

#	Entity	Regulator	Examination Report Date	Examination Name / Title / Subject	Type	Deficiency ID	Regulator Reference ID	Deficiency Title	Deficiency Corrective Action Description
1	SAN-US	Federal Reserve	2012.10.11	SAN-US Liquidity Risk Management Examination	MRIA	SANUS.FED.2012.10.11.MRIA.01	MRIA 1	Liquidity Risk Management Practices	<p>Senior management must improve liquidity risk management practices related to liquidity stress testing, management of the liquidity buffer, and the liquidity limit management processes. More specifically, senior management must:</p> <ul style="list-style-type: none"> <li>• Ensure that the reporting to senior management on liquidity stress test results includes more detailed information on the impact of stress on the firm's liquidity position.</li> <li>• Ensure the reporting on the liquidity buffer includes the composition of the buffer and whether an excess or deficiency exists.</li> <li>• Use liquidity limits as a proactive risk management tool. Where appropriate, senior management must recalibrate operating limits to fit within their risk appetite. In addition, senior management must ensure that early warning indicators are applied to operating limits. Lastly, senior management must review key liquidity metrics at the US ALCO as required by internal policy.</li> <li>• Clarify reporting of limits in ALCO that use both percentage and absolute dollar measurements.</li> </ul>
2	SCUSA	Federal Reserve	2013.12.09	SCUSA Credit Risk Management Target	MRIA	SCUSA.FED.2013.12.09.MRIA.01	MRIA 1	Implementation of an Effective Credit Risk Management Framework	<p>Within 60 days, SCUSA's board of directors is required to immediately develop a detailed plan for the implementation of an effective credit risk management framework that provides sound oversight and challenge across all of its retail and commercial lending activities. The plan must address existing gaps in the independent risk management infrastructure and define the function's mission. Risk management roles and responsibilities must be clearly defined for key individuals with sufficient authority, accountability, and independence from the business. The plan must also address skill gaps, particularly in commercial lending, to ensure there is sufficient leadership and quantity of staff with requisite skill sets to provide effective oversight and challenge. The plan should list specific action steps, deliverables, individuals responsible for action steps, and clear deadlines for completion.</p>
3	SCUSA	Federal Reserve	2013.12.09	SCUSA Credit Risk Management Target	MRIA	SCUSA.FED.2013.12.09.MRIA.03	MRIA 3	Development of Comprehensive Underwriting Standards for Small Fleet Lines of Credit	<p>Within 60 days, SCUSA's board of directors is required to immediately develop comprehensive underwriting standards for small fleet lines of credit above \$250 thousand. Documentation maintained in credit files must clearly evidence implementation of these standards.</p>
4	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.01	MRIA 1	Leadership and Staffing	<p>The board of directors is required to immediately strengthen capital planning leadership and staff. A comprehensive skills and staffing assessment and hiring strategy should be developed for the implementation of an effective capital planning process. The assessment and strategy should address resource needs for the entire organization.</p>

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5	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.10	MRIA 10	Pre-Provision Net Revenue (PPNR)	<p>The board of directors is required to immediately implement processes that ensure the capital plan and supporting materials incorporate a complete description of how PPNR projections were determined, why methodologies were chosen, and ensure FR Y-14 regulatory reports are consistent with CCAR instructions. Further, the board is immediately required to develop a centralized and credible review and challenge process that incorporates:</p> <ol style="list-style-type: none"> <li>1. An effective internal review and challenge of the quantitative and qualitative processes at both the subsidiary level and the enterprise level;</li> <li>2. The use of supplemental estimation approaches (including challenger models or benchmarking) to support and challenge projected outcomes;</li> <li>3. The use of sensitivity analysis or supplemental analytics to enhance the robustness and support for projected outcomes across the enterprise;</li> <li>4. Policies and procedures that include a clear articulation of accountability for accuracy of results to support the challenge framework at each stage of the process and across entities;</li> <li>5. Aggregation checks and formal sign-off throughout the process to ensure information entered into regulatory schedules (FR Y-14's) and models is adequate;</li> <li>6. Strong internal review with meeting minutes that speak directly to key sensitivities and limitations of the process; and</li> <li>7. The incorporation of effective board challenge that includes a regular review of highlighted limitations and uncertainties of the PPNR projection process.</li> </ol>
