



RESCINDED

Office of Thrift Supervision
Department of the Treasury

Thomas A. Barnes
Deputy Director, Examinations, Supervision, and Consumer Protection

#391

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Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

July 7, 2011

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM:

Thomas A. Barnes, Deputy Director
Examinations, Supervision, and Consumer Protection

SUBJECT:

Conversion of Quarterly Supervisory Financial Reporting Requirement to the Consolidated Reports of Condition and Income (Call Report) from the Thrift Financial Report (TFR)

On July 7, 2011, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (collectively, the agencies) published a final notice in the Federal Register¹ to notify OTS-regulated savings institutions of the conversion from filing the TFR to filing the Call Report beginning with the reporting period ending March 31, 2012. Thrifts were notified of the proposed conversion to the Call Report in CEO Letter #378 on February 3, 2011,² and in a joint notice and request for comments published in the Federal Register on February 8, 2011.³

Please note that reporting requirements for savings and loan holding companies – including Schedule HC of the TFR – will be addressed by the Board in a notice to be issued on or after the transfer date of July 21, 2011.

After careful review of the comments received in response to the February 8, 2011 joint notice, the agencies believe that having common financial reports and reporting processes among all FDIC-insured banks and savings institutions would be more efficient and will lead to more uniform comparisons of financial condition, performance, and trends among regulated institutions. The agencies also considered that existing rules, regulations, and overall examination and supervisory approaches for savings associations will be realigned to parallel those applied to all other FDIC-insured banks and savings institutions. Many of these rules, regulations, and examination and supervisory approaches rely on information gathered from the Call Report. Moreover, the primary models, monitoring tools and data reports used in conducting offsite financial monitoring and onsite examinations – such as the Uniform Bank Performance Report

¹ Link to 76 FR 39981: <http://www.ots.treas.gov/files/4830135.pdf>

² Link to CEO Letter #378: <http://www.ots.treas.gov/files/25378.pdf>

³ Link to 76 FR 7082: <http://www.ots.treas.gov/files/4830082.pdf>

(UBPR) – are produced from Call Report data. Hence, to help ensure that overall supervision and supervisory evaluations are consistent among all FDIC-insured banks and savings institutions, the agencies believe it is vital to have all such institutions use the same supervisory financial report and filing processes beginning in 2012.

The agencies received comments related to the proposal to eliminate the Consolidated Maturity/Rate Schedule (Schedule CMR), and with it, the elimination of the OTS Interest Rate Risk Model (OTS IRR Model). The agencies again considered the realignment of existing rules, regulations, and overall supervisory approaches for savings associations to parallel those applied to all other FDIC-insured banks and savings institutions. Specifically with regard to monitoring interest rate risk, savings associations will be expected to have their own resources for measuring and monitoring interest rate risk. This measurement should address earnings at risk as well as capital at risk to interest rate movements. The OTS IRR Model does not provide measurement of both earnings at risk and capital at risk to interest rate movements, so extending the reporting of Schedule CMR would not facilitate savings associations' full compliance with the agencies' January 2010 Advisory on Interest Rate Risk Management. After considering all the issues, the agencies have decided to proceed with the elimination of Schedule CMR as proposed. Web links for the general interest rate risk management policies and guidelines of the agencies (other than the OTS) are provided at the end of this document.

Thrifts are encouraged to seek training on Call Report preparation and ensure systems conversions for supervisory financial reporting begin promptly if they are not yet under way.

If you have any questions or comments, please send them by e-mail to Jim Caton at james.caton@ots.treas.gov or mail them to:

Office of Thrift Supervision
Attention: Jim Caton, Managing Director – Economic and Industry Analysis
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Web links for the other agencies' general interest rate risk management policies and guidelines:

<http://www.ffiec.gov/press/pr042398.htm>

<http://www.fdic.gov/news/news/press/2010/pr1002.pdf>

<http://www.fdic.gov/regulations/laws/rules/5000-4200.html>

[http://www.fdic.gov/regulations/laws/rules/5000-](http://www.fdic.gov/regulations/laws/rules/5000-4200.html)

[4200.htmlhttp://www.fdic.gov/regulations/safety/manual/section7-1_toc.html](http://www.fdic.gov/regulations/safety/manual/section7-1_toc.html)

<http://www.federalreserve.gov/boarddocs/SRLETTERS/1996/sr9613.htm>

<http://www.federalreserve.gov/BoardDocs/SupManual/trading/200901/3000p2.pdf>

<http://www.occ.gov/news-issuances/bulletins/2010/bulletin-2010-1a.pdf>

<http://www.occ.gov/news-issuances/bulletins/1998/bulletin-1998-20.html>

<http://www.occ.gov/static/publications/handbook/irr.pdf>