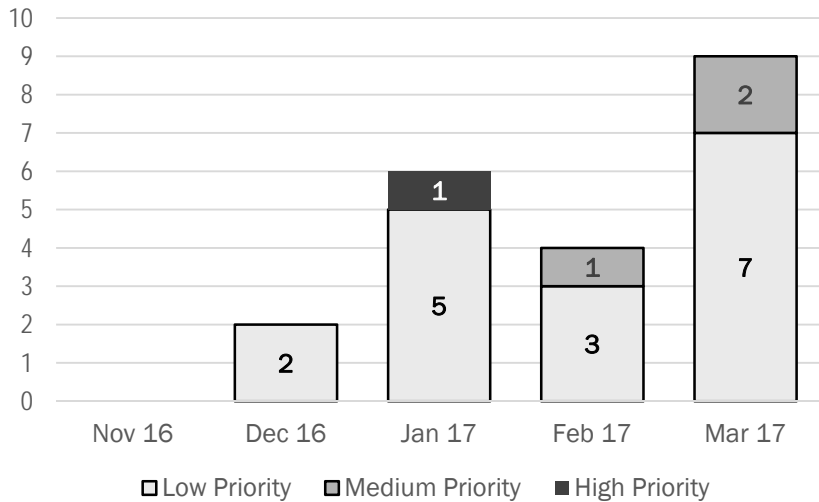
EVENT	<p>Multifamily loans grew by 2.3% from 3Q16 to 4Q16 (representing year-over-year growth of 11.2%). This was the slowest quarter-over-quarter growth in multifamily loans since 1Q13 – and the slowest year-over-year growth since 3Q13. Demand for these types of loans is expected to be somewhat weaker in 2017 than in previous years.</p>	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

Operational Risk

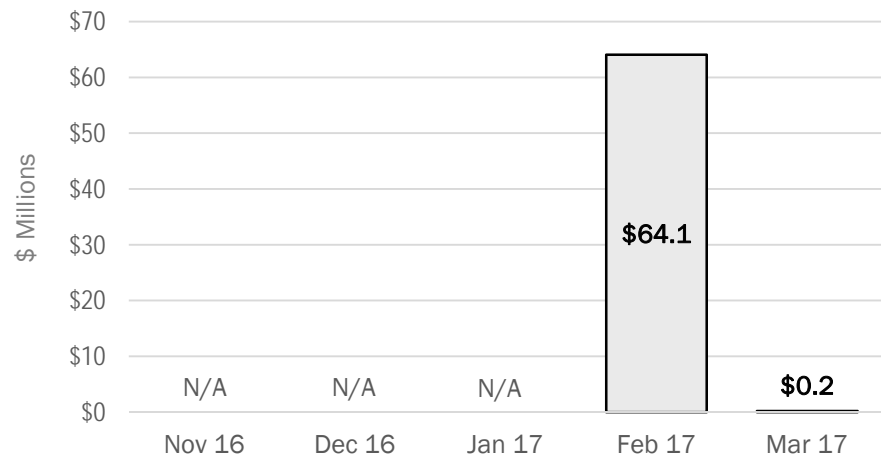
DATE: MARCH 27, 2017

EVENT	Bank of America and U.S. Bancorp are among several banks reported to be targets of North Korean hackers. It is likely the attacks were orchestrated by the same group that stole \$81.0MM from the Central Bank of Bangladesh. State Street Corporation (\$242.7B; Boston, MA), Deutsche Bank, Mitsubishi UFJ Financial Group, Inc. (\$2.6T; Tokyo, Japan), Toronto-Dominion Bank (\$911.7B; Toronto, Canada), and BankUnited Inc. (\$27.9B; Miami Lakes, FL) were also targeted.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	MEDIUM		

TREND IN OPERATIONAL RISK EVENTS



TREND IN FINANCIAL IMPACT



Operational Risk, continued

DATE: MARCH 13, 2017

EVENT	<p>A former Wells Fargo branch manager, Albert Yagubyan, has been convicted of money laundering and false bank entry charges by the DOJ. Yagubyan allegedly helped to launder over \$1.0MM of proceeds from a mass-mailing scam. He instructed subordinates to open bogus accounts into which the proceeds were deposited and to process fraudulent withdrawals in return for payments and promises of promotion. The accounts were flagged for closure by Wells Fargo’s loss prevention office; however, Yagubyan intervened to keep them open.</p>	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

