

Twice as many severe enforcement actions terminated as issued so far in 2018

By Carolyn Duren

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During the first four months of 2018, 16 severe enforcement actions issued since 2010 for currently operating companies were terminated, while only seven new severe enforcement actions were issued. As of May 1, 163 banks and thrifts were operating under a severe enforcement action.

Of the 16 banks that had severe enforcement actions terminated this year, 14 are now completely free of severe enforcement actions. Newark, N.J.-based City National Bank of New Jersey had a 2010 cease-and-desist order terminated and replaced by a new severe enforcement action Feb. 12. Bank of America NA had a 2015 cease-and-desist order terminated in January, but it remains under two severe enforcement actions.

Two severe enforcement actions issued in 2018 include enhanced capital requirements. City National Bank of New Jersey's Feb. 12 cease-and-desist order requires the bank to maintain total capital equal to at least 13% of risk-weighted

assets and a Tier 1 capital ratio of at least 9%. As of March 31, City National's total capital was equal to 9.33% of risk-weighted assets, and its Tier 1 capital ratio was 8.06%.

Okemah, Okla.-based Citizens State Bank's severe enforcement action requires the bank to maintain a leverage ratio of at least 10% and a total capital ratio of at least 13%. As of March 31, the bank met these requirements, reporting a leverage ratio of 11.10% and a total capital ratio of 25.92%.

Most recently, Wells Fargo Bank NA received a cease-and-desist order from the Office of the Comptroller of the Currency regarding a variety of issues, including auto lending, mortgage rate lock extensions and risk management. The bank was also required to pay two \$500 million penalties, one to the OCC and one to the Consumer Financial Protection Bureau. The \$500 million payment to the CFPB is the highest penalty the agency has ever received. said. "I think there's a little bit of uncertainty now based on those comments.

Severe enforcement actions issued since Jan. 1, 2018

Company (top-level ticker)	City, state	Regulator	Date issued	As of March 31, 2018		
				Total assets (\$M)	Leverage ratio (%)	Adj. Texas ratio (%)
Wells Fargo Bank NA (WFC)	Sioux Falls, SD	OCC	4/20/2018	1,716,532.0	8.35	11.63
Cross River Bank	Teaneck, NJ	FDIC	3/28/2018	1,187.6	9.41	0.39
Oxford Bank (OXBC)	Oxford, MI	FDIC	3/13/2018	416.7	9.33	19.63
Industrial and Commercial Bank of China (USA) NA (1398)	New York, NY	OCC	3/12/2018	2,446.4	12.14	0.14
Washington Federal NA (WAFD)	Seattle, WA	OCC	2/28/2018	15,633.5	10.82	6.46
Citizens State Bank	Okemah, OK	FDIC	2/27/2018	100.0	11.10	20.37
City National Bank of New Jersey	Newark, NJ	OCC	2/12/2018	230.0	4.25	81.37
Group median					9.41	11.63
Industry median[^]					10.56	6.25

Data compiled May 9, 2018.

Analysis limited to operating U.S. commercial banks, savings banks, and savings and loan associations. Excludes bank holding companies, thrift holding companies and credit unions.

Financial data based on regulatory filings as of March 31, 2018.

[^] Limited to operating commercial banks, savings banks, and savings and loan associations not under a severe enforcement action issued since Jan. 1, 2010.

Adjusted Texas ratio = nonperforming assets plus loans over 90 days past due, net of delinquent government-guaranteed loans and OREO covered by loss-sharing agreements with the FDIC, as a percent of tangible equity plus loan loss reserves

FDIC = Federal Deposit Insurance Corp.; FED = Federal Reserve; OCC = Office of the Comptroller of the Currency

Top-level ticker is based on ultimate parent company's ticker on its home-country stock exchange.

Severe enforcement actions include prompt corrective action directives, cease and desist orders, consent orders and formal agreements that were issued and made public by federal regulatory agencies, including those severe enforcement actions that were later terminated.

