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Comptroller of the Currency
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OCC at a Glance

- Created by Lincoln to oversee a national banking system in 1863
- Created to unite a nation through a uniform, nationwide system of banking, currency, and commerce



OCC at a Glance

Mission:

- Ensures banks operate in a safe and sound manner, provide fair access, treat customers fairly, and comply with laws and regulations.

OCC at a Glance

- 3,900 employees
- 1,309 federal banks, thrifts & branches
- \$11.8 trillion in assets (67%)
- \$51.6 trillion in fiduciary & custody assets (43%)

Agency Actions & Priorities

Agency Priorities

- Modernize the Community Reinvestment Act
- Encourage short-term, small-dollar lending
- Simplify regulatory capital and the Volcker Rule
- Special purpose national charter for fintech companies
- Update approach to Bank Secrecy Act compliance
- Operate effectively and efficiently
- Empower Examiners-in-Charge

Condition of Banking

Condition of Banking

- Capital and liquidity near historic highs
- Best risk management in 30+ years
- Return on equity and asset quality approaching pre-crisis levels
- Higher regulatory costs

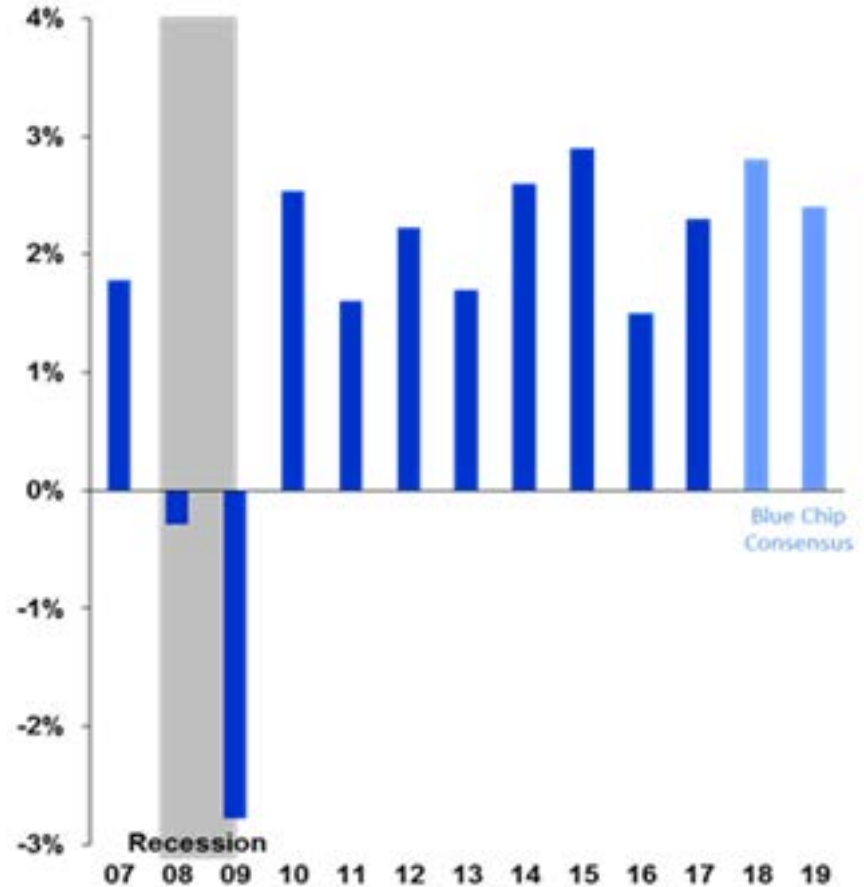
Improving Conditions Through 2019

	2015	2016	2017	2018	2019
	Actuals		Estimated	Projected	
ROAA (%)	1.04	1.04	0.96	1.25	1.25
ROAE (%)	9.28	9.23	8.55	11.18	11.29
Efficiency ratio (%)	59.56	57.97	57.63	58.14	57.25
Net interest margin (%)	3.04	3.09	3.21	3.24	3.28