DATE: MARCH 31, 2017

EVENT	<p>The FDIC reported regulatory actions taken in February against three individuals at Banamex USA, a subsidiary of Citigroup. The FDIC found that two Banamex employees, Donald Noseworthy and Francisco Moreno, had violated the Bank Secrecy Act. The FDIC also found that another employee, Jorge Figueroa, had breached his fiduciary duty which resulted in a “more than minimal loss to the Bank.” Mr. Noseworthy and Mr. Moreno were assessed financial penalties and are prohibited from working with financial institutions.</p>	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

Operational Risk, continued

DATE: MARCH 30, 2017

EVENT	Citizens Financial Group, Inc. (\$150.0B; Providence, RI) has revealed that bankers overreported the number of client “financial checkups” held in 2016 in order to reach internal targets. Bankers were said to have scheduled 400,000 such checkups in 2016. Eleven bankers have disclosed that they falsified some of the meetings to meet targets of 10 to 15 meetings per week. Customers were not harmed by the overreporting, however, the issue has raised questions about the accuracy of data reported to shareholders.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 17, 2017

EVENT	The OCC fined Marrien Neilson, a former senior vice president, regional manager and national sales consultant of BOK Financial Corporation (\$33.1B; Tulsa, OK), \$5,000 for engaging in misconduct with regard to 15 municipal bond accounts.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		N/A	LOW		

Operational Risk, continued

DATE: MARCH 17, 2017

EVENT	The posting of transactions conducted by Citizens Financial customers was delayed due to a vendor processing issue. The delays impacted point of sale, ATM, and credit transactions. The issue was resolved quickly and no penalties were assessed.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		N/A	LOW		

DATE: MARCH 15, 2017

EVENT	Interactive Brokers Group (\$54.7B; Greenwich, CT) was fined \$190,000 by FINRA due to a technology issue. The company allegedly submitted short-interest reports to FINRA without including foreign-listed securities. In addition to paying the fine, Interactive Brokers Group must revise its written supervisory procedures.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		\$190.0K; or 0.12% of Interactive Brokers Group's average quarterly net income (last 5 quarters)	LOW		

Operational Risk, continued

DATE: MARCH 10, 2017

EVENT	Two former managing directors at JPMorgan Securities (Asia-Pacific) Limited – Fang Fang and Timothy Fletcher – have been barred by the Fed from working in the banking industry for their participation in a referral hiring program that violated anti-bribery laws.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
	JPMorgan was fined in November 2016 for these actions, which allegedly included offering internships and other employment opportunities to individuals referred by clients and others in order to “obtain improper business advantage.”	N/A	LOW		

DATE: MARCH 1, 2017

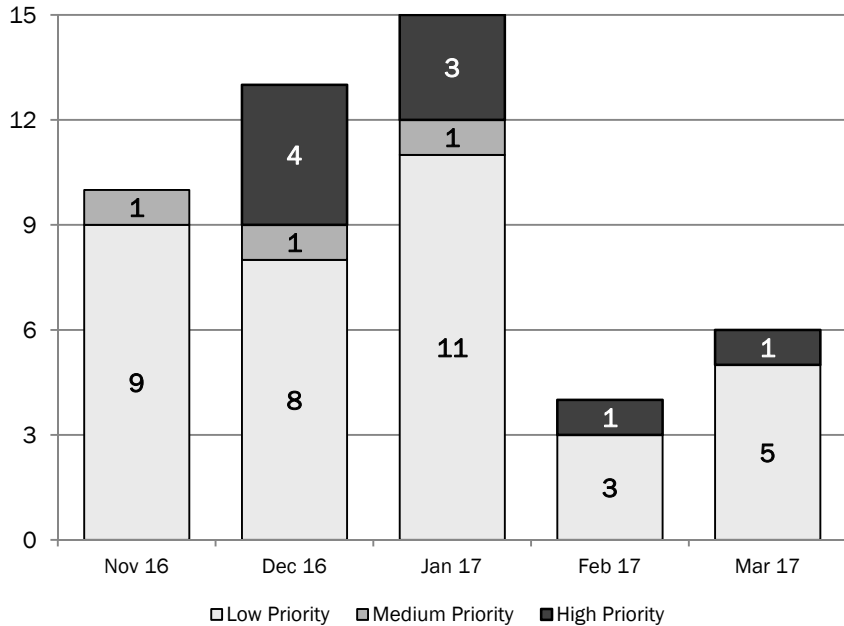
EVENT	The board of Wells Fargo canceled the cash bonuses and reduced the 2014 performance share equity awards by up to 50% for the top eight executive. This decision was due to last year’s retail accounts scandal.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
	The executives are President and CEO Timothy Sloan; Senior Executive Vice President and CFO John Shrewsberry; Chief Administrative Officer Hope Hardison; Chief Auditor David Julian; Chief Risk Officer Michael Loughlin; General Counsel James Strother; David Carroll, head of wealth and investment management; and Avid Modjtabai, head of payments, virtual solutions and innovation. They were members of the operating committee before it was changed in November 2016.	N/A	LOW		

