



U.S. Banking Industry



Regulatory & Risk Management Indicator

March 2014

AN OVERVIEW

Wolters Kluwer Financial Services' Regulatory and Risk Management Indicator measures 10 critical factors that help illustrate the overall level of regulatory and risk management pressures U.S. banks and credit unions face.

These factors include 1) banks' and credit unions' concern over their ability to track regulatory changes; 2) comply with new and existing requirements; 3) prove compliance to federal regulators; and 4) the time and resources they have invested in compliance efforts. The factors also include 5) how effective banks and credit unions feel they are at managing overall risks to their institutions; 6) the involvement, buy-in and ability of the executive team in managing risk; and 7) the time and resources they have invested in managing risk.

For the final three factors of the Indicator formula, Wolters Kluwer Financial Services measures and compares 8) the number of significant new U.S. banking regulations; 9) the number of enforcement actions taken against banks and credit unions by federal regulators; and 10) the total dollar amount of federal regulatory fines levied against banks and credit unions.

What follows in this report are the results of the Indicator itself as well as the highlights of our findings, including banks' and credit unions':

- Overall Compliance and Risk Management Concerns
- Top Dodd-Frank Act and CFPB Concerns
- Greatest Risk Management Concerns

To obtain the data set used to compile the indicator, please contact us at WKFSCorporateCommu@wolterskluwer.com.

Indicator Methodology

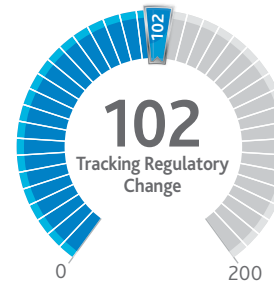
Wolters Kluwer Financial Services surveyed nearly 400 banks and credit unions on their most pressing regulatory and risk management concerns in January 2013 and then surveyed approximately the same number again in January 2014. We used the resulting measurements along with the changes we monitored in the actual regulatory environment to develop the latest Indicator.



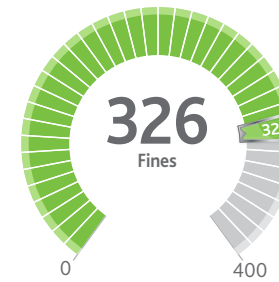
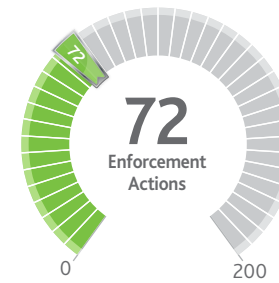
MAIN INDICATOR