Strong GDP Growth

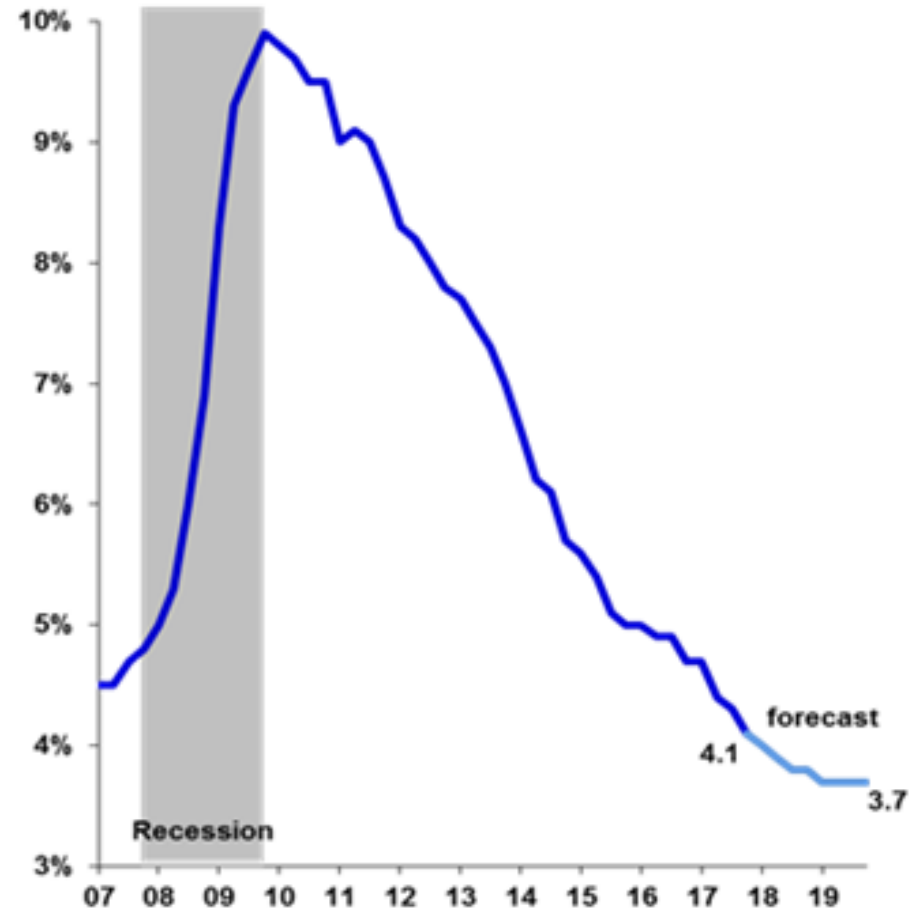
- Expansion to continue through at least 2019
- GDP grew 4.1% in Second Quarter '18

Real GDP, percentage change annual rate



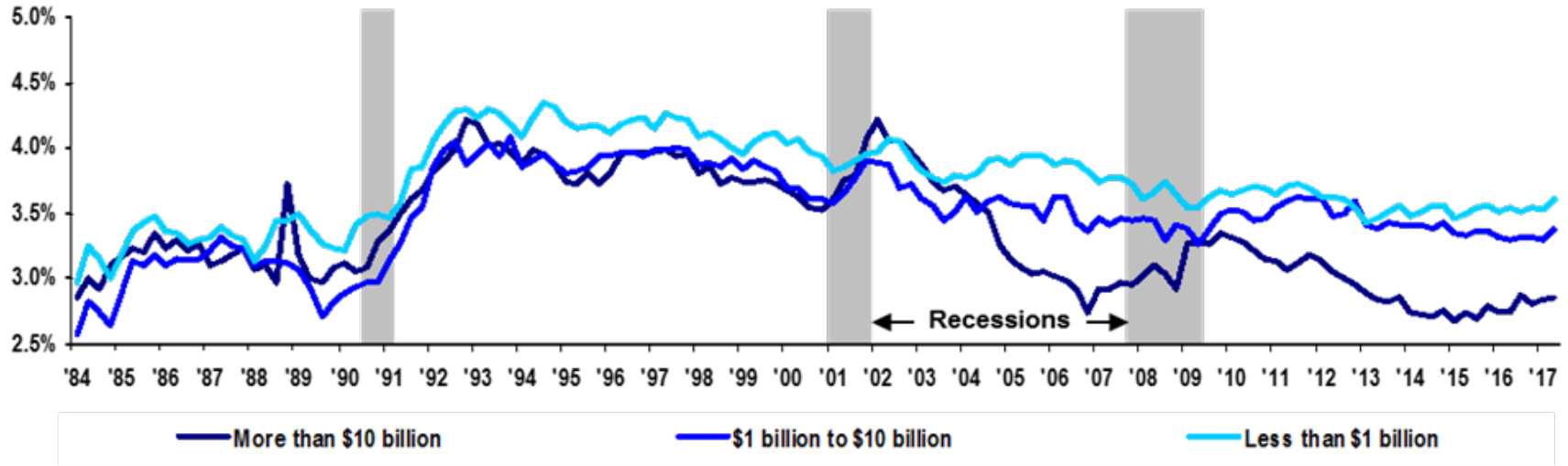
Low Unemployment

- Near full employment
- Pick-up in wage growth from Tax Cuts and Jobs Act stimulus
- Fell to 3.9% at the end of July