Compliance Risk

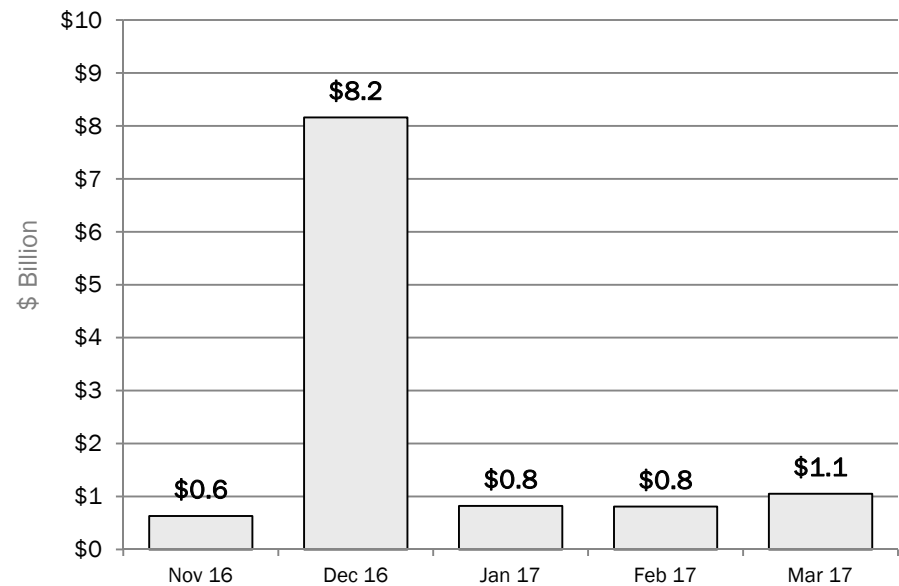
DATE: MARCH 28, 2017

EVENT	DB Group Services (DBGS), a subsidiary of Deutsche Bank, has been fined by the DOJ for its role in manipulating LIBOR. DBGS has agreed to pay a \$150.0MM fine. Deutsche Bank will pay an additional \$625.0MM as part of a deferred prosecution agreement with the Department related to the same case.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		\$775.0MM; Deutsche Bank's average quarterly net income is negative. We were therefore not able to arrive at a meaningful estimate.	HIGH		

TREND IN COMPLIANCE & BSA/AML RISK EVENTS



TREND IN FINANCIAL IMPACT



Compliance Risk, continued

DATE: MARCH 29, 2017

EVENT	Wells Fargo has agreed to settle a class-action lawsuit filed by customers of the bank over the retail sales practices that led to the fake accounts scandal. Wells Fargo has stated that the \$110.0MM will cover anyone who had an account opened in their name without their consent, from 2009 to the settlement date.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		\$110.0MM; or 2.0% of Wells Fargo's average quarterly net income (last 5 quarters)	LOW		

DATE: MARCH 23, 2017

EVENT	The Fed has entered into an enforcement action against Santander Holdings USA (\$137.4B; Boston, MA) due to the bank's failure to submit a written plan to strengthen board oversight and to enhance the firm's risk management program. Santander agreed to complete these actions as part of a July 2015 agreement with the Fed. Santander Holdings has 60 days to comply with the enforcement action and to submit its plans.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

