

Q4 2015 Industry Cost: \$328M

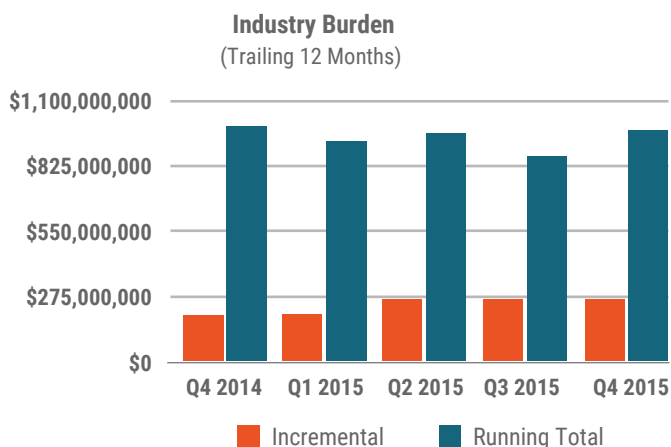
The Banking Compliance Index (BCI) is a quarterly tracking index published by the Regulatory Operations Center™. It measures the incremental cost burden on community financial institutions to keep up with regulatory changes. The BCI data sources include: CFPB, FDIC, FinCEN, FRB, NCUA, OCC and OFAC. The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

The Q4 2015 BCI shows a 56% increase over Q3's volume of regulatory changes, reaching a record high of 125. Those changes come via 4,309 pages which need to be read, interpreted and implemented by each institution. The average financial institution will require an additional 2.23 full time employee equivalents (FTEs) to research and address just Q4's new regulatory changes. This represents an 81% increase from the 1.23 FTEs needed to cover Q3 2015 changes. These regulatory changes placed an additional \$52,317 cost burden on the average institution for the quarter while the total added cost burden for 2015's regulatory changes added up to \$153,931 for the average financial institution.

	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**
Q4 2015	2.23	81%	77%	125	968	152%	159%	\$52,317	4309	4.3	159	1.59	-6%	10.14%	4
Q3 2015	1.23	-28%	-34%	70	384	-34%	-41%	\$29,145	2231	2.2	170	1.70	-18%	10.71%	5
Q2 2015	1.72	27%	16%	73	582	76%	13%	\$41,471	1644	1.6	207	2.07	18%	12.90%	5
Q1 2015	1.35	7%	-20%	61	331	-11%	-31%	\$30,998	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

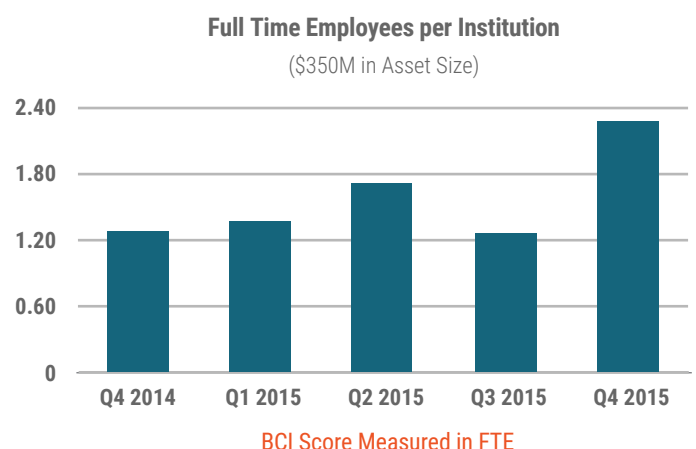
* Full-Time Employee ** Enforcement Actions Data Sources: CFPB, FDIC, FinCEN, FRB, NCUA, OCC, OFAC

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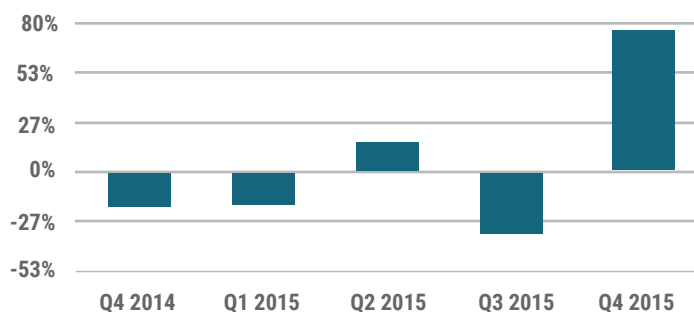


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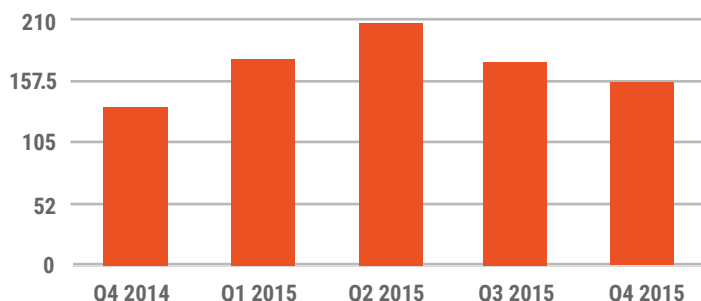
Percentage Change in BCI
(trailing 12 months)



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Source: Banking Compliance Index

