

**STATEMENT**  
**OF**  
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**before the**  
**COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS**  
**UNITED STATES SENATE**  
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Chairman Johnson, Ranking Member Crapo, and members of the Committee, it's a pleasure to appear before you today for this panel's first hearing of the new Congress. I want to thank Chairman Johnson for his leadership in holding this hearing, and I'd also like to congratulate Senator Crapo on his new role as the Ranking Member of this Committee. I look forward to working with both of you on many issues facing the banking system. There are a number of new members on the Committee, and I look forward to getting to know each of you better this session.

It has been nearly three years since the Dodd Frank Act was enacted, and both the financial condition of the banking industry and the federal regulatory framework have changed significantly. The OCC supervises more than 1,800 national banks and federal savings associations, which together hold more than 69 percent of all commercial bank and thrift assets. They range in size from very small community banks with less than \$100 million in assets to the nation's largest financial institutions with assets exceeding \$1 trillion. More than 1,600 of the banks and thrifts we supervise are small institutions

with less than \$1 billion in assets, and they play a vital role in meeting the financial needs of communities across the nation.

I am pleased to report that federal banks and thrifts have made significant strides since the financial crisis in repairing their balance sheets through stronger capital, improved liquidity, and timely recognition and resolution of problem loans. While these are encouraging developments, banks and thrifts continue to face significant challenges, and our examiners continue to stress the need for these institutions to remain vigilant in monitoring the risks they take on in this environment.

We are also mindful that we cannot let the progress that has been made in repairing the economy and in strengthening the banking system lessen our sense of urgency in addressing the weaknesses and flaws that were revealed by the financial crisis. The Dodd-Frank Act addresses major gaps in the regulatory landscape, tackles systemic issues that contributed to and amplified the effects of the financial crisis, and lays the groundwork for a stronger financial system.

Like my colleagues at the table, we at the OCC are currently engaged in numerous rulemakings – from appraisals to Volcker, and from risk retention to swaps. My written statement provides details on each of these efforts, and provides a flavor of some of the public comments that have been submitted. The OCC is committed to implementing fully those provisions where we have sole rule writing authority as quickly as possible. We are equally committed to working cooperatively with our colleagues on those rules that require coordinated or joint action. I remain very hopeful that we'll soon have in place final regulations in several areas to provide the clarity the industry needs.

Throughout this process, I have been keenly aware of the critical role that community banks play in providing consumers and small businesses in communities across the nation with essential financial services and access to credit. As the OCC undertakes every one of these critical rulemakings, we are very focused on ensuring that we put standards in place that promote safety and soundness without adding unnecessary burden to community banks.

I'd like to highlight one of the most significant milestones of the Dodd-Frank Act for the OCC, which is the successful integration of the mission and most of the employees from the Office of Thrift Supervision into the OCC. The integration was accomplished smoothly and professionally, reflecting a merger of experience with a strong vision for the future. The final stage of this process is underway with the integration of the rules applicable to federal thrifts with those that apply to national banks, consistent with the statutory differences between the two charter types. An integrated set of rules will benefit both banks and thrifts. We expect to propose rules for comment over the course of this year.

In the vast majority of the rulemaking activities, the OCC is one of several participants. The success of those rulemakings depends on interagency cooperation, and I want to acknowledge the work of my colleagues at this table and their staff for approaching these efforts thoughtfully and productively, giving careful consideration to the issues at hand. Working together, I believe we will be able to develop rules that will be good for the financial system, the entities we regulate, and the communities they serve, going forward.

Thank you, I look forward to answering questions.