Compliance Risk, continued

DATE: MARCH 15, 2017

EVENT	Wells Fargo, Royal Bank of Scotland (\$986.5B; Scotland, UK) and Deutsche Bank agreed to settle a class-action lawsuit over their role in underwriting mortgage-backed securities for the now-bankrupt subprime lender NovaStar Mortgage .	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		\$165.0MM; the settlement breakout was not disclosed	LOW		

DATE: MARCH 15, 2017

EVENT	Citizens Securities (a subsidiary of Citizens Financial) was fined \$300,000 by FINRA after allegedly failing to reveal customer complaints and settlements in a timely manner.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		\$300.0K; or 0.12% of Citizens Financials' average quarterly net income (last 5 quarters)	LOW		

DATE: MARCH 1, 2017

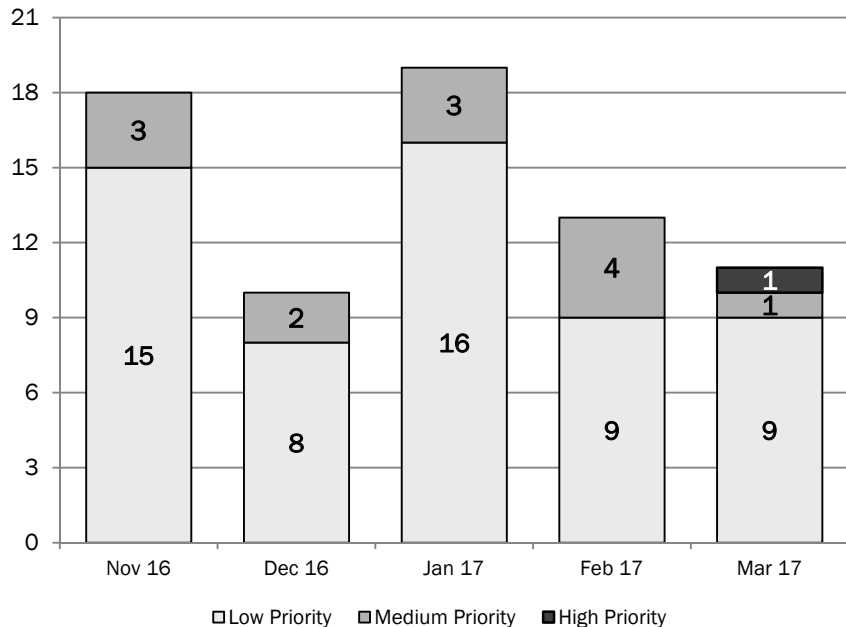
EVENT	Wells Fargo agreed to pay \$2.0MM to settle a lawsuit that claimed the bank failed to compensate overtime of financial advisors from 2009 to 2016.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		\$2.0MM; or 0.04% of Wells Fargo's average quarterly net income (last 5 quarters)	LOW		

