

The Cost of Regulatory Compliance

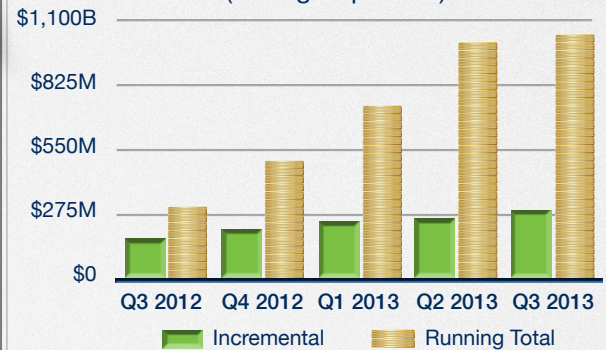
Banking Compliance IndexSM Q3 2013

The regulatory burden continues to escalate; placing extraordinary pressure on our country's banking industry. 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. The BCI data sources include; CFPB, FDIC, FED NCUA OCC. The index is calculated using an average size institution of \$350 million. According to the BCI, regulatory compliance will cost the industry more than \$296 million dollars to address the Q3 2013 regulatory changes alone.

\$296M

Q3 2013 cost impact of regulatory compliance to the U.S. banking industry.

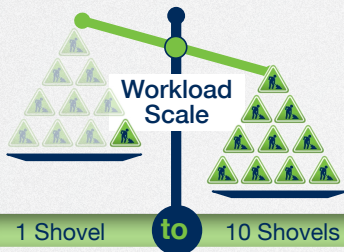
Industry Burden (trailing 5 quarters)



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Source: Banking Compliance Index

Heaviest Workload Regulations



- Risk-based Capital and Leverage Capital Reserves (Implementation of Basel III)
- Amendments to 2013 Mortgage Rules (Reg B, X and Z)

Banking Compliance IndexSM Q3 2013

	Full-time Employee (FTE) Consumption Score	FTE Consumption % Change Quarterly	FTE Consumption % Change Trailing 12 Months	Regulatory Changes	Hours to Comply/ Institution	% Change in Hours to Comply	% Change in Hours to Comply Trailing 12 Months	Incremental Cost per Institution per Quarter	Regulatory Changes Page Count	Pages in Thousands	Enforcement Actions (EA)	EAs/100's	% Change in EAs	EA Rate	Average # Items in an EA
Q3 2013	2.34	2%	40%	65	790	-5%	-9%	\$43,493	3854	3.9	202	2.02	31%	11.90%	7
Q2 2013	2.30	-2%	117%	55	828	-33%	51%	\$39,772	2380	2.4	154	1.54	1%	9.07%	8
Q1 2013	2.35	16%	69%	59	1238	18%	72%	\$37,140	5001	5.0	152	1.52	-30%	6.78%	7
Q4 2012	2.02	21%		71	1053	21%		\$31,590	2672	2.7	218	2.18	3%	12.30%	7
Q3 2012	1.67	58%		35	868	58%		\$26,040	4672	4.7	211	2.11	34%	11.92%	6

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2.34 FTEs

The people required for an institution to address Q3 regulations



790

Hours an institution must spend to comply



\$43,493

Incremental cost per institution to comply



\$46,750

Incremental cost per WIB institution



\$36.6M

Q3 cost impact for WIB states' banking



Based on U.S. Avg Salaries

Based on WIB Avg Salaries

BCI table available at www.bankingcomplianceindex.com

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