Section One

# Year in Review

## Introduction

On April 9, 2012, Thomas J. Curry became the 30th Comptroller of the Currency, assuming the leadership of an agency dedicated to the oversight of federally chartered financial institutions. Today, the OCC is an organization of bank examiners, attorneys, economists, and other professionals working together to accomplish its vital mission in the best interests of citizens, banks, and the nation's economy.

Testifying before the U.S. Senate Committee on Banking, Housing, and Urban Affairs for the first time after his confirmation, Comptroller Curry reaffirmed the OCC's commitment to "strong, effective supervision."[3] To that end, the OCC in FY 2012[4] focused its efforts on assessing and enhancing the ability of the banks it supervises to identify, measure, monitor, and control risk.

Comptroller Thomas J. Curry testifies on OCC supervision before a congressional committee. Paul Nash, Senior Deputy Comptroller and Chief of Staff, is at right.

During the year, the agency supplemented and updated its comprehensive guidance to bankers and examiners, helping them respond to emerging risks. It reviewed and revised procedures to ensure that banks operate in full compliance with fair lending, consumer protection, information security, and Bank Secrecy Act/Anti-Money Laundering (BSA/AML) requirements. It continued to root out and require correction of unsafe and unsound practices in the origination and servicing of mortgage loans. It monitored and analyzed the health of the economy and the banking system, disseminating that information through an extensive program of publications and outreach. Finally, the OCC worked alongside other federal agencies to implement Dodd–Frank and other regulatory initiatives to create stronger, more resilient financial institutions, more transparent financial markets, more robust consumer protections, and more effective instruments to deal with troubled or insolvent banks.

## Supervisory Initiatives

The OCC's mission has always been to ensure that the financial institutions under its supervision are both safe and sound. Safe banks operate within all legal and regulatory boundaries and protect the interests of depositors, shareholders, employees, and the citizens who depend on them and stand behind them. Sound

[3] Statement of Thomas J. Curry, Comptroller of the Currency, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 6, 2012, www.occ.gov. All citations in this report's footnotes that refer to the OCC Web site can be found on the About the OCC, News and Issuances, or Publications pages.

[4] Unless otherwise noted, all references to 2012 refer to the fiscal year beginning October 1, 2011, and ending September 30, 2012.

banks operate as responsible businesses, earning returns sufficient to attract investment, competent management, and customer support.

Once viewed as an intermittent process that began when the agency's examiners arrived at a bank and ended when they departed, bank supervision is now a continuous and comprehensive process scaled to the size, condition, and complexity of each institution. The OCC assesses banks' conditions and risk-management capabilities, performs ongoing assessments of the health of the market or markets within which banks operate, develops and refines regulations and guidance based on the requirements of law and the conditions in the industry, and regulates the industry's operational and competitive structure through the agency's licensing activities.

The information gathered from the supervisory activity at each bank enables the agency's four districts and its Washington, D.C., headquarters to monitor the system's overall safety and soundness, focusing operational and policy responses on those banks, banking activities, and financial markets that pose the most significant challenges. The OCC calls this system *risk-based supervision,* and it defines the agency's approach to its mission.

## The OCC's Supervisory Programs

The OCC's midsize and community bank supervision program is built around a network of local field offices in more than 60 cities throughout the United States. Each bank is assigned to an examiner who continuously monitors the bank's condition and serves as the focal point for communications between the OCC and the bank. This approach ensures that midsize and community banks receive the benefits of highly trained examiners with local knowledge and experience, along with the resources and specialized expertise provided by a nationwide organization. Using a common framework and set of expectations, examiners tailor their supervision of each bank to its individual risk profile, business model, and management strategies.

The OCC's large bank supervision program is headquartered in Washington, D.C., providing a national perspective that facilitates coordination across large institutions. It is based on a continuous, on-site presence at each of the United States' 19 largest banking companies. At each large bank, an Examiner-in-Charge manages a staff of some of the OCC's most seasoned examiners. They are supported by economists, legal staff, and various policy and subject matter specialists.

On-site examination teams study the objectives of the bank and its lines of business, the key risks it faces, and the controls that are put in place to manage them. Examiners assess the levels of risk in the bank and the quality of risk management over the course of the examination cycle. Finally, examiners are charged with communicating examination findings, concerns, and ratings. The examiners also ensure that corrective actions are taken through the supervisory process or through appropriate enforcement actions. OCC supervisory staff will continue to focus on the achievement of five heightened expectations for the 19 large banks:

- Board willingness to provide a credible challenge to management decisions
- Talent management and compensation processes
- Defining and communicating risk appetite across the company
- Development and maintenance of strong audit and risk management functions
- Board responsibility to preserve the sanctity of the national bank charter

## Assessing Risk

Banking is essentially the business of risk management. A bank's success depends on its ability to navigate the multiple risks inherent in the banking business.

Banks must contend with credit risk—the possibility that borrowers will fail to repay in accordance with the terms of their loan agreements. They deal with interest rate risk (IRR), which requires them to manage disparities between what they pay for funds and what their customers pay for the use of funds. Banks face liquidity risk to the extent that they are able or unable to meet their immediate financial obligations to customers and counterparties. Compliance risk relates to the damage that can result from failure to heed the laws and regulations that banks must follow. Reputation risk arises when a bank offers products or services that involve practices that deviate from the bank's standards, and it increases with poor service, inappropriate sales recommendations, or violations of consumer law, any of which may result in litigation, adverse publicity, and loss of business.

Market risk refers to the risk inherent in banks' trading activities. Strategic risk flows from changes in regulatory mandates, economic conditions, the competitive environment, and customer behavior that challenge banks' business models. Price risk involves the rise and fall in value of the securities in a bank's portfolio in response to market trends. Finally, operational risk refers to the perennial hazard that the systems, manual or electronic, that banks depend on may prove faulty or inadequate or that employees may fail to perform assigned duties or follow proper procedures.

Banks experience these risks in varying degrees, reflecting each bank's unique attributes of culture, market, processes, risk tolerance, and products and services. Effective bank supervision, therefore, requires a customized evaluation of the unique combinations of risk to which a bank is exposed and a supervisory approach tailored to the bank's particular circumstances and risk profile.

Depending on the nature and severity of the supervisory problems that they encounter, OCC examiners may resort to a range of supervisory

remedies that include designation of a "matter requiring attention" by the bank, restrictions on future activity, CMPs, removal from office of bank employees, or revocation of a bank's charter.[5]

At the conclusion of every community bank examination, the Examiner-in-Charge conducts a meeting with the board of directors to discuss the examination findings and OCC expectations.[6] This information provides bankers and directors with feedback about a bank's condition and the quality of its management. The OCC also relies on its examination reports to form a coherent picture of risk trends throughout the financial system, which in turn helps shape the agency's supervisory policies.