6	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.11	MRIA 11	Pre-Provision Net Revenue (PPNR)	<p>The board is required to immediately implement a net interest income projection process to meet supervisory expectations of the ROPE paper. At a minimum, the board is required to:</p> <ol style="list-style-type: none"> <li>1. Develop and incorporate sufficient cash flow modeling for SCUSA to capture dynamic portfolio characteristics and more granular segmentation;</li> <li>2. Develop transparent linkage between asset and deposit pricing (yields and spreads) assumptions and scenario conditions. Further, these assumptions should be fully documented, supported, challenged, and subject to validation; and</li> <li>3. Incorporate nonaccruals directly in the net interest income projection process and ensure consistent treatment of nonaccruals in the loss forecasting and net interest income projection processes.</li> </ol>
7	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.12	MRIA 12	Capital Plan Transparency and Documentation	<p>The board of directors is required to immediately improve documentation of the capital plan and supporting materials.</p>
8	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.02	MRIA 2	Governance Structure	<p>The board of directors is required to immediately develop a capital planning governance structure that includes committee, organizational, and policy structures that incorporate all legal entities within the bank holding company. These oversight structures should provide a foundation for effective challenge of the capital planning process. Accountability for capital planning program oversight and management should be clearly and consistently communicated through committee charters, policies and procedures, managerial reporting lines, and individual job descriptions.</p>
9	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.03	MRIA 3	Project Planning	<p>The board of directors is required to immediately develop a comprehensive and detailed multi-year project plan to implement an effective capital planning process. This plan should contain a gap analysis against the ROPE paper and action steps to remediate identified gaps and deficiencies, including those already identified by management and those contained in this report. The project plan should be administered by experienced project managers who can oversee project plan milestones and granular tasks as well as interim completion dates.</p>

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10	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.04	MRIA 4	Risk Identification Process	The board of directors is required to develop a risk identification process that aligns with the expectations of the ROPE paper. These processes should evaluate the full set of potential exposures stemming from on- and off-balance sheet positions, including those that could arise from provisions of non-contractual support to off-balance-sheet entities, and risks conditional on changing economic and financial market conditions during periods of stress.
11	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.05	MRIA 5	Model Risk Management	The board of directors is required to immediately improve model risk management of capital planning models. At a minimum, the board of directors is required to: <ul style="list-style-type: none"> <li>1. Develop a detailed and comprehensive inventory of models used in the capital planning process;</li> <li>2. Perform rigorous validation of capital planning models within an appropriate timeline and remediate validation findings;</li> <li>3. Complete comprehensive model documentation and validation reports for all models; and</li> <li>4. Provide clear communication in the capital plan and reporting to the board on the validation status of all models as well as limitations and related validation findings.</li> </ul>
12	SHUSA	Federal Reserve	2014.04.22	SHUSA CCAR 2014	MRIA	SHUSA.FED.2014.04.22.MRIA.06	MRIA 6	Data Governance and Quality	The board of directors is required to immediately develop a plan to comprehensively identify, define, and remediate data deficiencies in order to measure and monitor risk, conduct capital planning, and complete required regulatory reporting. The plan should also include a data governance and data quality program to oversee data remediation efforts and ensure robust data collection and maintenance practices going forward.
13	SCUSA	Federal Reserve	2014.11.03	2014 SCUSA Compliance Target ECM	MRIA	SCUSA.FED.2014.11.03.MRIA.01	MRIA 1	Establish and Implement Appropriate Systems and Controls	Within 45 days, the board of directors is required to immediately develop an acceptable plan to establish and implement appropriate systems and controls to ensure that SCRA eligible borrowers, requests for SCRA relief, and all approvals and denials for relief under the Act can be readily identified and tracked. Formal oversight of the implementation and completion of the plan must include appropriate monitoring and reporting of progress and escalation of issues. Any delays in implementation or completion of the plan should be reported to this Reserve Bank.
