Meeting Minutes
Office of the Comptroller of the Currency (OCC)
U.S. Department of the Treasury
October 21, 2014

Presenters:

Chris Fransway (National Bank Examiner)
Email: christopher.fransway@occ.treas.gov

Presentation & Notes:

Office of the Comptroller of the Currency
- Established in 1863 under President Lincoln as part of the National Currency Act/
  National Bank act
- Regulate National Banks
- Comptroller is appointed by the President for 5 year term
- Self- Sufficient agency within U.S. Department of Treasury

Financial Institutions and Regulatory Agencies

Institution
- National Bank
- State Bank/ Fed Member
- State Bank/ Nonmember
- Savings Bank/ FSB
- Credit Union
- Bank Holding Company

OCC Regulator Authority
- In regulating national banks, the OCC has the power to:
  - Examine national banks
  - Process applications for new charter, branches and capital
  - Take actions against banks not complying with laws and regulations or
  - Remove officers and directors and issue cease and desist orders as well as evil
    money penalties
  - Issues banking rules and regulations
Meeting Minutes
Office of the Comptroller of the Currency (OCC)
U.S. Department of the Treasury
October 21, 2014

Safety and Soundness Examinations
Examiners Assign Ratings- Scale of 1 to 5
- Capital
- Asset Quality
- Management
- Earnings
- Liquidity
- Sensitivity to market risk
- Information Technology
  - Composite Rating (CAMELSI rating)

Capital Adequacy
- Minimum capital established by law and regulation
  - Banks are required to hold a certain amount of capital on the balance sheet
- Dictate activities in which a bank can engage; volume of loans, borrowings, etc.
- Capital Ratios
- TARP

Asset Quality
- Volume of Problem Assets
  - Criticized Assets
  - Classified Assets
- Concentrations of Risk
- Credit Administration Practices
- Allowance for Loan & Lease Losses
  - Contra-asset account established to absorb any write-offs that bank might have to make (ASC 450 and ASC 410)
  - To absorb any losses in Loan Portfolios
Meeting Minutes
Office of the Comptroller of the Currency (OCC)
U.S. Department of the Treasury
October 21, 2014

Management

- Competency of Management
  - You meet bankers on day 1 of the job
  - Expertise in Relation to Risks
  - Safe& Sound Practices
  - Appropriate Policies, Procedures, Controls
  - Compliance with Laws
- Quality of Board Oversight

Earnings

- Quality of Earnings
- Quantity of Earnings
- Growth- historical and planned
- Dividend Practices
- Budget

Liquidity

- Sufficiency & Mix of Funding Sources
  - i.e. deposits
- Ability to Meet Expected Needs
- Cost of Liquidity

Sensitivity to Market Risk

- Primarily Interest Rate Risk for most community banks
- Risk to earnings and capital from changes in market rates
- Earnings at Risk
- Economic Value of Equity

Information Technology

- Management of Technology Resources
- Availability of Information
- Integrity of Information
- Confidentiality of information
  - Bank applications
  - Online access to bank accounts
Meeting Minutes
Office of the Comptroller of the Currency (OCC)
U.S. Department of the Treasury
October 21, 2014

Composite Rating Scale
1= Sound and every respect
2= Fundamentally Sound
3= More weaknesses
4= Serious Problems
5= Failure is highly probable

Working for the OCC
• OCC hires twice a year around September and February for January and June start dates
  o OCC pays for your CPA exams
  o OCC has internal and external accountants
  o OCC reviews the audits that external auditors create (you must understand what
    the audit reports are saying)
• Placed on a training team for 6-8 months; here you’ll learn the fundamentals of bank
  examining
• Start participating on bank exams immediately
  o You meet with the CFO of the bank
  o You meet all of the banks executive management

Hiring Process
• Initial knowledge and writing tests
  o Apply and take tests online
  o Go to the OCC website
• First interview is a phone interview
• Second interview is a district Headquarters in Denver, Colorado, with OCC management
  o OCC pays to fly you out there

Post Training Team
• After your 6-8 months on TT, go to assigned field office, which could be in a different
  location than your TT field office
• Participate on exams at your field office
Ongoing Training

- OCC is committed to training employees
- Pre-commissioned examiners take several OCC provided classes to prepare them for the Uniform Commission Examination
- OCC also promotes professional designations, and will pay for you course work and tests
  - CPA
  - CFA
  - CISA, etc.

Uniform Commission Exam

- The UCE is the test you take to become a commissioned examiner
- Most people take it after 5-6 years on the job
- Once you’re commissioned, you will be in charge of exams and sign Report of Exams
- Also able to post for numerous jobs within the OCC and relocate

Long-Term Career

- Lateral changes in different roles
- Management roles- Deputy Comptrollers, Assistant Deputy Comptrollers
- Large Banks- Examiners in Charge, Functional EIC
  - i.e. Wells Fargo/ Bank of America teams that are physically at the bank for the entire year
  - These banks are so large and complex, that it takes a large amount of supervision
- Policy
- Licensing
- Economics

Benefits

- Every other Friday off
- All national holidays
- Start accruing annual and sick leave immediately (4 hours pp)
- 401 (k), Roth 401 (k), TSP
- Medical, dental and vision
- Life insurance
- Flexible Health Care Spending Account
- Geographical differences in starting pay
Meeting Minutes
Office of the Comptroller of the Currency (OCC)
U.S. Department of the Treasury
October 21, 2014

Travel
- Job does require a degree of travel, which varies from office to office
- Leave home Monday morning and return Thursday or Friday afternoon
- Most travel by car
  - Air travel usually for training

Applying
- Open session will be sometimes in January 2015 for June 2015 hires
- $50,000 starting salary
- [www.occ.gov](http://www.occ.gov) for more information
- Must pass 2 written tests and 2 interviews