The OCC's National Risk Committee (NRC) monitors the condition of the banking system and emerging threats to the system's safety and soundness on an ongoing basis. The NRC communicates risk issues, coordinates with other supervisory and policy risk groups throughout the OCC, and develops policy recommendations. Its members are drawn from a broad spectrum of OCC specializations in bank supervision, economics, law, and policy, and its findings shape the OCC's supervisory policies and the guidance that implements those policies.

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[5] "Bank Supervision Process," *Comptroller's Handbook*, www.occ.gov.

[6] OCC examiners of large and midsize banks provide regular feedback to bankers and boards of directors.

In 2012 for the first time, the NRC published its findings in the *Semiannual Risk Perspective*, a report that evaluates threats to bank safety and soundness.[7] This report examines the operating environment for banks, looks at their earnings and performance, and addresses key risk factors, including trends in credit, funding, liquidity, and interest rate exposures, and the regulatory climate.

The spring 2012 report focused on three major risk concerns: the aftereffects of the recent housing-driven credit boom-bust cycle; the challenges to banking industry revenue growth in a post-recession, slow-growth economy; and the potential that banks may take excessive risks in an effort to improve profitability.

The report found that large banks with extensive mortgage operations continued to be challenged by the remediation costs, record penalties, and reputational damage caused by previous conduct and by the continuing backlog of severely delinquent and in-process-of-foreclosure mortgages.

Asset-quality indicators showed improvement across small and large banks, although housing-related loans continued to experience above-average rates of delinquency and charge-off. Commercial real estate performance improved, but vacancy rates and the level of problem assets remained high—a particular concern for many community lenders.

Many of the challenges facing bankers stemmed from the slow recovery of the national and global economy, the report found. Persistent unemployment and cautious consumers have crimped loan demand and suppressed bank income. The report raises the possibility that earnings pressures, higher regulatory costs, and reduced fee income could prompt banks to take on additional credit risk and cut back on essential systems and processes, which would increase operational risk.

## Managing Credit Risk

The OCC views credit risk as "the primary financial risk in the banking system. … [It] exists in virtually all income-producing activities. How a bank selects and manages its credit risk is critically important to its performance over time; indeed, capital depletion through loan losses has been the proximate cause of most institution failures."[8] The amount of credit risk embedded in its balance sheet and how well that risk is controlled are thus critical determinants of a bank's overall safety and soundness.

Banks employ different strategies to control credit risk. They may make fewer loans or become more selective or restrictive about the loans they do make. They may limit their exposure to less creditworthy borrowers and to particular economic and geographic segments in order to reduce the risk associated with excessive asset concentrations. They may tighten loan structures and impose more restrictive covenants, requiring additional or higher-quality collateral, and set more rigorous conditions on how and when borrowers may draw upon funds. They may also bolster capital and reserves against loan losses.

The OCC monitors credit risk at the management level, where institutions determine their tolerance for risk and establish the policies that govern extensions of credit, and at the operational level, where loans are evaluated under bank-approved guidelines. The structure and pricing of the loan products that emerge from bank credit analysis reflect the operational integrity and direction of credit risk in the bank.

For 18 years, the OCC has been polling its examiners about credit underwriting practices in the banks they supervise and publishing the results as the *Survey of Credit Underwriting Practices*.[9] In 2012, the survey

[7] *Semiannual Risk Perspective*, spring 2012, www.occ.gov.

[8] "Rating Credit Risk," *Comptroller's Handbook*, www.occ.gov.

[9] *2012 Survey of Credit Underwriting Practices*, www.occ.gov.

incorporated responses from examiners at 87 banks with $3 billion or more in assets, totaling $4.6 trillion, or 91 percent of all loans in the federal banking system. The study covered 11 commercial and seven retail loan products.

Seventy percent of examiners reported no change in underwriting standards for commercial loans since the previous survey. Some easing of underwriting standards, however, was noted within certain commercial and retail products, including indirect consumer loans, credit cards, large corporate, asset-based lending, and leveraged loans. Easing generally took the form of lower pricing, lower credit score cut-offs, and reduced collateral requirements. Examiners found that lenders that eased underwriting standards typically were motivated by a perception that the economic outlook had improved, by a modest increase in competition for the same loans, by a desire for growth, and by increased market liquidity. Over the next 12 months, examiners believe, credit risk will likely increase for 25 percent of the loan products, decrease for 24 percent, and remain unchanged for 51 percent. Similar to the 2011 survey results, the 2012 survey indicated that the majority of banks generally apply the same underwriting standards to loans underwritten with the intent to hold as to those underwritten with the intent to sell.

The survey's finding that underwriting standards for leveraged-lending products had eased highlighted one area of particular regulatory concern in 2012. *Leveraged lending* is a term broadly used to describe a type of corporate finance used for mergers and acquisitions, business recapitalization and refinancing, equity buyouts, and business or product line build-outs and expansions. In these transactions, debt is commonly used as an alternative to equity for financing business expansions and acquisitions. Properly used, leveraged loans can support business growth and increase shareholder returns.[10]

Only 15 percent of banks covered in the survey were reported to have engaged in leveraged lending, and they were almost exclusively large and midsize banks. But what stood out in 2012—as it did in 2011—was the pronounced trend toward easing underwriting standards in that product segment. Thirty-eight percent of the leveraged lenders covered in the survey eased underwriting; none tightened. Moreover, leveraged-loan volumes, which had dropped off sharply during the financial crisis, rebounded strongly, magnifying the potential impact of the softer standards used to underwrite these loans.

Responding to this trend in its early stages, the OCC participated in the formulation of proposed revised interagency guidance that seeks to focus lenders' attention on the specific risk-management challenges associated with leveraged lending. The guidance assigned explicit responsibility to bank managers and boards of directors for establishing thresholds for risk, for developing effective control systems, and for acting decisively when an institution's established threshold for risk is exceeded. The guidance also outlined the banking agencies' expectations for leveraged-lending underwriting standards, emphasizing "that the business premise for each transaction should be sound and its

[10] "Leveraged Lending," *Comptroller's Handbook*, www.occ.gov.

capital structure should be sustainable, irrespective of whether underwritten to hold [in the bank's loan portfolio] or distribute."[11] The comment period for the revised leveraged-lending guidance closed in June; the final guidance was expected to be released in the fall of 2012.

In 2012, several broad measures of overall credit risk among banks showed signs of improvement. Asset quality improved; delinquency and charge-off rates fell; and banks were able to lower provisions for loan losses, increasing the resources available for their own and their customers' use.

Yet, as noted above, banks face risk from many sources that could affect the collectability of loans. The OCC carefully monitored bank reserves throughout the year to ensure that they were adequate to cover probable loan losses.