Source: S&P Global Market Intelligence

Severe enforcement action terminations since Jan. 1, 2018

Company (top-level ticker)	City, state	Regulator	Date issued	Date terminated	As of March 31, 2018		
					Total assets (\$M)	Leverage ratio (%)	Adj. Texas ratio (%)
HomeStar Bank and Financial Services	Manteno, IL	FDIC	05/14/13	04/20/18	356.8	7.30	21.13
Allied First Bank sb (AFBA)	Oswego, IL	FDIC	02/04/14	03/27/18	83.2	10.40	32.03
Affinity Bank	Atlanta, GA	FDIC	04/27/12	03/13/18	270.7	10.17	6.66
American Bank of the North	Nashwauk, MN	FDIC	05/09/11	03/09/18	540.3	9.22	53.66
South Carolina Community Bank	Columbia, SC	FDIC	04/28/10	03/08/18	52.3	10.43	54.07
Tri-State Bank of Memphis	Memphis, TN	FDIC	01/29/15	03/05/18	91.2	12.72	37.07
Grand Mountain Bank FSB	Granby, CO	OCC	12/15/10	02/23/18	108.1	9.67	7.77
State Bank of Nauvoo	Nauvoo, IL	FDIC	12/07/15	02/22/18	30.3	8.87	9.13
City National Bank of New Jersey	Newark, NJ	OCC	12/22/10	02/12/18	230.0	4.25	81.37
TrustCo Bank (TRST)	Glenville, NY	OCC	07/21/15	02/07/18	4,929.2	9.34	7.89
Rabobank NA	Roseville, CA	OCC	12/05/13	02/06/18	13,558.9	9.67	18.74
First Bank and Trust Co. of Illinois	Palatine, IL	FDIC	01/05/11	02/02/18	193.3	11.48	99.17
Bank of Gueydan	Gueydan, LA	FED	08/12/14	01/25/18	79.6	19.90	6.29
Bank of America NA (BAC)	Charlotte, NC	OCC	05/29/15	01/23/18	1,765,242.0	8.77	9.36
Goldman Sachs Bank USA (GS)	New York, NY	FED	09/01/11	01/12/18	171,731.0	14.60	1.37
Liberty Bank (LIBC)	South San Francisco, CA	FED	08/05/16	01/08/18	274.5	12.62	8.71
Group median						9.92	14.05

Data compiled May 9, 2018.

Analysis limited to operating U.S. commercial banks, savings banks, and savings and loan associations. Includes all severe enforcement actions issued since Jan. 1, 2010. Excludes bank holding companies, thrift holding companies and credit unions.

Financial data based on regulatory filings as of March 31, 2018.

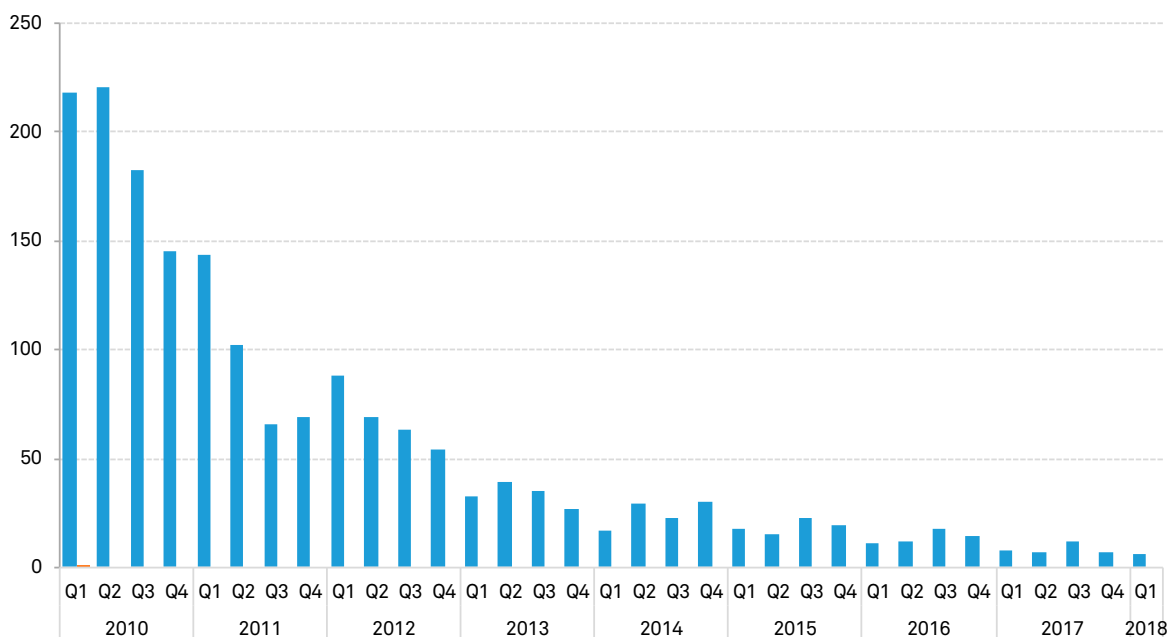
Adjusted Texas ratio = nonperforming assets plus loans over 90 days past due, net of delinquent government-guaranteed loans and OREO covered by loss-sharing agreements with the FDIC, as a percent of tangible equity plus loan loss reserves

FDIC = Federal Deposit Insurance Corp.; FED = Federal Reserve; OCC = Office of the Comptroller of the Currency

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Source: S&P Global Market Intelligence

Severe enforcement actions issued to US banks and thrifts since 2010



Data compiled May 9, 2018.

Analysis limited to severe enforcement actions issued to U.S. commercial banks, savings banks, and savings and loan associations from Jan. 1, 2010, through March 31, 2018. Excludes bank holding companies, thrift holding companies and credit unions.

Severe enforcement actions include prompt corrective action directives, cease and desist orders, consent orders, and formal agreements that were issued and made public by federal regulatory agencies, including those severe enforcement actions that were later terminated.

Source: S&P Global Market Intelligence