

About the OCC

The Office of the Comptroller of the Currency's (OCC) mission is to charter, regulate, and supervise national banks and federal savings associations¹ and to supervise the federal branches and agencies of foreign banks. The OCC's goal is to ensure that these institutions operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. The OCC is an independent bureau of the U.S. Department of the Treasury.

The President nominates the Comptroller of the Currency subject to confirmation by the U.S. Senate. The Comptroller also serves as a director of the Federal Deposit Insurance Corporation (FDIC) and NeighborWorks America.

Headquartered in Washington, D.C., the OCC has four district offices plus an office in London, which supervises the international activities of national banks. The OCC's nationwide staff of bank examiners conducts on-site reviews of banks and provides sustained supervision of these institutions' operations. Examiners analyze loan and investment portfolios, funds management, capital, earnings, liquidity, sensitivity to market risk for all banks, and compliance with consumer banking laws governing banks with \$10 billion or less in assets. They also evaluate management's ability to identify and control risk.

In supervising banks, the OCC has the power to

- examine the banks.
- approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure.



- take supervisory and enforcement actions against banks that do not comply with laws and regulations or that otherwise engage in unsound practices.
- remove and prohibit officers and directors, negotiate agreements to change banking practices, and issue cease-and-desist orders as well as civil money penalties (CMP).
- issue rules and regulations, legal interpretations, and corporate decisions governing investments, lending, and other practices.

The OCC and the federal banking system were created by the National Currency Act, which President Abraham Lincoln signed into law on February 25, 1863. In June 1864, the law was substantially revised and expanded and given a new name: the National Bank Act. It remains the basic statute under which the OCC and the federal banking system operate today.

The first Comptroller of the Currency was Hugh McCulloch, formerly the president of the state-chartered Bank of Indiana. McCulloch went to Washington to argue against passage of the National

¹ OCC-supervised national banks and federal savings associations are collectively referred to as *banks* in this report.



About This Annual Report

Section 61 of the National Currency Act of February 25, 1863, directed the Comptroller of the Currency to “report annually to Congress ... a summary of the state and condition” of the national banking system, along with suggestions for “any amendment to the laws relative to banking” or “other information in relation to [banking] associations as, in his judgment, may prove useful.” Over the past century and a half, some of the most significant changes to the U.S. financial system—including the amendments to the National Currency Act enacted by Congress at the urging of Comptroller Hugh McCulloch as the National Bank Act of 1864—began with recommendations contained within the pages of this report. Since that time, the *OCC Annual Report* has chronicled and advanced the long evolution of the nation’s financial and regulatory structure, providing the American people and their representatives with information vital to the country’s economic security and well being.

Currency Act but soon came to appreciate its merits. Salmon P. Chase, Lincoln’s Secretary of the Treasury, asked him to lead the new system, and McCulloch agreed.

Under McCulloch, his successors, and a professional staff of national bank examiners, the new system made an important contribution to the robust growth of the U.S. economy. National banks under OCC supervision issued a uniform national currency, which replaced the previous varied and unreliable money supply, and provided financial services across the country.

The National Bank Act endows the OCC with considerable operational independence. The OCC does not receive appropriations from Congress. Instead, the OCC’s operations are funded primarily through assessments on the financial institutions it supervises.

On July 21, 2011, under provisions of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010,² the Office of Thrift Supervision (OTS) became part of the OCC. As a result, the OCC is responsible for the supervision of federal savings associations, under the Home Owners’ Loan Act.

² Hereafter referred to as *Dodd–Frank* in this report.