COMPLIANCE FACTORS



REGULATORY ENVIRONMENT FACTORS



RISK MANAGEMENT FACTORS



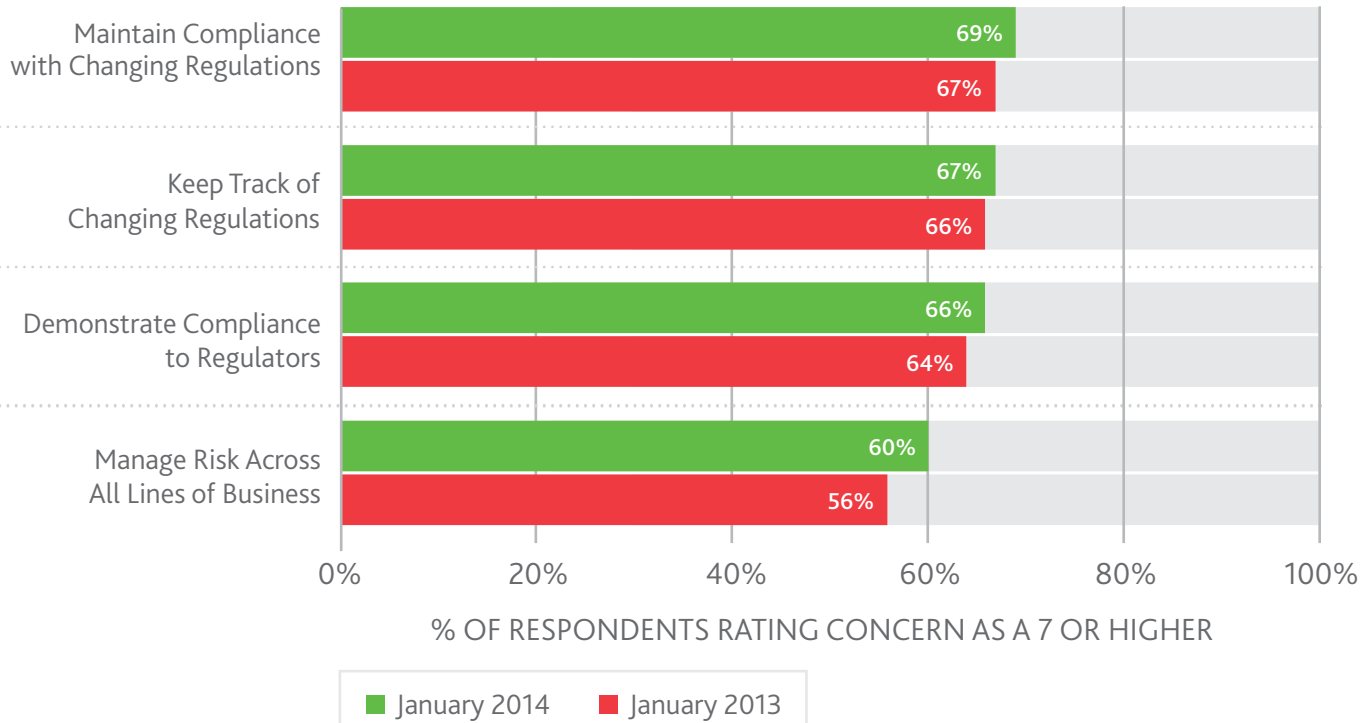
GROWING CONCERNS AND MORE THAN \$8 BILLION

The Main Indicator score rose to 121 from its baseline of 100 in January 2013. Driving the increase were climbing concerns in every compliance and risk management factor category as well as more than \$8 billion in new regulatory fines and settlements at the federal level.

