Risk Management, Compliance and CRA

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Hosted By:

Enterprise Bank
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Today's Agenda

Risk Management

- Risk governance
- Enterprise Risk Management
- Operational Risk Management
- Categories of Risk

Compliance

- Compliance Governance
- Key regulations
- Hot topics
- The cost of compliance and non-compliance
- Customer Service

Community Reinvestment Act

- Three prong test
- Assessment area
- Low-to-moderate income
- Fair lending
- HMDA LAR
- Non-compliance

Risk Governance

Who Owns Risk and Compliance?

- Board of Directors
- Audit or Risk Committee
- Chief Executive Officer
- Chief Risk Officer
- Management Risk Committee
- Department Heads/Branch Mgr.
- Vendor owners
- Everyone

Risk Governance

What is Risk Management and Where did it come from?

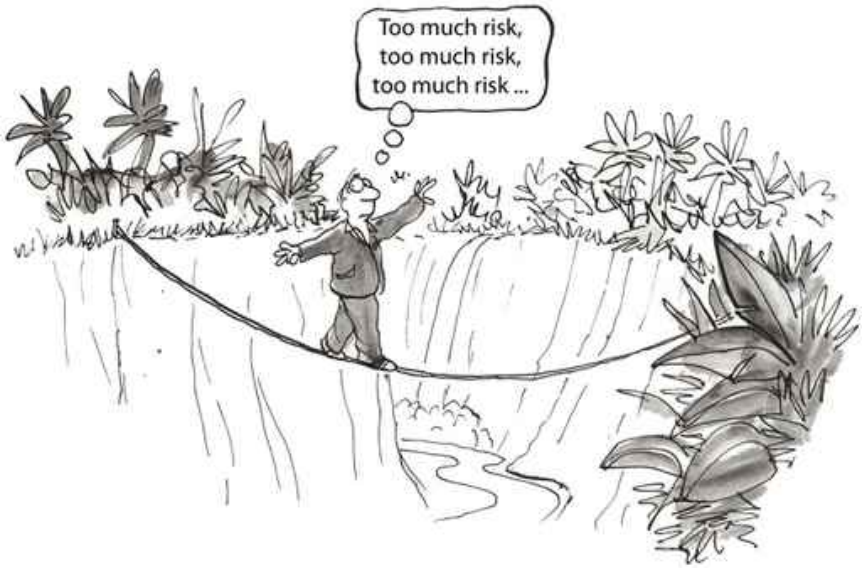
- Compliance/BSA
- Finance: Liquidity, Capital, IRR
- Information Security and Cyber
- Third Party Risk Management
- Business Continuity and Disaster Recovery
- Physical Security
- Market Risk
- Credit Risk and Loan Review
- Reputational Risk
- Fraud Management

Enterprise Risk Management

- Capital Planning
- Financial Reporting
- Strategic Planning
- Branch Expansion
- Mergers & Acquisition
- Product Development
- Stress Testing
- Legal
- Board Governance

Operational Risk

- Third Party Risk Management
- Information Security
- Cyber Security
- Physical Security
- BCP/DR
- Incident Response
- Fraud Management
- Internal Controls



Risk Categories

- Credit Risk
- Capital Risk
- Liquidity Risk
- Interest Rate Risk
- Market Risk
- Financial Reporting Risk
- Operational Risk
- Compliance/Legal
- Reputational

Risk Management – Hot Topics

- Cyber Security
- Liquidity Planning
- Fraud Management
- Vendor Management
- Contract Management
- Data Management
- Loan/CRE Concentrations
- Stress Testing
- Regulatory/Legal/BSA

Risk Management

Think About:

Who Owns the Risk at your Bank or in your department?

Compliance Language

- CMP
- BSA
- SBA
- AML
- ALM
- ALLL
- OFAC
- CIP
- CDD/EDD
- CRA
- HMDA
- UCC
- CATO
- ADA
- TRID
- FCRA
- CECL
- CFPB/BCFP
- TILA
- RESPA
- UDAAP
- HIPAA
- FDIC
- FRB
- OCC
- LAR
- SAR
- CTR
- ACH
- NEACH
- CAT
- IOLTA
- LIBOR
- FOMC
- FFIEC

Compliance Management Program

- Monitoring Program
- Training
- New Regulations
- Disclosures
- Website and Advertising
- Products
- Complaints
- Exams
- Non-Compliance & Penalties

Key Regulations - Retail

- Bank Secrecy Act/AML
- Truth-in-Savings
- Privacy
- Funds Availability
- UDAAP
- Complaints
- UCC
- Overdrafts
- Incentive Compensation

Key Regulations - Lending

- TRID
- Fair Credit Reporting Act
- Insider Lending
- Fact Act
- Appraisals
- Flood Regulations
- Truth in Lending (Reg Z)
- Environmental
- Military Lending Act
- Home Mortgage Disclosure Act
- Fair Lending

Compliance Hot Topics

- Bank Secrecy Act
- Related Party Transactions
- Mortgage Servicing (Reg Z)
- Fair Lending/UDAAP
- Beneficial Ownership
- Overdrafts
- Credit Reporting
- Funds Availability
- Current Estimated Credit Loss
- Medical Marijuana

Compliance Hot Topics

- **EGRRCP**
  - **Economic Growth, Regulatory Relief, Consumer Protection**
- **CECL**
- **Funds Availability**
  - **Mobile Deposits**
- **Sec. 8- Realtor Guidelines**
- **Flood Insurance**

Community Reinvestment Act

Large & Small Banks Three Prong Test

- Lending
  - Geographic Penetration
  - Loan-to-Deposit Ratio
  - Small Business Lending
  - Community Development Loans
  - HMDA LAR

Community Reinvestment Act

Three Prong Test (cont.)

- Investments
  - Contributions
  - Equity Investments
- Service
  - # of hours
  - Financial Expert
  - Products (creativity)

Community Reinvestment Act

- Assessment Area
- Fair Lending
- HMDA Reporting Requirements
- Low-to Moderate Income
- Disparate Treatment
- Public File
- Non-Compliance
  - Growth & Penalties

CRA – Hot Topics

- Out of Assessment Area
- REMA
- Fair Lending
- HMDA Reporting
- Small Business Loans
- Investments

Risk Management

Think About:

Who Owns the Compliance at your Bank or in your department?

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The Cost of Complying (Or Not)

- Regulatory Burden
  - Disclosures
  - Training
  - Staffing & Retention
  - Compensation
  - Software
  - Federal and State
- Impact on Customer Service
- Cost of Non-compliance
  - Penalties
  - Restrictions on growth

Summary

- Keep up on changes
- Be willing to adapt to change
- Find a way to make risk management and compliance a competitive advantage.
- Have Fun!!!

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