Banks in parts of the country that had yet to participate in the national economic recovery continued to contend with higher levels of problem loans. Certain loan products, including commercial real estate, residential real estate, and home equity loans, continued to underperform other types of loans nationwide.

The weakness in those loan categories has been especially challenging for the community banks that compose the overwhelming majority of OCC-supervised institutions. Community banks provide essential support for the small businesses that play an important role in national economic development and job creation.[12] The OCC's approach to community bank supervision recognizes that these institutions face credit risk management challenges that are very different from those facing larger, more-diversified financial companies.

Community banks are especially susceptible to concentration risk. The OCC defines an asset concentration as a pool of loan exposures "whose collective performance has the potential to affect a bank negatively even if each individual transaction within a pool is soundly underwritten."[13] Smaller banks are inherently more sensitive to the performance of the smaller number of individual credits they hold. Indeed, poorly managed asset concentrations, primarily in acquisition, development, and construction of commercial real estate, have been responsible for the majority of community bank failures over the past three years.

In a speech before the CRE Finance Council, Comptroller Curry acknowledged that concentrations are "a fact of life." He urged community banks to carefully manage their concentration risk by working with troubled borrowers to get and keep them current through hard times, monitoring concentration exposures, maintaining appropriate loan-loss reserves, and taking appropriate charge-offs when repayment becomes unlikely.[14]

To guide examiners in helping banks manage concentration risk, the OCC issued a revised "Concentrations of Credit" booklet of the *Comptroller's Handbook*.[15] The new publication provides an enhanced definition of a credit concentration to encourage consideration of more than just the dollar amount of exposure and places renewed emphasis on stress testing—the use of models that project financial institution performance in various economic scenarios—to identify and quantify credit concentration risks.

[11] Office of the Comptroller of the Currency, "Request for Comment on Revised Leveraged Lending Guidance," bulletin 2012-9, March 30, 2012, www.occ.gov.

[12] For more on OCC programs to encourage lending to small business, see the *Annual Report FY 2011,* 26–27, www.occ.gov.

[13] "Concentrations of Credit," *Comptroller's Handbook*, www.occ.gov. See also Office of the Comptroller of the Currency, "Concentrations of Credit: Revised Booklet," bulletin 2011-48, December 13, 2011, www.occ.gov.

[14] Remarks by Thomas J. Curry, CRE Finance Council, June 13, 2012, www.occ.gov.

[15] "Concentrations of Credit," *Comptroller's Handbook*, www.occ.gov. See also Office of the Comptroller of the Currency, "Concentrations of Credit: Revised Booklet," bulletin 2011-48, December 13, 2011, www.occ.gov.

Comptroller Curry discusses the condition of the U.S. banking system and operational risk at an economic and financial forum in Washington, D.C.

## Managing Interest Rate Risk

Some degree of IRR is inherent in the business of banking. Banks are expected to have sound risk management practices in place to measure, monitor, and control IRR exposures. In the current low interest-rate environment, many banks have experienced a surge in deposit growth, which makes it particularly important that bankers reassess their IRR modeling assumptions.

In January 2012, the financial regulators issued Frequently Asked Questions (FAQ) on the 2010 interagency advisory on IRR management.[16] This document addresses critical risk management practices including robust and meaningful stress testing, assumption development that reflects the institution's experience, and comprehensive model validation. This discussion was especially timely for small federal savings associations in their efforts to implement an independent IRR measurement process for earnings and capital at risk following the migration from the former OTS's IRR model at the end of 2011. The OCC conducted outreach to federal savings associations focused on the OCC's IRR management expectations.

## Managing Liquidity Risk

Bankers were once able to rely on a core of stable, low-cost consumer deposits to fund their loans and investments. But deregulation and the end of interest rate ceilings required bankers to look beyond their retail deposit base to wholesale sources of funding, such as brokered deposits, repurchase agreements, and correspondent-bank and federal-funds lines of credit. Managing the mix of retail deposits and wholesale funding to meet expected liquidity needs has become a critical challenge for bankers.

In 2012 the OCC issued a revised "Liquidity" booklet in the *Comptroller's Handbook* providing supplementary guidance to examiners and bankers on assessing the quantity of liquidity risk exposure and the quality of liquidity risk management. It placed new emphasis on the importance of maintaining appropriate levels of highly liquid assets and planning for contingency funding in case wholesale liquidity becomes unavailable.[17]

## Managing Operational Risk

It was "an extraordinary thing," Comptroller Curry said in a May speech. "Some of our most seasoned supervisors, people with 30 or more years of experience in some cases, tell me that this is the first time they have seen operational risk eclipse credit risk as a safety and soundness challenge."[18] In 2012, operational risk and the consequences of operational risk management failure manifested themselves in many forms.[19]

[16] Office of the Comptroller of the Currency, "FAQs on 2010 Interagency Advisory on Interest Rate Risk Management," bulletin 2012-5, January 12, 2012, www.occ.gov.

[17] "Liquidity," *Comptroller's Handbook,* www.occ.gov.

[18] Remarks by Thomas J. Curry, Exchequer Club, May 16, 2012, www.occ.gov.

[19] A complete list of OCC enforcement actions is on page 33.

## Implementing the Mortgage Foreclosure Agreement

In April 2011, the OCC and other federal banking agencies imposed sweeping enforcement actions against 14 large mortgage servicers for having engaged in unsafe and unsound mortgage servicing and foreclosure practices in 2009 and 2010. The consent orders require the companies to hire independent consultants who, under the regulators' supervision, identify borrowers injured financially as a direct result of errors that occurred during the foreclosure process and provide those borrowers with one or more forms of remediation. The order also requires the companies to improve their servicing and foreclosure practices to protect future borrowers from such injury. The actions sought to fulfill the OCC's commitment to "fix what was broken; identify borrowers who were financially harmed; provide compensation for that injury; and, make sure this doesn't happen again."[20]

When an injured borrower is identified—either through the borrower's request for review or as the result of a file review conducted by the independent consultants—the borrower may receive remediation that could consist of a lump-sum payment, a suspension or rescission of a foreclosure, a loan modification or other loss mitigation assistance, correction of credit reports, or correction of deficiency amounts and records. Under the orders, there are no limits to the overall amount of compensation that can be paid out or the remediation action offered.

[20] Statement of Morris Morgan, Deputy Comptroller for Large Bank Supervision, Committee on Oversight and Government Reform, U.S. House of Representatives, March 19, 2012, www.occ.gov.

As stipulated in the engagement letters that defined their responsibilities, the independent consultants are reviewing a base sample of more than 142,000 loan files from the servicers' portfolios. That includes every loan in certain categories of foreclosure cases—for example, borrowers subject to the Servicemembers Civil Relief Act (SCRA). The independent consultants are expected to review additional loans as the process continues and as patterns that require additional investigation come to light.

