



Q1 2015 Industry Cost: \$202M

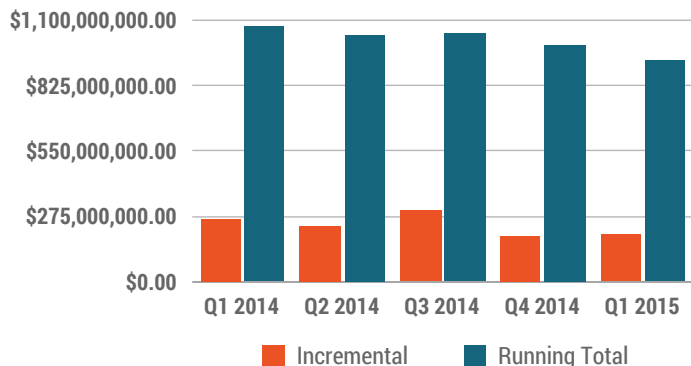
The Banking Compliance Index (BCI) is a quarterly tracking index published by the Regulatory Operations Center™. It measures the incremental cost burden on community financial institutions to keep up with regulatory changes. The BCI data sources include: CFPB, FDIC, FED, NCUA and OCC. The BCI is calculated using an average size institution of \$350 million.

The Q1 2015 BCI shows that the average financial institution will require an additional 1.35 full time employee equivalents (FTEs) to research and address just Q1's new regulatory changes. This represents an additional \$30,988 cost burden for the quarter and a total added cost of more than \$140,000 to address the added compliance burden through the past 4 quarters. The enforcement climate continues to be "hot" – this quarter there were 176 enforcement actions (EAs) and over the past several years we have seen more than 130 EAs each quarter – a new normal for the banking industry.

	FTE* Consumption Score	FTE* Consumption % Change Quarterly	FTE* Consumption % Change Quarter on Quarter	Regulatory Changes	Hours to Comply/ Institution	% Change in Hours To Comply	% Change In Hours to Comply Quarter On Quarter	Incremental Cost Per Institution per Quarter	Regulatory Changes Page Count	Pages in Thousands	EAs**	EAs*/ 100's	% Change in EAs**	EA** Rate	Avg. # Items in an EA**
Q1 2015	1.35	7%	-20%	61	331	-11%	-31%	\$30,988	1605	1.6	176	1.76	30%	10.82%	7
Q4 2014	1.26	-32%	-22%	79	374	-43%	-33%	\$29,660	4109	4.1	135	1.35	-10%	8.20%	7
Q3 2014	1.86	26%	-21%	82	653	26%	-17%	\$45,262	3404	3.4	150	1.5	-12%	9.10%	7
Q2 2014	1.48	-12%	-36%	75	517	7%	-38%	\$34,755	2884	2.9	170	1.7	3%	10.10%	5
Q1 2014	1.69	5%	-28%	66	483	-13%	-61%	\$37,621	3284	3.2	165	1.65	23%	9.69%	8

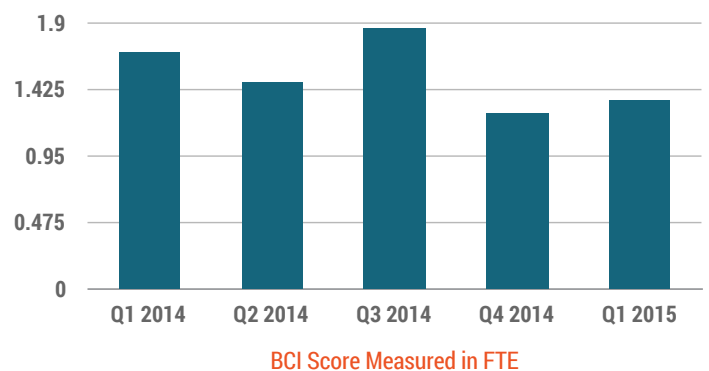
* Full-Time Employee ** Enforcement Actions Data Sources: CFPB, FDIC, FED, NCUA, OCC

Industry Burden (Trailing 5 Quarters)

