

OCC At-a-Glance

The year 2003 marked the 140th anniversary of the OCC. When the OCC was created, its founders could not have imagined that banking institutions would file branch applications electronically using a worldwide computer network. That is just one measure of the OCC's progress. This annual report presents the agency's major activities for fiscal year 2003 and performance toward its long-term strategic goals.

AGENCY OVERVIEW

- The OCC has approximately 2,800 employees of which 1,870 are bank examiners.
- The agency is funded primarily by semiannual assessments levied on national banks.
- A national banking system comprised of 2,150 banks and 53 federal branches of foreign banks.
- Mission is accomplished through four major programs: supervise, charter, regulate, and analyze risk.

AGENCY PROFILE

The OCC was established in 1863, as a bureau of the Department of the Treasury. The OCC is responsible for supervising, licensing, and regulating the nation's federally chartered banks.

National banks hold 56 percent of the total assets of all U.S. commercial banks.

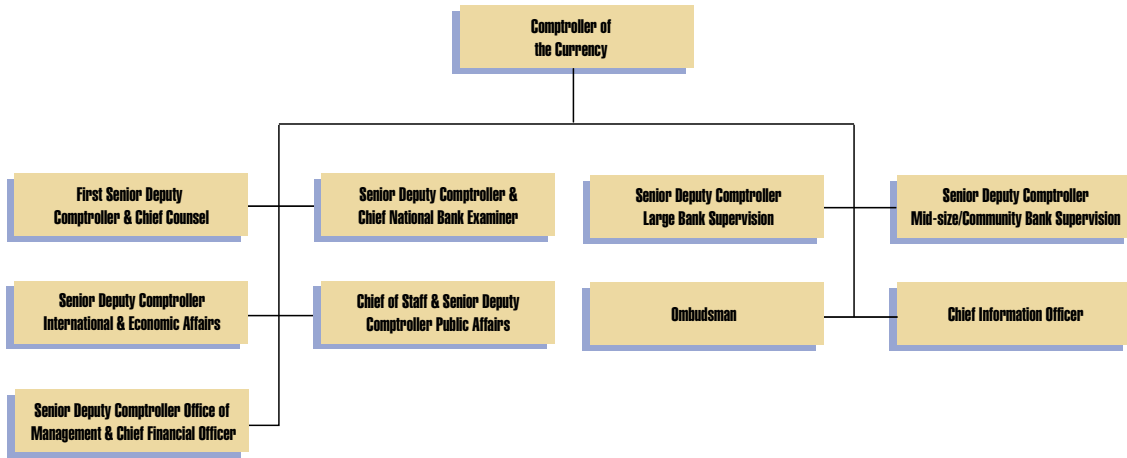
The OCC's operations are funded primarily by semiannual assessments levied on national banks (97 percent), interest revenue from its investments in U.S. Treasury securities (two percent), and licensing and other fees (one percent). The OCC does not receive congressional appropriations to fund any of its operations.

AGENCY STRUCTURE

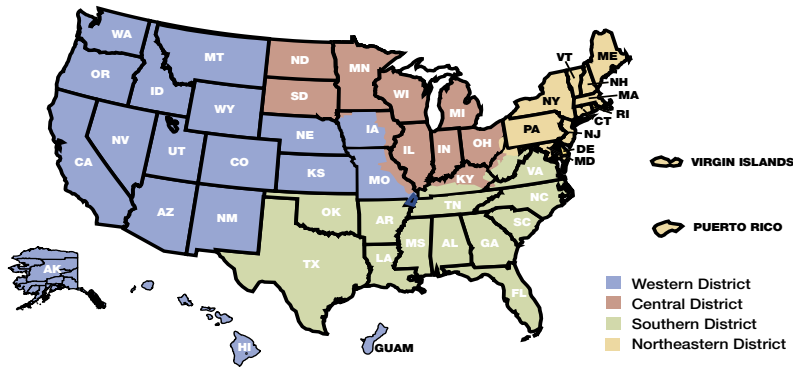
The OCC is headquartered in Washington, D.C., operates a data center in Maryland, and during FY 2003 maintained six district offices in Atlanta, Chicago, Dallas, Kansas City, New York, and San Francisco. Effective October 1, 2003, the OCC reduced the number of its district offices with locations in Chicago, Dallas, Denver, and New York. In addition, the OCC has 48 field offices and 23 satellite locations in cities throughout the U.S., resident examiner teams in the 24 largest banking companies supervised, and an examining office in London, England.