Beginning in November 2011, the OCC and the servicers' independent consultants launched an extensive campaign to inform eligible borrowers of the opportunity to request a review, free of charge, if they believed they had been harmed by the practices of mortgage servicers subject to the consent order. Nearly 4.4 million letters were sent to borrowers who had been in the process of foreclosure in 2009 or 2010. Additional follow-up mailings were sent to borrowers who did not respond. A Web site, https://independentforeclosurereview.com, and a toll-free telephone number were created to provide information and answer questions about the claims process. Paid advertising ran in more than a thousand publications and on radio stations nationwide; public service announcements ran in print and broadcast media; servicers funded direct outreach through a variety of community groups; and the OCC and the Federal Reserve held training conferences for community and housing advocates and Web seminars to help educate housing counselors and increase awareness of the foreclosure review process.[21]

To promote the broadest participation possible, the two agencies extended the deadline for submitting requests for independent review to December 31, 2012.[22]

While the enforcement action provides remedies for injuries suffered in the past, it also contains provisions designed to improve mortgage-servicing processes going forward. The order requires servicers

[21] Office of the Comptroller of the Currency, "Interim Status Report: Foreclosure-Related Consent Orders," June 2012, www.occ.gov. This publication updates the previous interim report published in November 2011.

[22] Office of the Comptroller of the Currency, "Deadline to Request Independent Foreclosure Review Extended to December 31," news release 2012-117, August 2, 2012, www.occ.gov.

to implement 97 separate corrective measures to address specified unsafe and unsound practices. Those measures fall into several broad categories: developing comprehensive action plans; building strong compliance mechanisms; enhancing third-party management; upgrading management information systems; and reforming the Mortgage Electronic Registration System, which tracks changes in mortgage servicing rights and ownership interests. Although national mortgage servicers have reported significant progress in accomplishing these corrective measures, the OCC is continuing to monitor, validate, and, as necessary, require the correction of work under way to implement servicers' action plans.

## Bank Secrecy Act and Anti-Money Laundering Compliance

Since it was enacted in 1970, the BSA has required banks to maintain records and file reports that were of use to law enforcement and regulators in combating money laundering and other financial crimes. In the last four decades, BSA/AML regulatory requirements and supervisory expectations have increased significantly, requiring institutions to make substantial improvements in their BSA/AML compliance programs. Many institutions have invested in suspicious activity monitoring systems to assist in identifying suspicious activity related to money laundering and terrorist financing. These systems also are used to report suspicious activity

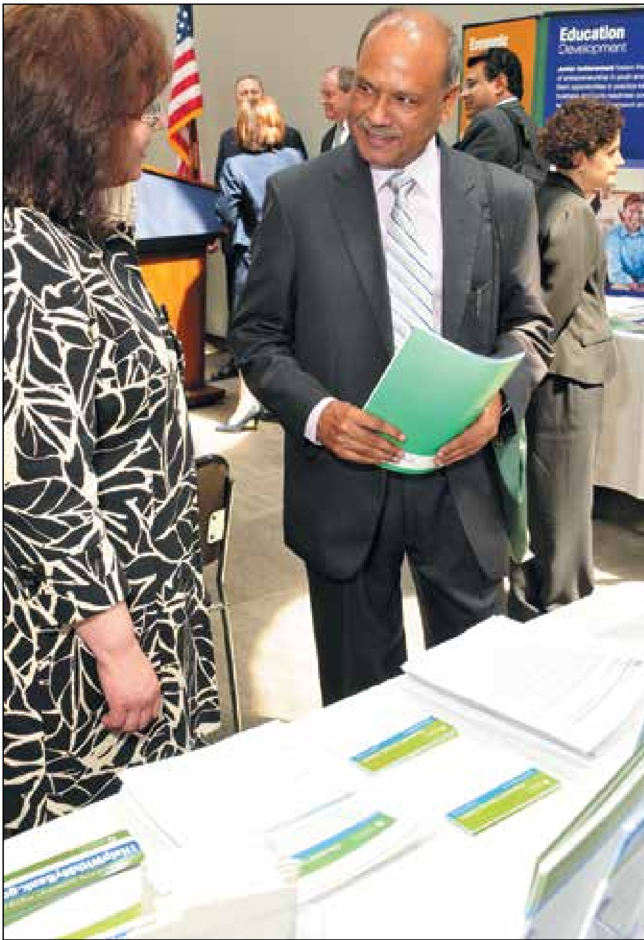
## Initiatives to Promote Financing for Permanent Housing

As a matter of both good business and public responsibility, banks are active supporters of projects that enhance the well-being of the communities they serve. For its part, the OCC disseminates industry best practices, promotes public-private collaboration, and informs the institutions it supervises of the obligations and opportunities available under the Community Reinvestment Act and other legislation.

One OCC initiative in 2012 focused on ways that banks can help to address the plight of the men, women, and children who lack permanent homes. Although the percentage of the population defined as homeless has declined over the last decade, the problem remains acute.

Studies show that one of the best ways to move toward the national goal of ending chronic homelessness by 2015 is to provide permanent supportive housing (PSH)—an approach that combines affordable rental housing with services to help tenants remain in their homes and avoid becoming homeless again. The OCC's February 2012 *Community Developments Investments* newsletter described the innovative strategies being employed by banks to support communities that have developed PSH plans. Some of these strategies take advantage of the Low-Income Housing Tax Credit and New Markets Tax Credit programs to invest in equity funds that not only build and manage housing projects but also provide a range of services to their residents, including mental health counseling, substance abuse treatment, educational programs, and job training. In other cases, banks invest directly in PSH projects through their own community development departments or aid the effort by transferring foreclosed multifamily properties to developers for renovation. Banks also make cash grants and contributions of their employees' time and expertise to nonprofit organizations that help people who are homeless. Efforts like these may receive positive consideration under the Community Reinvestment Act.[23]

[23] Office of the Comptroller of the Currency, *Community Developments Investments,* "Ending Homelessness: Financing Permanent Supportive Housing," February 2012, www.occ.gov.



OCC employees provide information to participants on Financial Literacy Day on Capitol Hill.

to law enforcement agencies and to ensure that such transactions do not involve entities subject to Office of Foreign Asset Control sanctions.

The individuals whose behavior the BSA was enacted to stop, however, also have become more determined and sophisticated. Today, the challenge comes not only from drug cartels and criminal organizations seeking to launder money through the U.S. financial system but also from terrorists and rogue regimes.