Reputational Risk

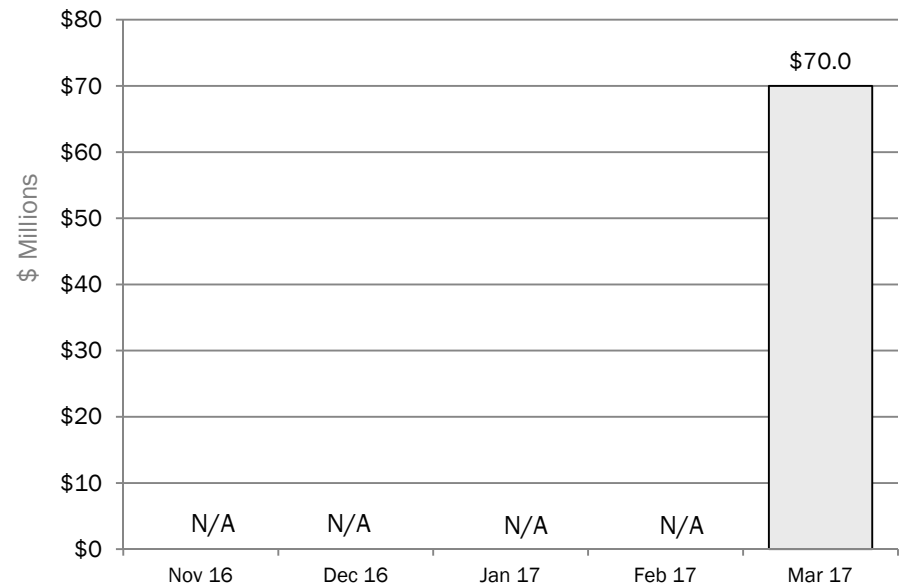
DATE: MARCH 2, 2017

EVENT	East West Bancorp, Inc. (\$34.8B; Pasadena, CA) disclosed that it entered into a \$25.0MM settlement agreement with F&F LLC in November 2016, which the company paid in January 2017. The settlement was over a contract dispute, with F&F LLC alleging that the bank breached a loan agreement.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		\$25.0MM; or 23.9% of East West Bancorp's average quarterly net income (last 5 quarters)	HIGH		

TREND IN REPUTATIONAL RISK EVENTS



TREND IN FINANCIAL IMPACT



Reputational Risk, continued

DATE: MARCH 28, 2017

EVENT	The OCC downgraded Wells Fargo's final fair lending rating from "outstanding" to "needs to improve" due to the consent orders issued against the bank.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	MEDIUM		

DATE: MARCH 30, 2017

EVENT	JPMorgan Chase is one of several companies that has started to whitelist websites and YouTube channels to remove advertisements in response to complaints that the ads are being inadvertently associated with terrorist videos. It was noted that a website calling for "Hillary 4 Prison" had been associated with the company. JPMorgan's digital display ads now appear on only 5,000 websites, down from 400,000.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

DATE: MARCH 29, 2017

EVENT	Citigroup won an arbitration case pursued by the Abu Dhabi Investment Authority over losses stemming from the U.S. mortgage crisis. As part of the victory, Citigroup was awarded \$9.5MM in legal fees and expenses.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

Reputational Risk, continued

DATE: MARCH 29, 2017

EVENT	Bank of America will pay a fine of \$45.0MM for a wrongful foreclosure. The plaintiffs, Erik and Renee Sundquist, owed nearly \$600.0K on their mortgage. Their original lender was bought by Bank of America. The Sundquists filed for bankruptcy in 2010, but Bank of America still foreclosed. The sale was eventually reversed.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		\$45.0MM; or 1.09% of Bank of America's average quarterly net income (last 5 quarters)	LOW		

DATE: MARCH 28, 2017

EVENT	A branch in the headquarters building of Santander Holdings was temporarily closed after a group of protesters entered the premises. The group, the Committee for Better Banks, was protesting the company's alleged predatory lending practices and "poor working conditions."	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

DATE: MARCH 22, 2017

EVENT	A U.S. judge ruled that Commerzbank AG (\$506.7B; Frankfurt am Main, Germany) can proceed with its December 2015 lawsuit against BNY Mellon Corp. (\$333.5B; New York, NY), which claims the bank abandoned its obligation as a trustee for over 70 residential mortgage trusts, resulting in significant losses. Commerzbank is seeking over \$1.0B in damages.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

Reputational Risk, continued

DATE: MARCH 20, 2017

EVENT	Bank of America has completed its obligation to pay \$7.0B in consumer relief, as required by the National Mortgage Settlement of 2014. The bank submitted a total of \$12.4B in consumer relief, well above the required minimum. It also completed its obligations well in advance of the 2018 deadline.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		N/A	LOW		

DATE: MARCH 17, 2017

EVENT	The U.K. Competition and Markets Authority (CMA) is investigating Lloyds Banking Group Plc. (\$1.0T; London, UK) and its acquisition of MBNA Ltd. from Bank of America. The CMA is looking into whether or not the deal will lessen competition and expects to publish its findings on May 16 th .	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 15, 2017

EVENT	A shareholder of Wells Fargo, The Sisters of St. Francis of Philadelphia, issued a proposal that calls for creating a comprehensive report on explaining the underlying causes of the sales malpractice scandal in the company, along with the steps the company has taken to improve risk management and control processes.	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