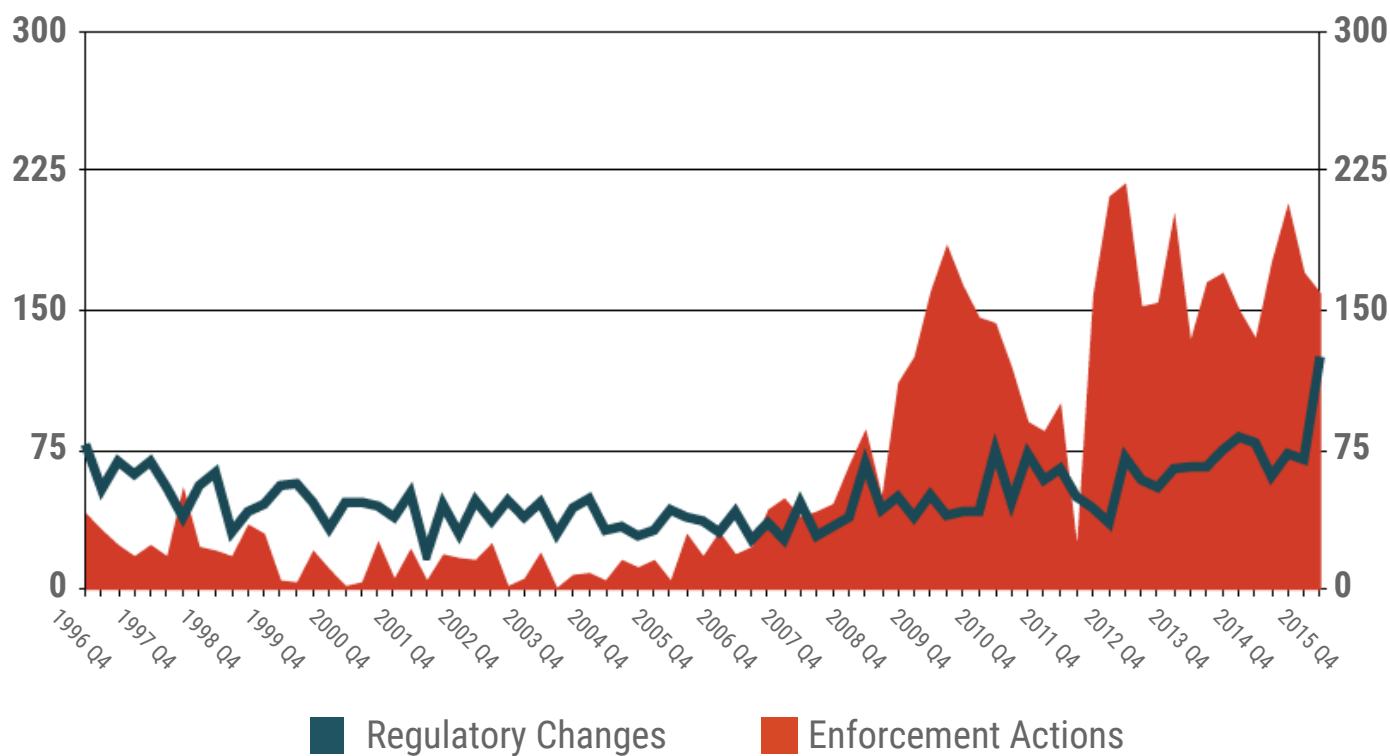
Enforcement Actions/Quarter



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Regulatory Changes / Enforcement Actions



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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 represents the number of full-time employees the typical institution needs just to keep up with this quarter's new regulations and enforcement climate. The score does not take into account the effort required to ensure compliance with the hundreds of other existing regulations - just this quarter's incremental burden.

How are the Hours to Comply calculated?

Each regulatory change is analyzed in detail and assigned a workload value between 1 and 10. A typical institution will consume roughly two hours for a simple issuance, to more than 200 hours for a highly complex issuance. Values are then added across all issuances for the quarter to tabulate Hours to Comply.

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Q3 2014	1.26	-32%	-22%	79	374	-43%	7%	\$29,660	4109	4.1	135	1.35	-10%	8.20%	7
Q2 2014	1.86	26%	-21%	82	653	26%	-17%	\$45,262	3404	3.4	150	1.5	12%	9.01%	7
Q1 2014	1.48	-12%	-36%	75	517	-38%	-38%	\$34,755	2884	2.9	170	1.7	10.10%	10.10%	5
Q4 2013	1.69	5%	-28%	66	483	-61%	-61%	\$37,621	3284	3.2	165	1.65	23%	8.20%	8

* Full-Time Employee ** Enforcement Actions Data Sources: CFPB, FDIC, FinCEN, OCC, OFAC

How is the cost calculated?

The Incremental Cost per Institution per Quarter is the product of Hours to Comply times Average Hourly Wage. The average hourly wage figure is derived from the most recent aggregate Call Report data from the FDIC.

Why do Enforcement Actions matter?

Enforcement actions and their complexity predict the industry impact of noncompliance with existing regulations. In a climate where there is more intense regulatory scrutiny, institutions must "up their game" to ensure they stay compliant. This information also reflects the additional impacts to those institutions that are the subject of EAs.