14	SHUSA	Federal Reserve	2014.11.21	LBO Coordinated Liquidity Review	MRIA	SHUSA.FED.2014.11.21.MRIA.01	MRIA 1	Consolidated Liquidity Stress Testing	<p>Before January 31, 2015, SHUSA's board of directors and senior management are required to immediately develop a project plan to establish and implement sound liquidity stress testing practices for the consolidated bank holding company. The plan must include a budget, milestones, tasks, and specific timeframes for completion. The plan must be administered by experienced project managers to formally oversee the plan, including appropriate monitoring and reporting of progress and escalation of issues. Any delays in implementation or completion of the plan should be reported to this Reserve Bank. At a minimum, the plan should address and include:</p> <ul style="list-style-type: none"> <li>a) A liquidity stress testing framework for the consolidated bank holding company;</li> <li>b) Robust methods for comprehensively projecting cash flows arising from assets, liabilities, and off-balance sheet items at a sufficiently granular level and at frequent intervals; and</li> <li>c) A liquidity buffer based on the consolidated stress testing framework and other relevant metrics and limits.</li> </ul>

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15	SHUSA	Federal Reserve	2014.11.21	LBO Coordinated Liquidity Review	MRIA	SHUSA.FED.2014.11.21.MRIA.02	MRIA 2	Contingency Funding Plan	<p>Before February 28, 2015, SHUSA's board of directors and senior management are immediately required to materially strengthen the contingency funding plan. At a minimum, the board of directors and senior management are required to:</p> <p>a) Strengthen the CFP activation process, including a process for notifying and engaging the board;  b) Define and document roles and responsibilities for all parties involved with the CFP, including defining membership of the Liquidity Contingency Action Teams;  c) Improve contingency actions in the CFP to ensure that they are specific, well defined, and include any necessary approval or process requirements;  d) Document a crisis communication plan for both internal and external stakeholders;  e) Define and test enhanced liquidity reporting requirements for contingency situations;  f) Assess the feasibility and impact of contingency actions for stress scenarios and include processes to refine these estimates based on stress testing results;  g) Develop qualitative early warning indicators to supplement quantitative early warning indicators; and  h) Develop a plan to integrate liquidity stress testing with the CFP.</p>
16	SAN-US	Federal Reserve	2015.01.23	SAN-US Model Risk Management Exam	MRIA	SANUS.FED.2015.01.23.MRIA.01	MRIA 1	SAN-US MRM Governance and Oversight	The boards of directors are required to immediately develop a formal SAN-US model risk management governance and oversight structure that includes committee, managerial, and policy structures that are aligned between SAN-US and the business units. Accountability for model risk management program oversight and management should be clearly and consistently communicated through committee charters, managerial reporting lines, and individual job descriptions that include roles and responsibilities.
17	SAN-US	Federal Reserve	2015.01.23	SAN-US Model Risk Management Exam	MRIA	SANUS.FED.2015.01.23.MRIA.02	MRIA 2	SAN-US MRM Framework Plan	The boards of directors are required to immediately develop a comprehensive plan to implement an effective model risk management framework. This plan must contain a thorough gap analysis against SR 11 -7 and action steps to remediate identified gaps and deficiencies, including those contained in this report. The project plan must be administered by experienced project managers who can oversee project plan milestones and granular tasks as well as interim completion dates.
18	SAN-US	Federal Reserve	2015.01.23	SAN-US Model Risk Management Exam	MRIA	SANUS.FED.2015.01.23.MRIA.03	MRIA 3	SAN-US MRM Leadership Strengthening	The boards of directors are required to immediately strengthen model risk management leadership as well as the quantity and quality of staff. A comprehensive skills and staffing assessment and hiring strategy must be developed for implementation of an effective model risk management framework. The assessment and strategy should address resource needs for model risk management oversight, model development, and the model validation functions taking into account current backlogs and excessive workloads as well as the required project plan.
19	SHUSA	Federal Reserve	2015.02.11	2014 SAN-US Internal Audit Target	MRIA	SHUSA.FED.2015.02.11.MRIA.01	MRIA 1	Audit Planning Process	<p>By May 31, 2015, the Audit Committee of the board of directors is required to immediately perform an analysis of the audit planning process to ensure it is comprehensive and properly prioritizes audit work over the planning horizon. The analysis should include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>• Evaluation of the audit universe to ensure it captures key business activities at a sufficiently granular level and that it is complete;</li> <li>• Ensuring auditable entities are appropriately risk-rated and assigned frequencies are appropriate; and</li> <li>• Ensuring higher risk areas, particularly those not previously audited, are properly prioritized.</li> <li>• Changes to the audit plan, including those prompted by this review, should be approved by the Audit Committee.</li> </ul>
20	SHUSA	Federal Reserve	2015.02.11	2014 SAN-US Internal Audit Target	MRIA	SHUSA.FED.2015.02.11.MRIA.02	MRIA 2	Staffing and Skills Assessment	By June 30, 2015, the Audit Committee is required to immediately submit a comprehensive staffing and skills assessment for SHUSA's Internal Audit function and a project plan that includes appropriate milestones and timelines that address identified skills and staffing gaps over the planning horizon.