Reputational Risk, continued

DATE: MARCH 1, 2017

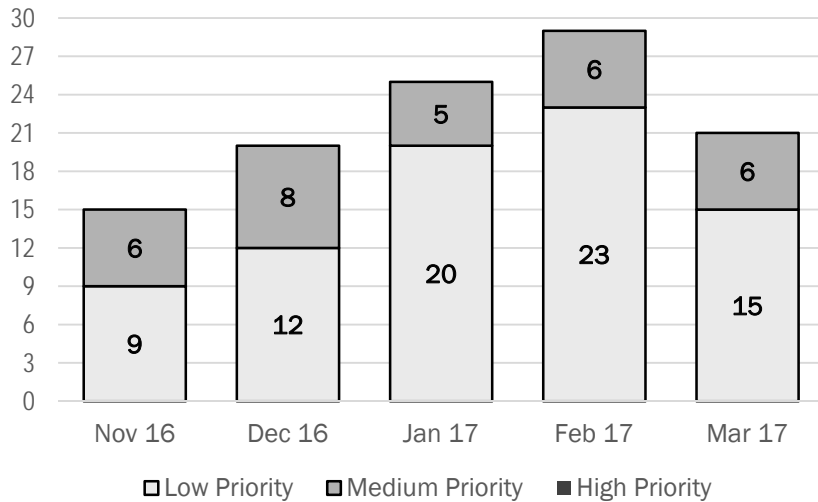
EVENT	<p>In a March 1st regulatory filing, Wells Fargo stated that more customers may have been affected by the fake accounts scandal than initially reported. In their 10-K, Wells said it continues "to refine our practices and methodology used to identify, prevent and remediate sales practices-related matters. This work could lead to, among other things, an increase in the identified number of potentially impacted customers."</p>	Financial Impact to Bank In Question	IMPACT	Does Our Bank Operate In This Business Area?	Materiality of Business Area?
		TBD	LOW		

Strategic Risk

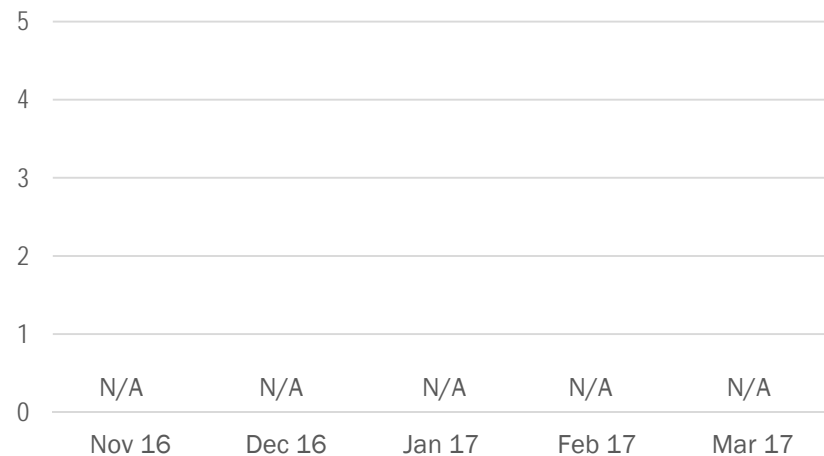
DATE: MARCH 30, 2017

EVENT	Merrill Lynch Wealth Management (part of Bank of America) is reorganizing its regional structure and dropping from 10 divisions to six. The goal is to give brokers more time to develop business and serve clients. As part of the reorg, the New York Metro and New England divisions will be combined into a single Northeast division, headed by Bill Lorenz. Jeff Tucker, who runs the New York Metro region, will “transition to a new assignment in the coming weeks.” Linda Houston, who heads the firm’s New England division, is retiring.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

TREND IN STRATEGIC RISK EVENTS



TREND IN FINANCIAL IMPACT



Strategic Risk, continued

DATE: MARCH 21, 2017

EVENT	A job ad description on Goldman Sachs Group's (\$860.2B; New York, NY) website indicates that the bank is in the process of developing a robo-advisor to target mass affluent customers. The company's robo-advisor platform would be housed in the investment banking division, which had approximately \$1.4T in assets under management at the end of 2016.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

DATE: MARCH 16, 2017

EVENT	The Fed has approved People's United's (\$40.6B; Bridgeport, CT) acquisition of Suffolk Bancorp (\$2.1B; Riverhead, NY) . As part of its approval, the Fed disclosed that "proposals involving an acquisition of less than \$10.0B in assets, or that result in a firm with less than \$100.0B in total assets, are generally not likely to create institutions that pose systemic risks." The previous threshold for systemic risk was \$25.0B. [NOTE: The acquisition closed on April 1 st .]	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

