



ON TARGET

## Regulatory Hot Topics

- 🎯 Consumer Compliance
- 🎯 Asset Liability Management
- 🎯 Forward Looking Supervision
- 🎯 CRE and Other Concentrations
- 🎯 Common Pitfalls
- 🎯 Third Party Processors

## Consumer Compliance

- Fair Lending
- Third Party Risk
- HMDA
- UDAAP



## Asset Liability Management

- Input Validation
- Assumption Verification
- Backtesting
- 3<sup>rd</sup> Party Simulation Validation



## Most Common IRR Pitfalls

- Unsupported assumptions
- Lack of independent reviews
- Inadequate policy parameters
- Policy exceptions not documented or approved



## Forward Looking Supervision

- 2014 Pilot Program June - Nov
- New Concentrations ROE page
- Comprehensive/Integrated Ratings Approach
- Vulnerability Assessment
- More to come in early Jan 2015



## CRE and Other Concentrations

- CRE levels increasing
- No New Guidance
  - FIL-104-2006 Concentrations in CRE Lending, Sound Risk Management Practice (aka "The Guidance")
  - FIL-22-2008 Managing CRE Concentrations
  - FIL-68-2009 Policy Statement on Prudent CRE Workouts



## Exam Common Pitfalls & Solutions

### Pitfalls

- Not addressing all recommendations
- Untimely completion
- Lack of appropriate approval and/or review documentation in minutes
- Repeat Criticisms
- Waiting until the last minute to address



## Exam Common Pitfalls & Solutions

### Solutions

- Establish a committee for follow up
- Develop a tracking matrix
- Delegate responsibility and accountability for timely completion
- Develop monthly reports to committee
- Have reporting to the Board



## Third Party Processors

Policies and documentation for the following at a minimum:

- Risk Assessment
- Due Diligence
- Contract Structure
- Ongoing Oversight



## Other Areas of Interest



FILs Issued since July 2013

- See enclosed excerpt for HC tax allocation agreements



New Examination Reporting software still in process



## Questions and Answers