BSA and money-laundering problems have been on the rise throughout the financial system, and the OCC has worked hard to stay ahead of the growing challenge presented by BSA compliance. In the last year, the agency has

- updated and enhanced its BSA/AML examination procedures;
- increased the resources and expertise devoted to BSA/AML supervision;
- improved examiner training on emerging threats and vulnerabilities;
- kept the financial services industry abreast of OCC expectations;
- developed enhanced risk identification and analysis tools for the industry's use;
- stepped up formal coordination with other concerned federal agencies;
- refined its testing and sampling techniques to ensure that banks effectively identify suspicious transactions; and
- brought strong enforcement actions against banks found to be in non-compliance with BSA/AML requirements.

In the past 10 years, the OCC has issued more than 180 formal enforcement actions based in whole or in part on BSA/AML violations, including 24 during 2012.

In April 2012, for example, the OCC issued a consent cease-and-desist order against one large national bank for violations of the BSA and underlying regulations. The OCC found that the bank's BSA compliance program had deficiencies with respect to internal controls, customer due diligence, independent BSA auditing function, monitoring of remote deposit capture and international cash letter instrument processing, and suspicious activity reporting. The order required the bank to take comprehensive corrective actions to ensure the independence of the bank's compliance staff, to automate and make accessible all customer due diligence processes, and to conduct a review of its remote deposit capture activity.[24]

The OCC's supervision and enforcement actions with respect to HSBC Bank USA were the focus of a July 2012 report by the Senate Committee on Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations. The report criticized the OCC for not taking action soon enough and made

[24] Office of the Comptroller of the Currency, "OCC Issues Cease and Desist Order Against Citibank, N.A.," news release 2012-57, April 5, 2012, www.occ.gov.

specific recommendations to the OCC to improve its BSA/AML supervision, all of which are being implemented.

The OCC published a supervisory memorandum clarifying the composition and function of its Large Bank Review Team, which contributes independent perspective to the supervisory process to promote and ensure consistency in BSA/AML compliance and enforcement in large banks. The OCC also refined its approach to reporting BSA/AML violations in its examination reports and reaffirmed that because of the serious risk that such violations pose, examiners generally will downgrade the management component of the bank's rating under the Uniform Financial Institutions Rating System when serious BSA/AML deficiencies are identified.

## Consumer Compliance

Dodd–Frank enacted substantial changes in the regulation of consumer financial services. The law endowed the new Consumer Financial Protection Bureau (CFPB) with important responsibilities for rulemaking across the financial system and for enforcement and supervision of certain consumer laws at banks with more than $10 billion in assets and previously unregulated non-banks.

Ensuring fair access and treatment of bank customers remains a fundamental part of the OCC's mission. OCC examiners continue to evaluate compliance with the Community Reinvestment Act (CRA) and flood insurance rules in banks of all sizes, as well as all consumer protection issues in banks with $10 billion or less in assets. The agency takes comprehensive enforcement actions when necessary to protect consumers' rights.

The partial transfer of consumer compliance responsibilities to the CFPB underscored the importance of coordination and collaboration between the CFPB and the federal banking agencies. In 2012, the OCC, along with the Board of Governors of the Federal Reserve System, the FDIC, and the National Credit Union Administration, agreed to a Memorandum of Understanding with the CFPB to coordinate key aspects of the supervision of banks with more than $10 billion in assets, to avoid unnecessary supervisory regulatory burden and overlap. The agreement provided that the agencies would work together to schedule examinations, share information, and avoid issuing conflicting supervisory directives.[25]

At the beginning of the fiscal year, the OCC processed consumer complaints relating to large banks on the CFPB's behalf while the CFPB developed internal systems capable of processing such complaints independently. This process is now complete; the CFPB is processing all consumer complaints under its jurisdiction except for mortgage foreclosure

### Cultivating OCC Skills and Leadership

The increased complexity of the financial regulatory system—and the steady retirement from the workplace of experienced OCC employees—make it imperative that the OCC identify, train, and nurture the next generation of professionals, who will inherit responsibility for the financial system's supervision. The OCC has a number of initiatives under way to ensure that the agency is building the specialized skills it needs to fulfill its important mission—not just next month or next year, but for decades to come.

One example is the EXCEL program, which was launched in 2012 and is based in the OCC's Large Bank Supervision Department. EXCEL recruits mid-level examiners committed to advancing their expertise in one of seven specialty areas: asset management, bank information technology, capital markets, commercial credit, compliance, operational risk, and retail credit. Successful candidates spend 12 to 24 months as part of a training team led by a senior OCC examiner, receiving formal instruction in the selected specialty area and participating in specialized examinations of OCC large banks. This accelerated development provides some of the OCC's most talented but less-experienced examiners with an important career-enhancing experience and the agency with a cadre of high-level specialists ready to step into leadership roles in the future.

[25] Office of the Comptroller of the Currency, "Agencies Sign Memorandum of Understanding on Supervisory Coordination," news release 2012-85, June 4, 2012, www.occ.gov.

complaints submitted against banks with more than $10 billion in total assets operating under the mortgage foreclosure consent order. Throughout 2012, the OCC's Customer Assistance Group continued to process questions and complaints relating to consumer issues within the OCC's purview, which includes the BSA, the CRA, flood insurance rules, and all consumer protection issues relating to banks with less than $10 billion in assets.

The importance of interagency collaboration was highlighted in a number of joint actions taken in 2012 to protect consumers from unscrupulous and illegal practices. In coordination with the U.S. Department of Justice, the OCC took enforcement actions against two large national banks for violations and compliance deficiencies related to the SCRA, the law that provides certain financial protections to active-duty servicemembers. OCC examiners found that the two banks had violated a number of SCRA provisions—for example, by denying legitimate claims for interest rate relief under SCRA and pursuing credit card and mortgage judgments against SCRA-covered individuals. The OCC's actions required the banks to engage an independent firm to identify servicemembers who were eligible for SCRA benefits or protections and did not receive them, and to make restitution to them. This case also illustrated the importance of adequate control of third-party vendors, which the two banks had engaged to market and service some of the consumer products connected with the SCRA violations.[26]

An OCC action against another large national bank for violations of section 5 of the Federal Trade Commission Act, which bans "unfair or deceptive acts or practices," was undertaken in collaboration with the CFPB. The bank was cited for abuses in the sale and marketing of products that purported to provide debt cancellation, debt suspension, and credit and identity protection services. Through the bank's own agents and through third-party vendors retained by the bank, customers were subjected to high-pressure sales and retention tactics as well as false and misleading claims about the benefits these products provided. The OCC imposed a $35 million CMP against the bank and, together with the CFPB, ordered the bank to provide $150 million in restitution to the approximately 2.5 million consumers who were affected by the bank's practices.[27]