Strategic Risk, continued

DATE: MARCH 8, 2017

EVENT	Morgan Stanley's wealth management arm has teamed up with Ascensus, the nation's largest independent retirement and college savings service provider, to develop the retirement product ClearFit. The program allows employers to meet their fiduciary responsibilities while also taking the complexity out of 401(k) plan administration.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

DATE: MARCH 8, 2017

EVENT	U.S. Bancorp announced that it expects to release its robo-advisor product later this year. The bank noted that it plans to integrate its wealth management team with the technology, giving customers the opportunity to speak with an advisor when they choose.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

DATE: MARCH 2, 2017

EVENT	JPMorgan Chase has announced enhancements to its portfolio insights service by partnering with software provider Hibiscus. The updated platform generates a comprehensive, comparative view of composition, performance, and risk data, offering financial advisors access to customized and user-friendly reports.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	MEDIUM		

Strategic Risk, continued

DATE: MARCH 29, 2017

EVENT	Bank of America plans to invest \$1.5MM to help the city of Charlotte, NC, turn itself into a hub for fintech companies.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 29, 2017

EVENT	BlackRock Inc.'s (\$220.0B; New York, NY) equity offerings are being reorganized into new product lines. As part of the reorganization, the company has decided to lay off more than 40 employees, including portfolio managers. The reorganization is expected to impact approximately \$30.0B in assets under management (or about 11% of total active equity under management).	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 28, 2017

EVENT	Square, Inc. (\$894.7MM; New York, NY), had expanded operations to the U.K. The company's services are now available in five countries, including Canada, Japan, Australia, and the U.S.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

Strategic Risk, continued

DATE: MARCH 21, 2017

EVENT	Wells Fargo plans to survey its entire workforce with the intent of “fostering an ethical, inclusive, and customer-focused culture” in the company.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 17, 2017

EVENT	PayPal Holdings (\$33.1B; San Jose, CA) is partnering with Buenos Aires-based bank Banco Comafi SA to introduce the payment services company to the Argentine market.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 14, 2017

EVENT	Effective April 7 th , JPMorgan Chase will no longer offer retirement accounts that charge commissions for investment guidance. Clients affected by this change will be automatically transitioned to a self-directed retirement account. This said, the bank may not proceed with this move if the postponed DOL fiduciary rule is not enforced.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

Strategic Risk, continued

DATE: MARCH 10, 2017

EVENT		Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
	<p>Merrill Lynch is moving ahead with plans to shift the majority of retirement customers to fee-based accounts, as announced last October. However, brokers recently received word that this conversion may not work for all customers and that the company is considering alternatives for these cases.</p> <p>Merrill Lynch will continue to prohibit the sale of mutual funds, nontraded real estate investment trusts, and life insurance products in commission-based retirement accounts.</p>	TBD	LOW		

DATE: MARCH 10, 2017

EVENT		Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
	<p>JPMorgan is purchasing the payments technology of tech company MCX in order to expand the bank's Chase Pay application capabilities.</p>	TBD	LOW		

Strategic Risk, continued

DATE: MARCH 9, 2017

EVENT	LendingClub (\$5.6B; San Francisco, CA) has raised its standards for consumer loan joint applications in which the application's secondary borrower must now have a minimum FICO score of 540 and fewer than six credit inquiries over the past six months, excluding mortgages and auto loans.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 9, 2017

EVENT	Responding to a move by Fidelity, who reduced their standard online commissions for equity and exchange-traded funds to \$4.95 from \$7.95, Charles Schwab (\$223.4B; San Francisco, CA) dropped its rate to match Fidelity's. TD Ameritrade (\$28.8B; Omaha, NE) and E*TRADE (\$48.9B; New York, NY) both dropped their fees to \$6.95 in response to the moves by the other online brokers.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

Strategic Risk, continued

DATE: MARCH 6, 2017

EVENT	Regions Financial Corp. (\$126.2B; Birmingham, AL) is planning to consolidate 27 branches in 2017; however, the company is also looking to add de novo branches. Expanding the branch network is one of its growth initiatives planned for 2017 to 2018. The location of any closures or de novo branches is to be determined.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

DATE: MARCH 6, 2017

EVENT	Morgan Stanley's wealth management arm has launched two sustainable investing portfolios with reduced account minimums of \$10,000.	Financial Impact to Bank in Question	IMPACT	Does Our Bank Operate in This Business Area?	Materiality of Business Area?
		TBD	LOW		

