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#### Comptroller Addresses 1999 Bank Failures and OCC Supervision

WASHINGTON-- Comptroller of the Currency John D. Hawke, Jr. told the House Banking Committee today that three national bank failures in 1999 do not represent systemic problems or foreshadow an increase in the number of failures in the year ahead.

"Compared with the period leading up to the last recession, inflation and interest rates are lower, bank capital and earnings are at record high levels, and risk management practices are better," Mr. Hawke said in testimony today.

Noting the unique circumstances at the three national bank failures, Mr. Hawke outlined the supervisory initiatives launched by the OCC and other agencies to address concerns raised by these cases. The initiatives include the deployment of examiners specially trained in fraud detection and prevention; issuance of formal guidance on both subprime and high-loan-to-value lending; intense supervisory focus on asset securitization; strong emphasis on maintaining effective internal controls and audit functions; and improved early warning tools and systems.

The Comptroller also said the OCC has a long history of working effectively with the Federal Deposit Insurance Corporation. To ensure that relationship remains productive, the Comptroller said he has rescinded all delegations that would allow other agency officials to disapprove FDIC requests to participate in OCC examinations.

"That authority resides only with me," Mr. Hawke said, adding that his policy "will continue to assure that the FDIC will have access to any national bank whose condition poses any threat whatsoever to the FDIC insurance fund."

Expressing his view on legislation dealing with FDIC backup examination authority, Mr. Hawke stated, "The clear intent of H.R. 3374 is to make the OCC and FDIC examination coordination smoother and more efficient, and I believe this objective has already been achieved without the need for legislative changes."

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The OCC charters, regulates and examines approximately 2,400 national banks and 59 federal branches and agencies of foreign banks in the United States, accounting for 59 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.□