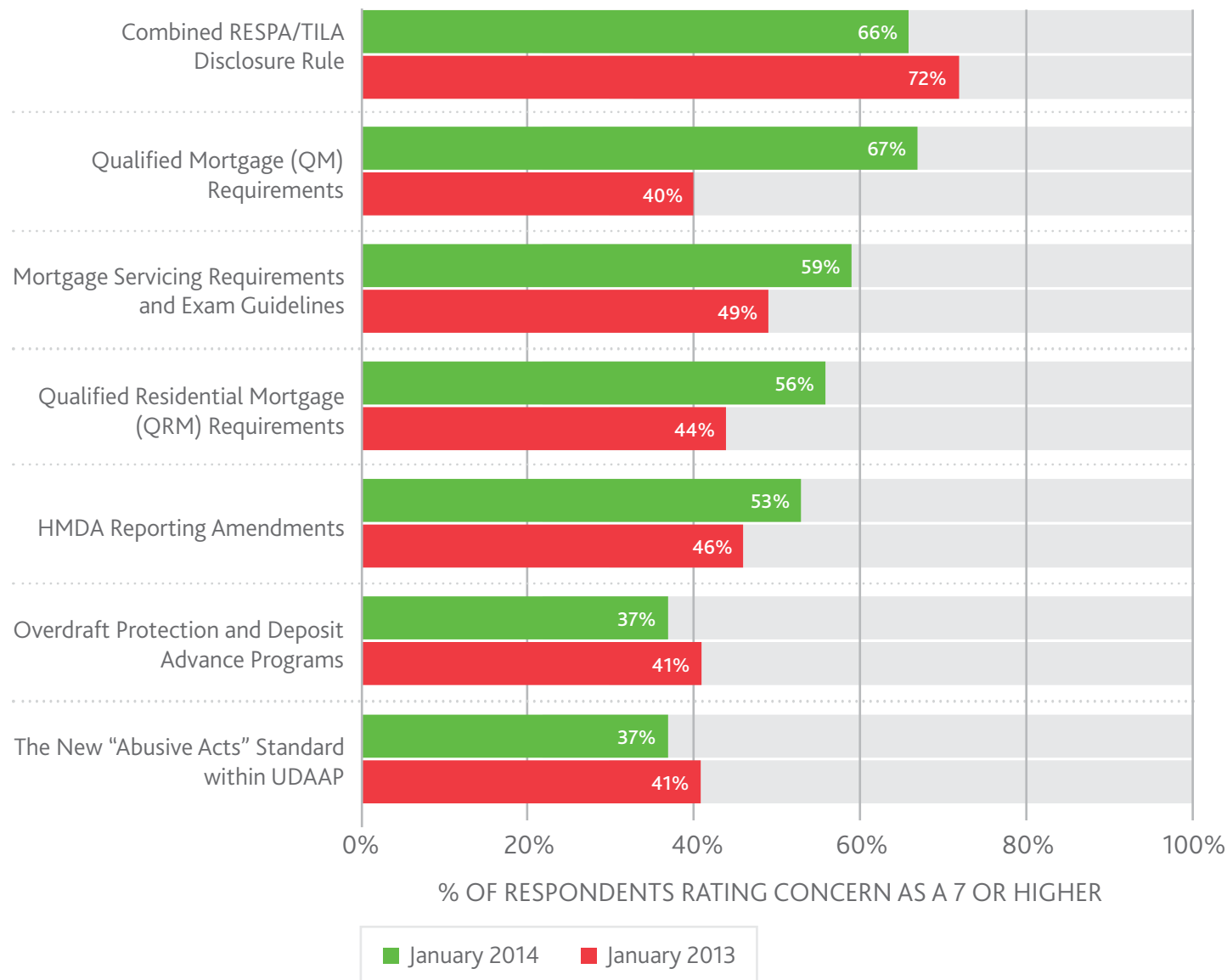
As their attention to compliance and risk management continues to grow, the Indicator shows that banks and credit unions are also investing in many more resources to address these areas than they were a year ago.