Significant Management Changes

MIDWEST & WEST

DATE	BANK	MANAGEMENT CHANGE
March 27 th	Fifth Third Bancorp	Named Matthew Jauchius executive vice president and chief marketing officer.
March 24 th	Huntington Bancshares Inc.	Named Andy Harmening senior vice president and consumer and business banking leader.
March 23 rd	Wells Fargo & Co.	Appointed Jeanne Armstrong to the new role of business development officer in the business banking division.
March 15 th	Comerica Inc.	Appointed Mark Simmons national director of business banking.
March 9 th	Wells Fargo & Co.	Asset Management hired Fredrik Axsater as executive vice president and head of strategic business segments.
March 7 th	Wells Fargo & Co.	Marla Clemow and Reza Razzaghipour, former regional presidents, have left the company. Clemow served as regional president for the San Fernando Valley, Hollywood, and the South Bay. Razzaghipour served as oversaw operations in Ventura and Santa Barbara counties, Bakersfield, Santa Clarita and the West San Fernando Valley.
March 2 nd	Huntington Bancshares Inc.	Appointed Michael Miroballi president of Huntington Investment Co.

Significant Management Changes

NORTHEAST

DATE	BANK	MANAGEMENT CHANGE
March 28 th	Morgan Stanley	Hired a team of three financial advisors from Merrill Lynch in New York. The team had managed approximately \$600.0MM in ultra-high-net-worth assets at Merrill Lynch.
March 21 st	BNY Mellon Corp.	Bart Grenier, CEO of subsidiary Boston Co. Asset Management, has left the company to pursue future opportunities.
March 21 st	JPMorgan Chase & Co.	Hired Andrew Kresse as the bank's head of small business banking.
March 20 th	Bank of America, Merrill Lynch	Eric Bischof is leaving Morgan Stanley to join Merrill Lynch as co-head of its global financial institutions group.
March 17 th	JPMorgan Chase & Co.	Named Chris Harvey to replace Greg Quental as the bank's retail brokerage arm CEO. Harvey will manage the overall strategy of the wealth management firm, which manages approximately \$110.0B in assets.
March 13 th	Citigroup Inc.	Named Tom Regazzi head of North America prime finance.
March 13 th	State Street Corp.	Named John Lehner EVP and head of its investment manager services business.
March 9 th	Citigroup Inc.	Appointed its interim head of fintech Yolande Piazza to the position full time.
March 6 th	Bank of America, Merrill Lynch	Three former advisors – Noah Doyle, Charles Princiotta, and Sean Martin – have left the firm to join Janney Montgomery Scott, LLC, in Manhattan. The advisors managed over \$150.0MM in client assets.
March 1 st	State Street Corp.	The appointment of Eric Aboaf as CFO took effect after the resignation of former CFO Michael Bell.

Note On This Report

This report is designed to provide information on events impacting a certain group of banks (those with total assets of \$30B or more) and the markets that make up the Bank's footprint. It is not meant to be a comprehensive view of every fine or penalty levied against any financial institution operating in the United States.

Events involving areas of financial services in which the Bank does not operate (e.g., investment banking) or markets that are not part of the Bank's footprint are not included in this report, but could potentially impact the Bank indirectly.

The reader should also note that this report is based on publicly available information and there may be details related to mergers and acquisitions, fines or penalties, and the settlement of lawsuits that are not publicly disclosed. CPG has tried to capture as much detail available to the public as possible in our summaries of events.

Sources

All information related to bank asset sizes and location comes from SNL Financial, Inc., as of December 31st, 2016. SNL Financial is also the source for many of the news stories contained in this document.

In addition, we leverage a variety of sources in our work to track risk events, including the following:

PUBLICATIONS

- *American Banker*
- *New York Times*
- *Wall Street Journal*
- *Financial Times*

REGULATORY PRESS RELEASES

- Consumer Financial Protection Bureau
- Department of Justice
- Federal Deposit Insurance Corporation
- Federal Reserve
- Financial Crimes Enforcement Network
- Financial Fraud Enforcement Taskforce
- Financial Industry Regulatory Authority
- Office of the Comptroller of the Currency
- Office of Foreign Assets Control
- Securities & Exchange Commission

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