NAME:_____ EDP-August-2019

The Assignment

Objective

To learn about the various regulatory agencies that oversee the banking community, how they measure risk and what tools they use to manage a troubled bank.

Background

The assignment is a combination of a fictitious financial institution and a real financial institution. The Report of Exam for the Bank of No Return is fictitious and is a combination of issues identified by examiners. In conjunction with the Report of Exam we will also be reviewing the financial information for Frontier Bank, formerly of Everett, Washington. In 2008, Frontier Bank was one of the largest state banks in Washington with 50 branches throughout the state. In First Quarter 2008, non-accrual loans were at 1.04% of loans. In First Quarter 2009, non-accrual loans were at 17.94% of loans.

Assignment

Using the Call Report information for Frontier Bank available at www.fdic.gov in conjunction with the Report of Exam for the Bank of No Return, complete the steps below. (Note: Part of the homework assignment is to become familiar with the FDIC website while locating the Call Report data. For that reason, a specific link to the data is not provided, though it is available upon request.)

1. Using Schedule RC-N, identify the type(s) of lending that represented the highest and lowest level of risk to the bank.

2. Briefly describe a lending/risk management program that could be implemented at a financial institution to avoid this level of risk in the future.

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3. If high concentrations of credit similar to that found in Frontier Bank were identified at a healthy institution, what action do you recommend be taken to mitigate or accept the risk identified?

4. Reviewing the Report of Exam, what are the primary areas of risk that you identified?

5. Using the information obtained in #4, create an outline for an action plan to correct or mitigate the risks identified. The plan should consider the perspective of the Regulators, Internal Audit, and Compliance.

☐ The above represents all of my homework for July and is submitted using the file naming convention: **LastName, FirstName-EDP-August-1**. (Please submit this homework document as a pdf.)

☐ I am submitting this document above and a second document using the following naming convention: **LastName, FirstName-EDP-August-2** (Please submit this document as a pdf.)