

Press Releases

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OTS 01-75 - OTS Outlines Refinements to Mutual Examination Process

Office of Thrift Supervision

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For further information

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OTS Outlines Refinements to Mutual Examination Process

WASHINGTON -- The Office of Thrift Supervision (OTS) today issued updated guidance on the examination of mutual institutions.

The guidance, which was sent to the CEOs of mutual thrifts and OTS examiners, recognizes the differences in the operational and competitive environments faced by mutual and stock thrifts, and urges examiners to "place greater emphasis on long-term management practices as opposed to short-term performance" when examining mutuals.

Examiners are also instructed, whenever possible, to compare mutual institutions to other mutuals rather than to stock institutions. Earlier this year, OTS made changes to its peer group analysis system to enable examiners to make use of mutual-only peer groups. OTS also plans to make this information available for use by thrift institutions.

Guidance on compensation instructs examiners to consider the differences in compensation arrangements required by different ownership structures at thrifts. Mutual institutions may reasonably need to pay higher salaries and bonuses, or use phantom stock or other devices, in order to compete with the compensation practices of their stock peers.

The guidance is one component of a comprehensive evaluation of the position of mutual institutions within the universe of OTS-regulated institutions. OTS is also working on changes to its regulations governing mutual-to-stock conversions and mutual holding companies.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.