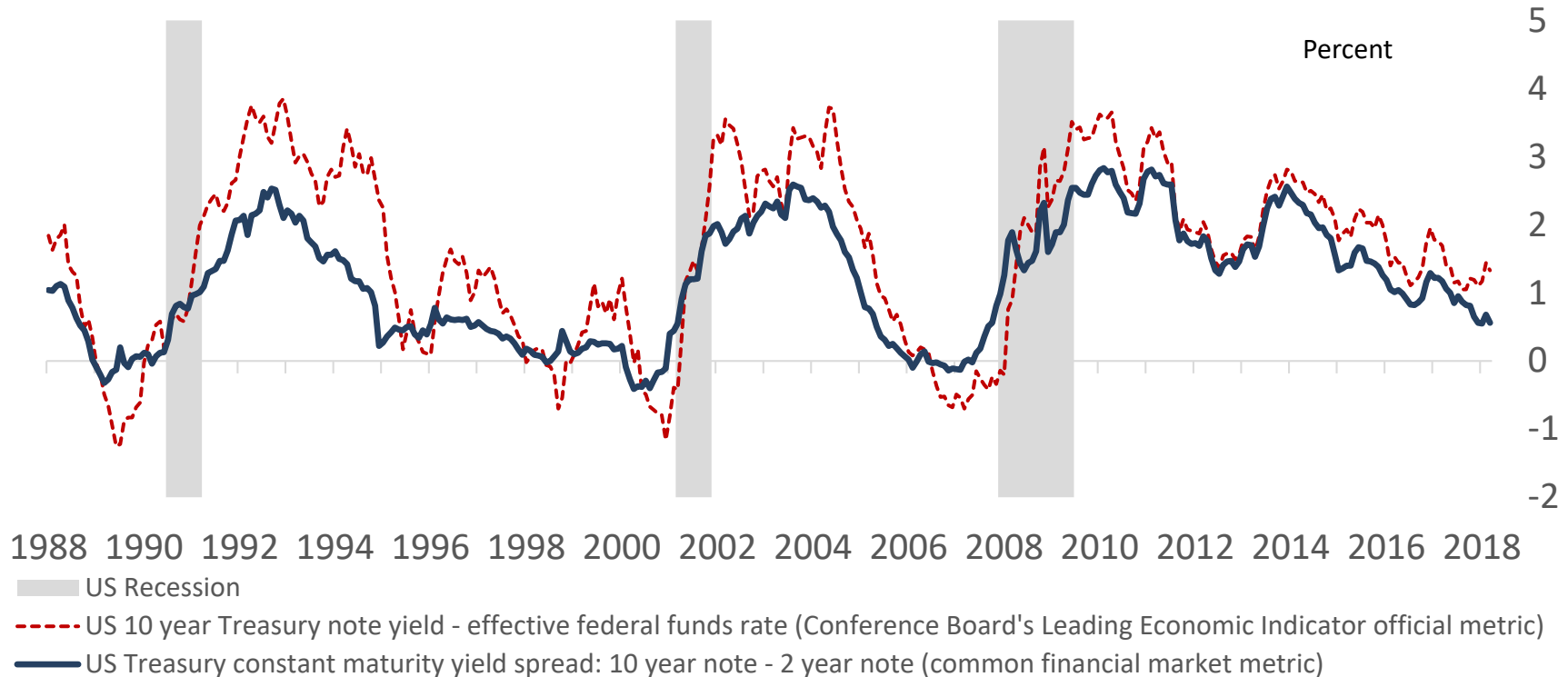


Net Interest Margin as a Percentage of Earning Assets

- Net interest margins have increased

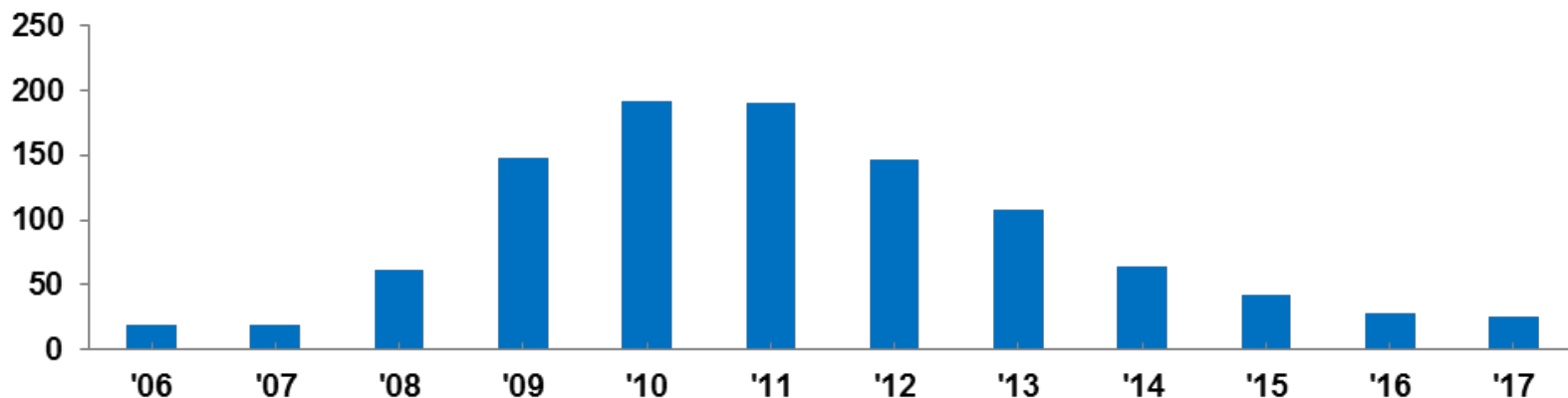


Yield Curve Spread Typically Inverts Prior to Recessions



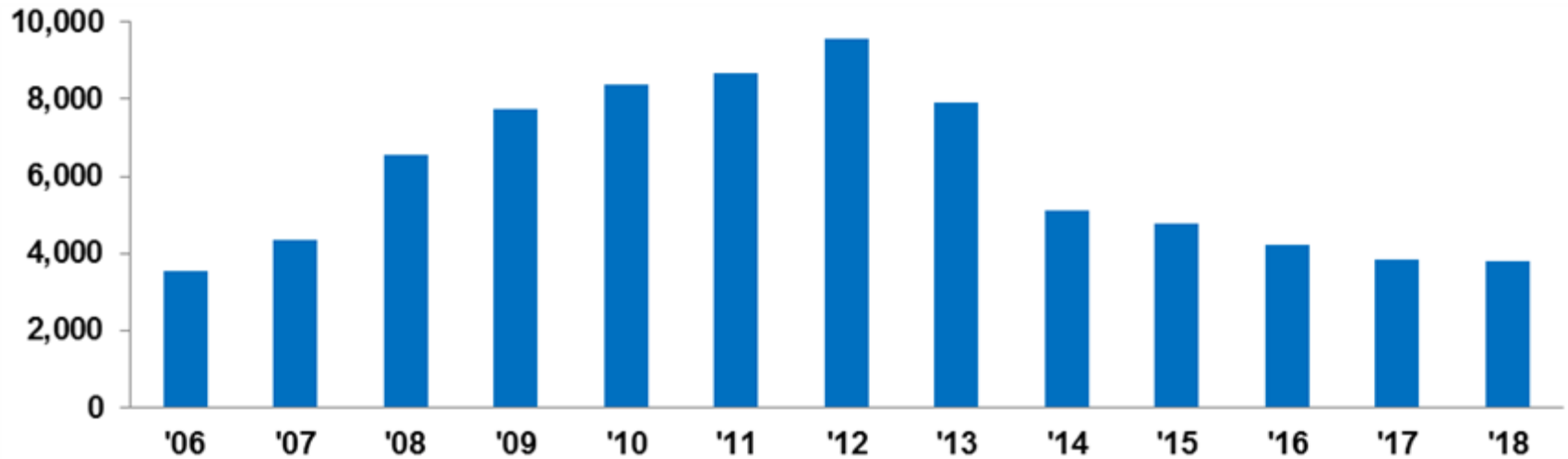
Banks Are Better Rated

Number of 4- or 5-rated banks near historic norm



Banks Have Fewer Issues

Number of MRAs down



Risks Facing the Federal Banking System

Key Risks

Credit	<ul style="list-style-type: none">• Incremental easing in credit underwriting
Interest Rate	<ul style="list-style-type: none">• Rising interest rates could erode value of long-duration and low, fixed-rate assets• increase the cost of deposits because of competitive pressures
Operational	<ul style="list-style-type: none">• Increasing complexity of cybersecurity threats• Increasing concentrations in third-party services
Compliance	<ul style="list-style-type: none">• Ongoing challenges in complying with the Bank Secrecy Act (BSA)• Challenges in consumer compliance risk management

Top Five Cybersecurity Issues

1. Phishing
2. Ransomware and extortion
3. Business e-mail compromise
4. Unpatched/out-of-date software
5. Cyber attacks via third-party risks

Risks to Watch

- Agricultural debt and ability to service debt could be affected by additional price drops
- Current expected credit loss (CECL) in 2020 for SEC filers and 2021 for others

Questions?