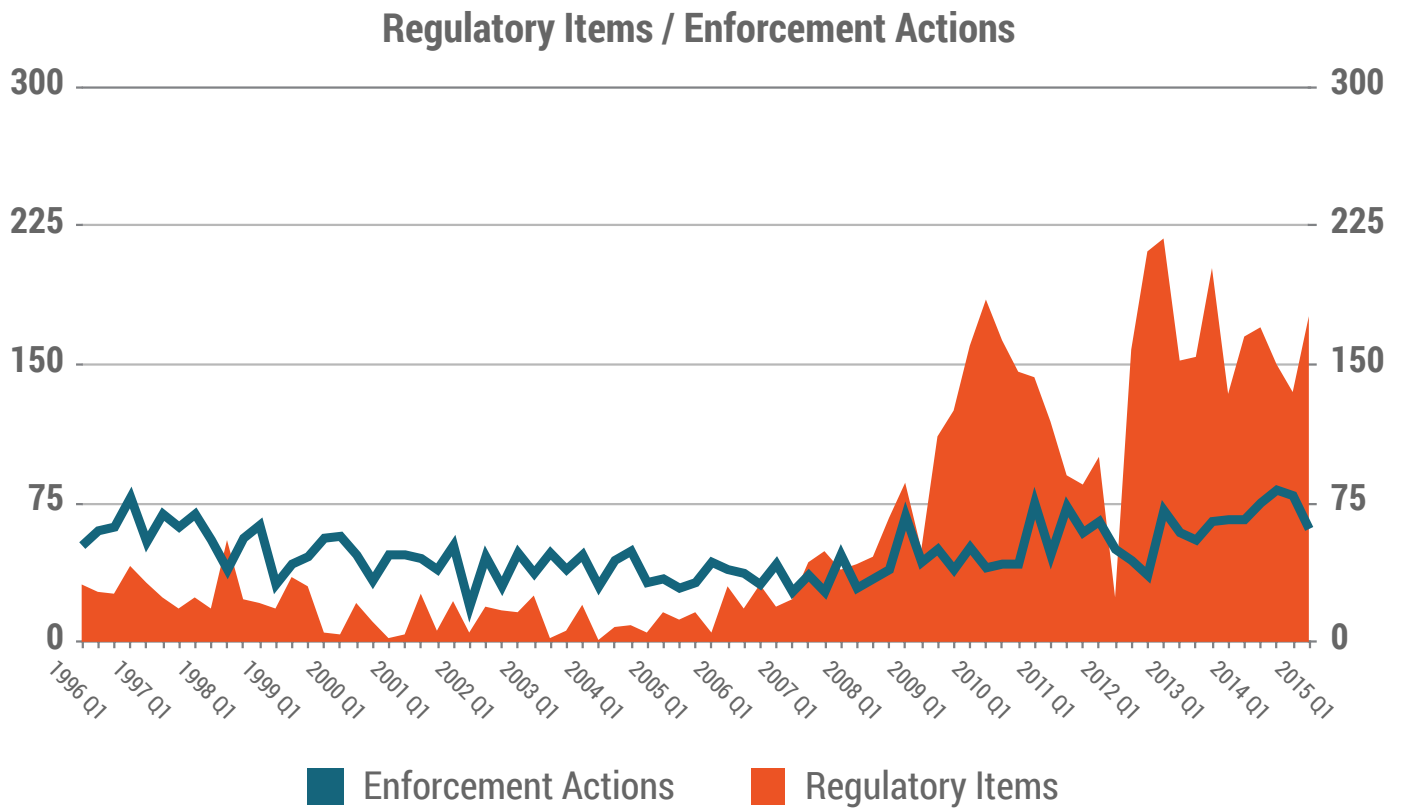
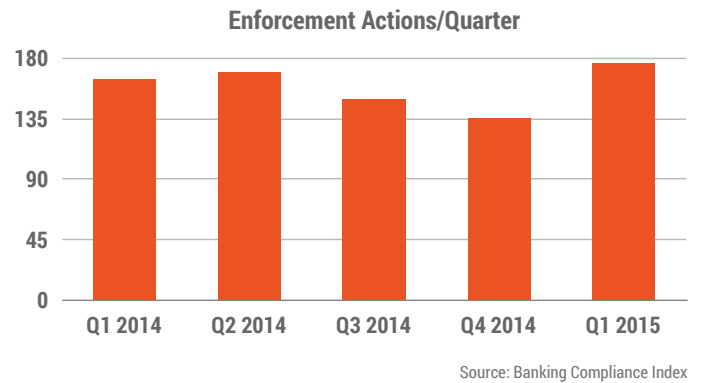
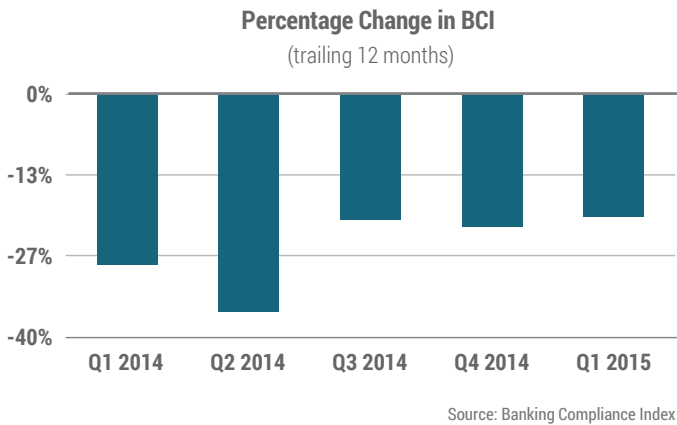


Source: Banking Compliance Index

Full Time Employees per Institution (\$350M in Asset Size)



Source: Banking Compliance Index



What do the numbers mean?

The Banking Compliance Index (BCI) evaluates the incremental time and cost a typical financial institution will incur to comply with a quarter's new regulatory requirements and the compounding challenge of the enforcement environment.

What is the FTE Score?

The FTE Score is the full time equivalents required at a typical institution to address the incremental work to comply with the quarter's new regulations and enforcement

How is the time to comply calculated?

Each regulatory change is analyzed in detail and assigned a workload value on a scale of 1 – 10. A typical institution will spend between 2 hours for simple items to 200 hours for a highly complex issuance. The values are added across all

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How is the cost calculated?

The BCI Incremental Cost per Institution is calculated by multiplying the Hours to Comply by the average salary for an average employee at a bank under \$10B in assets of \$44.22/ hour as reported by the most recent call report data from the

How do enforcements factor in?

The enforcement climate measure calculates the volume of enforcement actions and the items covered per action. These two factors drive the time the impacted institution will consume to resolve them.