The OCC is headed by the Comptroller of the Currency, who is appointed by the President, with the advice and consent of the Senate, for a five-year term. An executive committee comprised of the senior executives of the major business units advises the Comptroller on policy and operational issues. The OCC's organizational structure is depicted in Figure 1.

Figure 1: OCC Organization Chart and Office Locations



Office Locations



STRATEGIC GOALS

The OCC supports the Department of the Treasury's 2000-2003 strategic goals of:

- Promoting domestic economic growth.
- Improving customer satisfaction.
- Improving employee satisfaction.

The OCC has established four strategic goals to achieve its mission and contribute to the achievement of the Department of the Treasury's strategic goals. The OCC's goals, as defined in its Strategic Plan, are:

- A safe and sound national banking system.
- A flexible legal and regulatory framework that enables the national banking system to provide a full competitive array of financial services.
- Fair access to financial services and fair treatment of bank customers.
- An expert, highly motivated and diverse workforce that makes effective use of OCC resources.

PERFORMANCE MEASURES

As required by the Government Performance Results Act (GPRA), the OCC issues an annual performance plan outlining the performance goals and measures for the year. The OCC's performance measures help to demonstrate its progress in achieving long-term strategic goals.

The OCC's performance data presented in this report is reliable and complete (see later discussion under Performance Information Reliability). The OCC's performance on the GPRA goals are incorporated under the appropriate program area discussion. A complete list of the OCC's performance measures, workload indicators, customer service standards, and the results achieved during FY 2003, and where the data is available for the three previous years, are presented in Appendix D.

PROGRAM RESULTS

- 3,400 examinations conducted to promote a safe and sound national banking system that supports domestic economic growth.
 - 99 percent of national banks are well-capitalized.

- 94 percent of national banks with composite CAMELS¹ ratings of 1 or 2.
- 96 percent of national banks with consumer compliance ratings of 1 or 2.
- 150 substantive inquiries, including formal appeals, processed by the Office of the Ombudsman.
- 205 enforcement actions completed on banks and individuals.
 - 32 percent of problem national banks rehabilitated.
- 80,000 calls fielded by the OCC's customer assistance call center.
 - 87 percent of the 69,000 consumer complaints closed were within 60 calendar days.
- 2,100 corporate applications received.
 - 97 percent of the 1,900 decisions issued were within established time frames.
 - 8 percent of all corporate applications and notices were received electronically with the March 2003 implementation of e-Corp, a Web-based application on a secure extranet site.
- 200 bank consultations on community development opportunities were conducted.
 - 100 percent of banks within one year of their first large bank Community Reinvestment Act (CRA) examination were offered a consultation.
- 90 responses to requests for legal opinions from banks.
 - 87 percent of legal opinions were issued within established time frames.
- Supervision and licensing activities performed in a quality and professional manner.
 - External ratings on the OCC's examinations and licensing services exceeded goals for all service standards.

¹Acronym is for composite rating that banks are given as a result of a bank examination. The letters stand for Capital, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk.

Other noteworthy accomplishments included:

- The OCC continued to guide national banks and the industry on complying with the USA PATRIOT Act requirements and responding to the threat of terrorist financing.
- The OCC, in coordination with the Federal Reserve and the FDIC, completed the shared national credit review that covered 8,232 loan facilities with commitments totaling \$1.6 trillion.
- The OCC implemented an organizational realignment to focus resources on increasing complexities unique to mid-size and credit card companies. The OCC also completed its district restructuring to better align its operations for more effective supervision of nationally chartered community banks, and federal branches and agencies of foreign banks.
- To enhance the OCC's risk analysis capabilities, the Large Bank Credit Tool (LBCT) was developed to assess the vulnerability of commercial and industrial (C&I), and commercial real estate loans (CRE) to adverse economic events.

FINANCIAL MANAGEMENT RESULTS

- Annual statement of reasonable assurance on the Federal Managers' Financial Integrity Act (FMFIA) and substantial compliance on the Federal Financial Management Improvement Act (FFMIA).
- Unqualified opinion on the FY 2003 financial statements with no material weaknesses.
- Timely and accurate monthly and quarterly financial reporting.
- Enhanced budgeting and performance integration with the implementation of staffing plans and program plans to support budget formulation.
- Achieved 97 percent of the annual target of \$213 million for the special and contingency reserves, which brings the OCC to 92 percent of its long-term goal of \$225 million.