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The attached interagency Guidelines address asset quality and earnings standards. These guidelines, together with those adopted on July 10, 1995, complete the safety and soundness standards mandated by the Federal Deposit Insurance Corporation Improvement Act of 1991.

The Office of Thrift Supervision (OTS) believes that the guidelines are consistent with the practices already in place at well-managed thrift institutions, and as such, will not add to regulatory burden. Therefore, well-managed institutions should not need to modify their operations.

These latest guidelines give institutions flexibility to adopt systems appropriate to their size and complexity. The systems should identify emerging prob-

lems needed to re-evaluate earnings and ensure that adequate capital is maintained.

The final guidelines on asset quality and earnings standards are substantially the same as those proposed in July 1995. They are being adopted jointly by OTS, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation.

The final guidelines were published in the August 27, 1996, edition of the *Federal Register*, Vol. 61, No. 167, pp. 43948-43952.

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Attachments