In another example of interagency cooperation on behalf of consumers, the OCC worked with the Justice Department in taking action against a large national bank for violations of the federal fair lending laws. The bank was charged with a pattern of discrimination in which African-American and Hispanic borrowers were allegedly steered to higher-priced subprime loans between 2004 and 2008. As a result of the agencies' investigations, the Justice Department was able to enter into a settlement whereby the bank agreed to pay $175 million in compensation, provide assistance to borrowers, and conduct an internal review of its retail mortgage lending, providing additional compensation to minority borrowers as appropriate. The OCC's investigation and the Justice Department's action, Comptroller Curry said, "should send a strong message to every institution that lending discrimination in all its forms will not be tolerated."[28]

## Implementing Dodd–Frank

In 2012, the OCC made substantial progress toward meeting Dodd–Frank's requirements, issuing a final rule to remove references to credit ratings from OCC regulations, a rule on stress testing by financial institutions over $10 billion, a proposed rule on appraisals for higher-risk mortgage loans, an interim final rule on lending limits for derivative and securities financing transactions, and a proposed rule on proprietary trading (the Volcker rule). As noted previously, working arrangements between the federal banking agencies and the new CFPB were coordinated and refined. The integration of the personnel, functions, assets, and policies of the former OTS into the OCC continued beyond the July 21, 2011, transfer date. Also, through its outreach and oversight

[26] Office of the Comptroller of the Currency, "OCC Takes Actions Against Capital One to Assure Servicemembers Receive Credit Protections for Their Mortgages and Other Loans," news release 2012-115, July 26, 2012, www.occ.gov.

[27] Office of the Comptroller of the Currency, "OCC Assesses Civil Money Penalty Against Capital One, Orders Restitution to 2.5 Million Customers," news release 2012-110, July 18, 2012, www.occ.gov.

[28] Office of the Comptroller of the Currency, "Comptroller Statement Regarding Wells Fargo Fair Lending Settlement," news release 2012-107, July 12, 2012, www.occ.gov.

## Strengthening Bank Capital and Harmonizing Capital Standards

The rebuilding of the banking system since the financial crisis has in large part been a story of rising bank capital—a bank's cushion against unexpected losses. Since 2009, the ratio of capital to total assets for banks has grown by nearly 40 percent, boosting confidence in the strength and capability of these institutions to continue serving customers and communities.

The central importance of bank capital to safety and soundness has been the subject of a series of policy pronouncements from various quarters since the financial crisis began. The G20 governments, the Financial Stability Board, the Basel Committee on Banking Supervision, and other international bodies have developed and introduced principles and standards to increase capital.

While embracing much of the international capital agenda, Dodd–Frank added requirements that cause the capital regime applicable to U.S. banks to differ in some respects from those of other countries. One difference, discussed elsewhere in this report, relates to the role of credit ratings in evaluating creditworthiness. Another Dodd–Frank provision, known as the Collins Amendment, requires that minimum capital standards apply to bank holding companies as well as to banks, and that large banks must face capital requirements that are no less stringent than smaller banks.[29]

The federal banking agencies, including the OCC, worked in 2012 to reconcile the provisions of Dodd–Frank with those of the third iteration of the Basel Committee's international capital standards. In June the OCC and other federal banking agencies issued three notices of proposed rulemaking (NPR) concerning implementation of the various capital rules for U.S. banks.[30] In the first NPR, the agencies proposed to adopt the new Basel III minimum capital requirement, based on common equity, the strongest kind of capital. In addition, the agencies proposed to limit dividend and compensation payouts if a bank does not hold equity capital beyond certain threshold amounts relative to risk-weighted assets.

In the second NPR, the agencies proposed to revise and harmonize rules for calculating risk-weighted assets in order to enhance risk sensitivity and address weaknesses identified in recent years. These proposed revisions would be applicable to all banking organizations.

In the third NPR, the federal banking agencies proposed to adopt certain aspects of the Basel III framework as it applies to the largest and most complex organizations.

In recognition of the substantial changes to the regulatory capital framework that had been proposed, and to facilitate comment from and understanding by smaller banks, the OCC, in conjunction with the other banking agencies, undertook efforts to ease the burden of analyzing the proposed rules. For example, the banking agencies separated the proposals into the three NPRs noted above so that smaller banks could disregard the third NPR in its entirety. In addition, the agencies developed addendums to the first two NPRs summarizing them for smaller banks and identifying the elements that would apply to those institutions. The agencies also built an estimator tool to help smaller banks assess the amount of capital that might be needed to comply with the proposed standards. Finally, the OCC and the other agencies also conducted extensive outreach in a variety of forums and extended the comment period to allow the industry more time to assess and comment on the proposals.

[29] Statement of John Walsh, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, March 22, 2012, www.occ.gov.

[30] Office of the Comptroller of the Currency, "Agencies Seek Comment on Regulatory Capital Rules and Finalize Market Risk Rule," news release 2012-88, June 12, 2012, www.occ.gov.

## Rule on Risk-Based Capital for Market Risk

In 1988, the Basel Committee, the body that serves as a forum for international cooperation on bank supervisory matters, promulgated the first international agreement on bank capital standards. Eight years later, in 1996, the committee developed additional standards on capital requirements for market risk—those risks to a bank's trading activities that arise from fluctuations in interest rates, currency exchange rates, and commodity and stock market prices. The Basel Committee refined these standards after the financial crisis revealed weaknesses in market-risk management, and it boosted the capital standards for market risk.[31]

The OCC and other U.S. banking agencies largely adopted the new Basel standards in developing a final rule on risk-based capital for market risk. The OCC rule applies to banks with trading assets and liabilities that are more than 10 percent of total assets or more than $1 billion. In accordance with Dodd–Frank, U.S. banks may not use external credit ratings to calculate their capital charge for market risk.[32]

The final rule incorporates a revised definition of the trading positions subject to the market-risk capital charge and to requirements that affected banks adopt more rigorous stress testing of covered positions, improved internal models, and higher disclosure standards. The rule goes into effect on January 1, 2013.[33]

activities, the OCC's Office of Minority and Women Inclusion, another Dodd–Frank initiative, promoted diversity in the workplace, in the ranks of OCC contractors, and among OCC-regulated institutions.

In all, the OCC undertook more than 100 projects to conform to the new law, either separately or with other agencies.

[31] Basel Committee on Banking Supervision, "Revisions to the Basel II Market Risk Framework," February 2011, www.bis.org/publ/bcbs193.htm.

[32] Office of the Comptroller of the Currency, "Regulatory Capital-Basel III and the Standardized and Advanced Approaches: Notice of Proposed Rulemaking," bulletin 2012-24, August 30, 2012, www.occ.gov.

[33] Testimony of Thomas J. Curry, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 6, 2012, www.occ.gov.