OVERALL COMPLIANCE AND RISK MANAGEMENT CONCERNS



TOP DODD-FRANK ACT AND CFPB CONCERNS



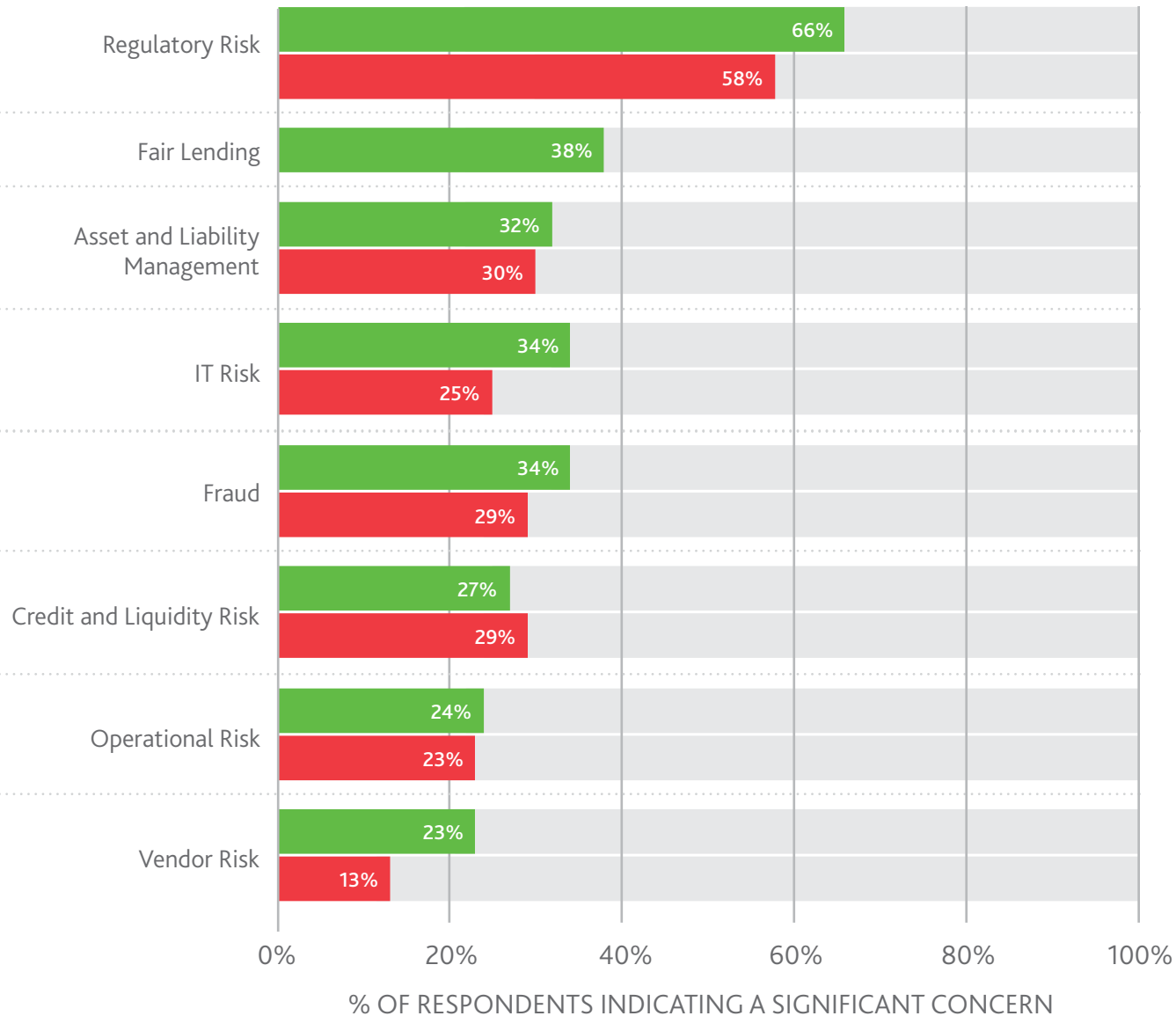
Biggest Changes

Attention to QM, QRM and mortgage servicing requirements and guidelines rose sharply following CFPB guidance.

Concern over the RESPA/TILA disclosure rule dropped after the final rules were issued.



GREATEST RISK MANAGEMENT CONCERNS



Regulatory risk remains top of mind.

Fair lending risk grabbed the #2 spot when offered to respondents as a choice among greatest risk management concerns for the first time.