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21	SHUSA	Federal Reserve	2015.04.22	SHUSA CCAR 2015	MRIA	SHUSA.FED.2015.04.22.MRIA.01	MRIA 1	Loss Estimation Methodologies--Wholesale Credit Risk	<p>The board of directors and senior management are required to immediately develop a robust wholesale credit risk measurement and loss forecasting framework that meets the expectations of the ROPE paper. At a minimum, this must include:</p> <ul style="list-style-type: none"><li>- Most critically, the redevelopment of a wholesale credit risk rating system that is able to adequately rank order default risk and can serve as a fundamental building block of the firm's ratings transition model;</li><li>- Once a well-calibrated risk rating system is implemented, development of a segmentation scheme that is well supported by the firm's data and analysis with sufficient granularity to capture exposures that react differently to risk drivers under stressed conditions;</li><li>- Data limitations should be thoroughly analyzed and addressed. In addition, management should consider modeling alternatives to excluding a significant amount of SHUSA's limited recovery data. Further, the use of supplemental external data should be evaluated when the firm's internal data provide insufficient observations for robust model development. If external data are used, documentation and analysis should be developed to demonstrate the quality and relevance of external data to the firm's portfolios;</li><li>- Selection of risk factors that are well supported by documented statistical evidence, business and economic rationale, as well as model performance test results, including out-of-sample back-testing;</li><li>- Comprehensive sensitivity analysis to assess the impact of changes in ratings at the beginning of the forecast horizon, and in other key assumptions and risk drivers; and</li><li>- Enhancement of the EAD methodology to ensure EAD estimates are consistent with the severity of the scenario conditions. Historical analysis should make efficient use of the firm's limited data, and the EAD methodology should be supported by comprehensive documentation and analyses.</li></ul>
22	SHUSA	Federal Reserve	2015.04.22	SHUSA CCAR 2015	MRIA	SHUSA.FED.2015.04.22.MRIA.02	MRIA 2	Loss Estimation Methodologies--Retail Credit Risk	<p>The board of directors and senior management are required to immediately develop retail loss estimation models that meet the supervisory expectations of the ROPE paper and SR Letter 11-7. At a minimum, this must include:</p> <ul style="list-style-type: none"><li>- Segmentation that is well supported by the firm's data and analysis with sufficient granularity to capture exposures that react differently to risk drivers under stressed conditions;</li><li>- Selection of risk factors that is supported by documented statistical testing and business rationale. The models should also include portfolio risk factors that, where necessary, capture the appropriate loan characteristics;</li><li>- Data limitations should be thoroughly analyzed and addressed; and</li><li>- Models should be appropriately sensitive to the stressed scenario conditions and analyzed by thorough sensitivity analysis.</li></ul>
23	BSI	Federal Reserve	2015.09.28	BSI Edge Act Examination	MRIA	BSI.FED.2015.09.28.MRIA.01	MRIA 1	Patch Management Backlogs	<p>The board of directors and senior management are required to immediately:</p> <ul style="list-style-type: none"><li>• Strengthen management oversight of patch management vulnerability practices to ensure that effective processes are in place to identify, prioritize, and remediate cybersecurity vulnerabilities;</li><li>• Ensure that policies, procedures and standards are consistently enforced and clearly define risk ownership, lines of authority, and required controls to remediate vulnerabilities in a timely manner; and</li><li>• Ensure that reporting provided to governing committees and senior management identifies deviations in timeliness, quality standards, and approved exception criteria.</li></ul>
24	SCUSA	Federal Reserve	2015.10.08	SCUSA Compliance Target	MRIA	SCUSA.FED.2015.10.08.MRIA.01	MRIA 1	Leadership and Staffing	<p>By the date agreed upon in the plan, SCUSA is required to immediately complete a comprehensive skills and staffing assessment and develop a strategy to staff an effective second line of defense compliance function. The assessment and strategy should address resource needs for the function's oversight of compliance activities across the firm.</p>

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25	SCUSA	Federal Reserve	2015.10.08	SCUSA Compliance Target	MRIA	SCUSA.FED.2015.10.08.MRIA.02	MRIA 2	Monitoring and Testing Program	<p>By the date agreed upon in the plan, SCUSA must develop and implement a comprehensive compliance monitoring and testing program. The program must include:</p> <ul style="list-style-type: none"><li>• Assigned resources with sufficient subject matter expertise;</li><li>• A system for fully documenting monitoring and testing activities; and,</li><li>• Periodic and timely reporting processes to inform senior management, and the SCUSA board of the company's compliance posture, based on monitoring and testing results.</li></ul>