## Rule on Credit Ratings

Banks have long been permitted to purchase "investment grade" bonds and other debt instruments for their own investment accounts. Over the years, banks and regulators came to rely heavily on evaluations by credit-rating agencies to determine whether the investments under consideration were safe to hold. Unfortunately, during the financial crisis, many highly rated securities, particularly private-label, mortgage-backed securities, performed poorly, and some ratings agencies gave dubious mortgage-backed securities higher ratings than they deserved, leaving institutional and other investors with big losses. That experience prompted section 939A of Dodd–Frank, which required regulators to modify their definition of "investment grade" to remove references to credit ratings. As a result, the revised rule requires banks to undertake more comprehensive evaluations of the quality of securities being considered for investment.

On June 26, 2012, the OCC issued a final rule on credit ratings, removing from its regulations all requirements that banks consider external credit ratings in making an "investment grade" determination. "In other words," the rule states, "a security rated in the top four rating categories by [a nationally recognized statistical rating organization] is not automatically deemed to satisfy the revised 'investment grade' standard." Banks may continue using agency ratings in performing their evaluations, however, to supplement their internal credit risk management processes and other third-party analytical tools.[34]

To facilitate this transition, the OCC simultaneously released final guidance as an aid to banks, particularly community banks and federal savings associations, regarding the factors they should consider in their due diligence when assessing securities of different degrees of complexity. The OCC understands that many smaller banks have lacked the capacity to perform the kind of independent credit analysis that the regulation requires, and the guidance provides those institutions with a number of tools to assist them, including a matrix of factors to consider when banks perform these self-assessments.[35]

[34] Office of the Comptroller of the Currency, "Alternatives to the Use of External Credit Ratings in the Regulations of the OCC: Final Rules and Guidance," bulletin 2012-18, June 26, 2012, www.occ.gov.

[35] Ibid.

## Rule on Stress Testing

The financial crisis proved the value of rigorous, credible stress tests, such as those conducted in 2009 under the auspices of the Supervisory Capital Assessment Program.[36] These tests can help banks identify weaknesses, withstand adversity, and maintain public confidence.

Dodd–Frank requires annual stress testing in institutions with assets of $10 billion to $50 billion and twice-annual stress testing for banks that exceed $50 billion. It further requires the primary regulator of financial institutions subject to the stress testing requirement to issue regulations that implement the stress test requirements, define the methods for stress testing, and set standards for the reporting and publication of each institution's stress test results.

In October 2012, the OCC and the other federal banking agencies released the Dodd–Frank-mandated stress test rule. The implementation timeline calls for the largest banks to implement stress testing immediately, while banks with $10 billion to $50 billion in assets, which generally have less experience with stress testing, are afforded a full year before stress testing must begin.[37]

In addition, the OCC and the other federal banking agencies issued guidance in May 2012 that discussed the uses and merits of stress testing in specific areas of risk management for banks with assets greater than $10 billion. The guidance outlines the general principles of a satisfactory stress testing framework and describes how banks should implement them. The guidance also discusses the importance of stress testing in capital and liquidity planning and the importance of strong internal governance.[38] The agencies noted that while the guidance and Dodd–Frank stress testing rules do not apply to banks with less than $10 billion in assets, all banking organizations, regardless of size, should have the capacity to analyze the potential impact of adverse outcomes on their financial condition in a manner consistent with the institution's risk profile.[39]

## Rule on Lending Limits

In general, the OCC's lending limits rule imposes specified limits on national bank and federal savings association loans and extensions of credit to one borrower. Section 610 of Dodd–Frank expanded the definition of loans and extensions of credit to include certain derivative instruments, repurchase agreements, reverse repurchase agreements, and securities lending or borrowing transactions. The goal is to better regulate the large over-the-counter derivatives market.[40]

In June 2012, the OCC adopted an interim final rule that amended its lending limit rule to implement Section 610. The rule provided a compliance date of January 1, 2013, to give banks time to adapt to the new standard. The rule provides different options for measuring the exposure of each transaction type, which are intended to reduce the regulatory burden for midsize and community banks.[41]

[36] For an account of the Supervisory Capital Assessment Program, see the OCC's *Annual Report FY 2009*, 11–12, www.occ.gov.

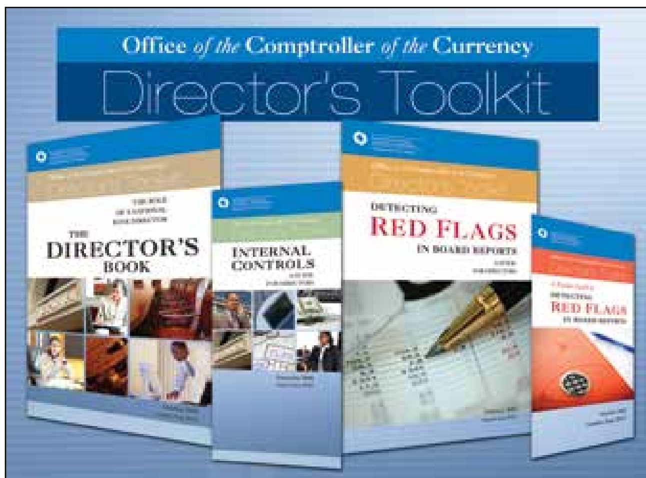
[37] Office of the Comptroller of the Currency, "Comptroller Curry's Statement Regarding FDIC Stress Test Rule," news release 2012-143, October 9, 2012, www.occ.gov.

[38] Office of the Comptroller of the Currency, "Agencies Finalize Large Bank Stress Testing Guidance," news release 2012-75, May 14, 2012, www.occ.gov.

[39] Office of the Comptroller of the Currency, "Statement to Clarify Supervisory Expectations for Stress Testing by Community Banks," May 14, 2012, www.occ.gov.

[40] Office of the Comptroller of the Currency, "OCC Issues an Interim Final Lending Limit Rule," news release 2012-92, June 20, 2012, www.occ.gov.

[41] Office of the Comptroller of the Currency, "Lending Limits: Interim Final Rule," bulletin 2012-19, June 29, 2012, www.occ.gov. It is anticipated that the compliance date will be extended when the final rule is adopted.




## The Volcker Rule

Section 619 of Dodd–Frank, known as the Volcker rule, prohibits banks from engaging in short-term proprietary trading of securities and derivatives for the banks' own account. It also prohibits banks from owning or having certain relationships with hedge funds or private equity funds.