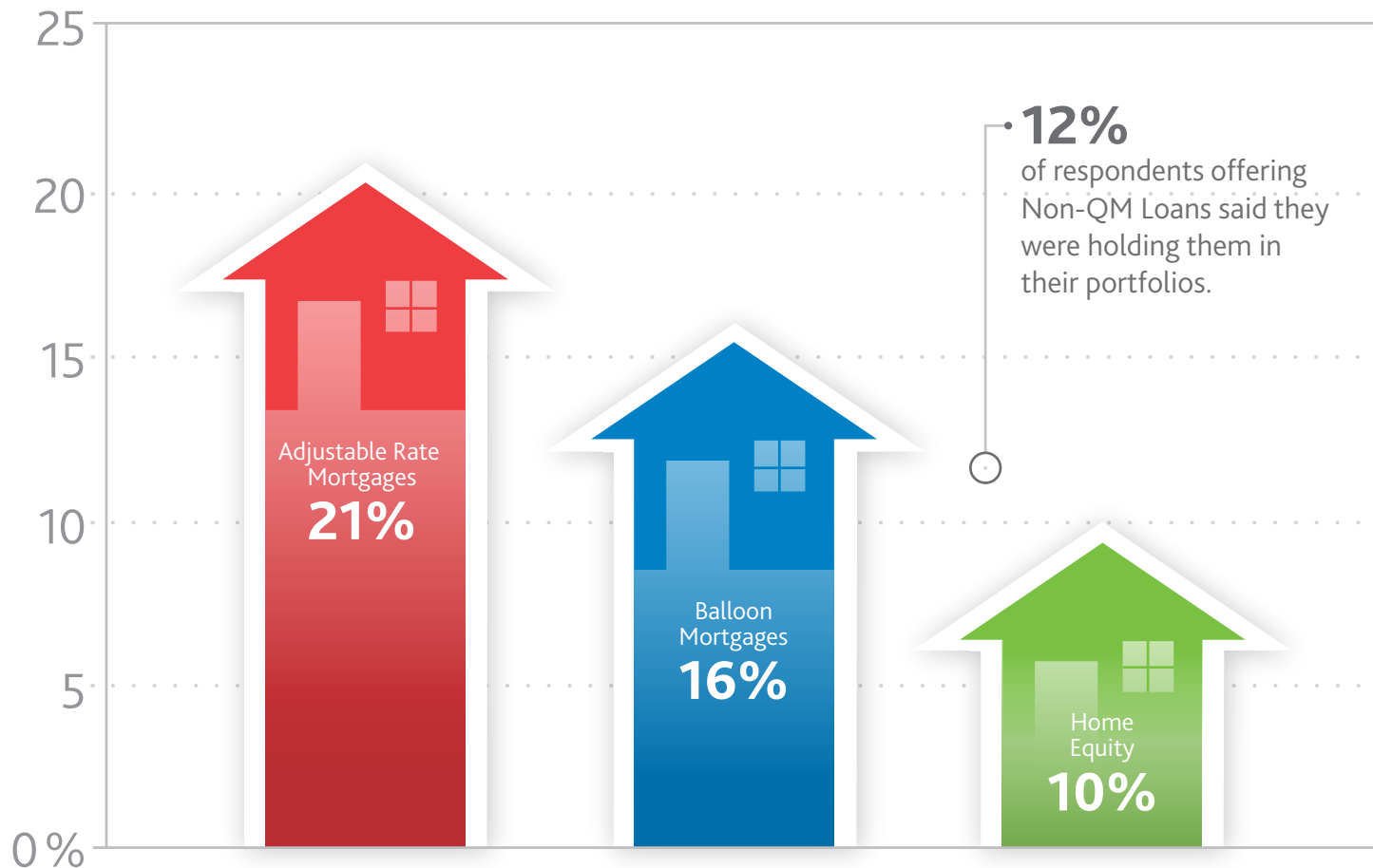
■ January 2014
■ January 2013



THE CURRENT STATE OF NON-QM LOANS

We asked banks and credit unions if they would still offer Non-QM loans after the CFPB's new QM rules took effect. Nearly a third said yes, while about the same amount said no, and another third were uncertain.

TOP NON-QM LOAN TYPES OFFERED





ABOUT WOLTERS KLUWER FINANCIAL SERVICES

Whether complying with regulatory requirements or managing financial transactions, addressing a single key risk, or working toward a holistic enterprise risk management strategy, **Wolters Kluwer Financial Services** works with more than 15,000 customers worldwide to help them successfully navigate regulatory complexity, optimize risk and financial performance, and manage data to support critical decisions. Wolters Kluwer Financial Services provides risk, compliance, finance and audit solutions that help financial organizations improve efficiency and effectiveness across their enterprise. With more than 30 offices in 20 countries, the company's prominent brands include: AppOne®, ARC Logics®, AuthenticWeb™, Bankers Systems, Capital Changes, CASH Suite™, FinArch, FRSGlobal, GainsKeeper®, NILS®, TeamMate®, Uniform Forms™, VMP® Mortgage Solutions, and Wiz®. Wolters Kluwer Financial Services is part of **Wolters Kluwer**, a leading global information services and solutions provider with annual revenues of (2013) €3.6 billion (\$4.7 billion) and approximately 19,000 employees worldwide. Please visit our **website** for more information.

For more information

*about Wolters Kluwer Financial Services,
or our Regulatory and Risk Management
Indicator, please contact us at
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