In developing and implementing regulations, the OCC and other federal agencies had to consider how to distinguish impermissible proprietary trading from permitted market-making-related activities, hedging, underwriting, and transactions on behalf of customers. A second important issue was how to identify the hedge funds and private equity funds that would be covered by the Volcker rule, including whether some kinds of securitization would be considered "hedge funds" and thus subject to Volcker rule restrictions.[42]

These complex questions led to a proposed rulemaking that was released for public comment on October 11, 2011. Running to almost 300 pages, the proposal included nearly 400 questions on issues still to be resolved.[43] In light of public interest in the proposal, the federal banking agencies agreed to extend the deadline for comments for one month, from January to February 2012.[44] More than 19,000 comment letters were received by the closing date. The agencies are now discussing the issues raised by commenters and are drafting revisions to the proposal. Financial institutions will have two years, or until July 21, 2014, at the latest, to conform their activities to the statutory prohibitions and any final rule that is issued, unless an extension is granted by the Federal Reserve.[45]

Questions about the scope of the Volcker rule were highlighted by events at the nation's largest bank, JP Morgan Chase (JPMC). In late April and early May, JPMC experienced large losses that resulted from a sudden deterioration of positions taken by the bank that began as a program to hedge against credit risk. These losses prompted a comprehensive review of the adequacy and rigor of the bank's risk management practices and of the OCC's oversight of the bank. The events also raised questions about whether the activities in question would have been prohibited activities under section 619 of Dodd–Frank.

During congressional hearings on June 6, Comptroller Curry discussed the OCC's ongoing review of its supervision of JPMC and the relationship between JPMC's difficulties and the Volcker rule.[46]

## Transfer of the Former OTS

On July 21, 2011, under the authority of Title III of Dodd–Frank, most functions of the OTS transferred to the OCC. From that day forward, the OCC has been responsible for the examination, supervision, and regulation of federal savings associations.

Important work remained to be done in 2012 to finalize the transfer of personnel, functions, and assets. The integration of OCC and OTS regulations and the merger of more than 1,000 OTS supervisory policies into a consolidated OCC policy framework continued, with the goal of eliminating duplication, reducing unnecessary burden, and providing consistent treatment, where appropriate, for both national banks and federal savings associations.[47]

[42] Statement of John Walsh, Acting Comptroller of the Currency, Subcommittees on Capital Markets and Government Sponsored Enterprises and on Financial Institutions and Consumer Credit, Committee on Financial Services, U.S. House of Representatives, January 18, 2012, www.occ.gov.

[43] Office of the Comptroller of the Currency, "The OCC Issues Volcker Rule Proposal for Public Comment," news release 2011-126, October 11, 2011, www.occ.gov.

[44] Office of the Comptroller of the Currency, "Agencies Extend Comment Period on Volcker Rule Proposal," news release 2011-155, December 23, 2011, www.occ.gov.

[45] Office of the Comptroller of the Currency, "Volcker Rule Conformance Period Clarified," news release 2012-64, April 19, 2012, www.occ.gov.

[46] Statement of Thomas J. Curry, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 6, 2012, www.occ.gov.

[47] Testimony of John Walsh, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 6, 2011, www.occ.gov.

As part of this process, the OCC rescinded hundreds of OTS documents that were outdated, were replaced, or are being incorporated into OCC supervisory publications.[48]

The OCC recognized from the beginning that these changes would usher in a period of uncertainty for federal savings associations now operating under the OCC's authority. To help those institutions understand and adapt to changes in their regulation and supervision, the agency held a number of outreach meetings and teleconferences at which concerns were aired and explanations provided by OCC supervisory staff.[49]

## Office of Minority and Women Inclusion

In 2012, the OCC continued to rank near the top among the "Best Places to Work in the Federal Government," with especially strong scores from employees for the OCC's support for diversity.

Section 342 of Dodd–Frank reinforced the agency's diversity objectives by requiring each of the federal banking agencies to establish an Office of Minority and Women Inclusion (OMWI). The office's mandate is to develop standards for equal employment opportunity and racial, ethnic, and gender diversity among the workforce and senior management of the agency; increase participation among minority- and women-owned businesses with which the agency contracts; and assess the diversity policies and practices of the financial institutions that they supervise and regulate.

In March, the OCC OMWI documented its activities in a report to Congress. The office continued to focus its activities in 2012 on increasing the participation of Hispanics in OCC major occupations and of women in the national bank examiner positions, two areas in which their workforce participation falls below the National Civilian Labor Force comparator for those occupational groups. The OCC continued to support minority and female high school and college students for internship opportunities.

Joyce Cofield, Executive Director of the OCC's Office of Minority and Women Inclusion (right), speaks with an attendee during an outreach event for minority small-business contractors.

To promote opportunities for minority- and women-owned businesses, the OCC enhanced its outreach program by creating print publications and enabling electronic access to information about the OMWI program and how to conduct business with the agency. The OCC's OMWI also increased its attendance at vendor forums throughout the country to engage in one-on-one discussions with and provide technical assistance to minority- and women-owned businesses. For FY 2011 and FY 2012, the OCC awarded procurement actions representing 38 percent and 34 percent, respectively, of its total spending to minority- and women-owned businesses.

Perhaps the most challenging part of section 342 of Dodd–Frank is its mandate that OMWI develop standards for assessing the diversity policies and practices of entities regulated by the OCC. The OCC is working collaboratively with its counterparts at the other federal banking agencies to develop consistent and appropriate standards for the diversity assessments. The OMWI interagency group has held a series of roundtable meetings with industry representatives and trade and consumer advocacy groups around the country to solicit input and gather information on best approaches for implementing this section of Dodd–Frank.[50] The interagency group is developing a notice for publication in the *Federal*

[48] Office of the Comptroller of the Currency, "Rescission of OTS Documents," bulletin 2012-2, January 6, 2012, www.occ.gov; bulletin 2012-15, May 17, 2012, www.occ.gov; bulletin 2012-23, August 24, 2012, www.occ.gov.

[49] See, for example, Office of the Comptroller of the Currency, "Office of the Comptroller of the Currency Hosts Workshops in New Jersey," news release 2012-21, February 10, 2012, www.occ.gov. Twelve such workshops were held in 2012.

[50] "Office of Minority and Women Inclusion, Section 342, 2011 Annual Report to Congress, March 2012," www.occ.gov.

*Register* to enable interested parties to provide comments on the proposed standards.

A key related goal is to sustain a viable minority-owned banking sector, which was hit especially hard during the economic recession. The OCC has long recognized the importance of minority-owned banks, which often play a vital role in providing financial services to underserved communities. To help the agency understand the unique challenges these institutions face, the OCC is in the process of establishing an advisory committee on minority banks, which will be made up of officers and directors of those institutions and other financial institutions committed to supporting them. Committee members will offer insights to OCC supervisory personnel on providing technical assistance, encouraging the formation of new minority financial institutions, and safeguarding the minority character of these institutions during mergers or acquisitions.[51]

Comptroller Curry speaks about the importance of small-business lending to economic growth and job creation.

[51] Office of the Comptroller of the Currency, "OCC Establishes Advisory Committees on Minority Institutions and Mutual Associations," news release 2011-131, October 21, 2011, www.occ.gov.