At industry conferences and informal meetings over the past two years, I have frequently received the suggestion that OTS convert from using the Thrift Financial Report (TFR) to the Consolidated Reports of Condition and Income (Call Report).

The other federal banking regulators use the Call Report to monitor banks on a quarterly basis. If it would be beneficial to the savings associations we supervise, I believe OTS can convert to the Call Report and still carry out our mission effectively.

The perceived benefits of converting to the Call Report have included:

- Thrift institutions would be able to compare themselves more easily to commercial banks. Peer group financial analyses would be enhanced due to the larger number of comparable institutions.

- Conversion could lower the overall cost of filing quarterly financial data. The Call Report is well supported by service providers, professional filing software, and a large pool of expert personnel who know how to file the report.

- Call Report financial data, including the public version of the Uniform Bank Performance Report (UBPR), are readily available on the FDIC website.

- Investment analysts could use the UBPR for both banks and thrifts.

Enclosed for your review is a copy of the Advanced Notice of Proposed Rulemaking which will be published on November 14, 2007. This 60-day notice solicits feedback from you and the general public on the information you would need to provide informed comments on the proposal to convert from the TFR to the Call Report. It is the beginning of a dialogue and we welcome your feedback.
At the end of the 60-day feedback period, OTS will research and compile the information requested. We then plan to publish a second notice containing that information and formally solicit comments on a proposal to convert from the TFR to the Call Report.

The decision on whether or not to convert to the Call Report, as well as the effective date of the conversion, will depend on the comments OTS receives in response to these Federal Register notices. I urge you to respond to this important subject.

You may be aware that OTS recently published another separate notice in the Federal Register concerning the TFR. That notice, which OTS issued jointly with the other federal bank regulatory agencies, proposed to revise the TFR (and the Call Report) instructions for reporting daily average deposit data for newly insured institutions for deposit insurance assessment purposes, to conform the instructions with the FDIC's assessment regulations. That proposal, if adopted, would take effect as of March 31, 2008. The current action does not supersede this earlier proposal, which will continue to proceed on a separate track in order to maintain the TFR’s currency and utility.

If you have any questions or comments regarding the information in this letter, please email them to callreport@ots.treas.gov, or mail your questions and comments to:

Office of Thrift Supervision
Attention: Call Conversion
1700 G Street NW
Washington, DC 20552

Our goal at OTS is to provide you with the highest quality regulatory services in the most efficient manner. I look forward to receiving your questions and comments in response to this letter as well as your responses to the notices in the Federal Register.

Enclosure
AGENCY: Office of Thrift Supervision (OTS), Treasury.

ACTION: Advance Notice of Proposed Rulemaking (ANPR)

SUMMARY: The Office of Thrift Supervision is considering requiring savings associations to file quarterly Consolidated Reports of Condition and Income (Call Report) instead of the Thrift Financial Report (TFR) currently filed. This ANPR solicits comments identifying information that the thrift industry and the public would need to analyze a proposal to convert from the TFR to the Call Report used by other federal banking regulators and to amend any OTS rules that would be affected by such a change.

At the end of the comment period, OTS will review the comments and conduct any research needed to compile the identified information. OTS plans to publish a second notice containing the requested information and solicit comments on whether to convert to the Call Report.

DATES: Submit written comments on or before [INSERT DATE 60 DAYS FOLLOWING PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by OTS-2007-0023, by any of the following methods:
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- **Federal eRulemaking Portal**: Go to [http://www.regulations.gov](http://www.regulations.gov), select “Office of Thrift Supervision” from the agency drop-down menu, and then click “Submit”. Select Docket ID “OTS-2007-0023” to submit or view public comments and to view supporting and related materials for this notice of proposed rulemaking. The “User Tips” link at the top of the page provides information on using Regulations.gov, including instructions for submitting or viewing public comments, viewing other supporting and related materials, and viewing the docket after the close of the comment period.

- **Mail**: Regulation Comments, Chief Counsel’s Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention: OTS-2007-0023.

- **Hand Delivery/Courier**: Guard’s Desk, East Lobby Entrance, 1700 G Street, NW., from 9:00 a.m. to 4:00 p.m. on business days, Attention: Regulation Comments, Chief Counsel’s Office, Attention: OTS-2007-0023.

  **Instructions**: All submissions received must include the agency name and docket number for this rulemaking. All comments received will be entered into the docket and posted on Regulations.gov without change, including any personal information provided. Comments, including attachments and other supporting materials received are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

  **Viewing Comments Electronically**: Go to [http://www.regulations.gov](http://www.regulations.gov), select “Office of Thrift Supervision” from the agency drop-down menu, then click “Submit.” Select Docket ID “OTS-2007-0023” to view public comments for this notice of proposed rulemaking.
Viewing Comments On-Site: You may inspect comments at the Public Reading Room, 1700 G Street, N.W., by appointment. To make an appointment for access, call (202) 906-5922, send an e-mail to public.info@ots.treas.gov, or send a facsimile transmission to (202) 906-6518. (Prior notice identifying the materials you will be requesting will assist us in serving you.) We schedule appointments on business days between 10:00 a.m. and 4:00 p.m. In most cases, appointments will be available the next business day following the date we receive a request.

FOR FURTHER INFORMATION: You can access more information on the TFR form and instructions on OTS’s website via these links:


You can access the Call Report form and instructions on the FDIC’s website via these links:


  Call Report instructions –


You can request additional information about this proposal by sending an email to callreport@ots.treas.gov, or request to Attention: Request for Information on Call Conversion at Office of Thrift Supervision, 1700 G Street NW, Washington, DC 20552.

SUPPLEMENTARY INFORMATION: OTS-regulated savings associations (savings associations) are required to submit a TFR to OTS each quarter. TFR data include information on savings associations and their holding companies. Also collected as part of the TFR are detailed maturity and rate data used as inputs for the OTS Net Portfolio Value (NPV) Model.
TFR data are used to monitor the condition, performance, and risk profile of individual institutions, systemic risk among groups of institutions, and all savings associations as a whole.

TFR financial data are used to identify areas of focus for both on-site examinations and off-site monitoring. OTS uses TFR data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institutions would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. TFR data are also used to calculate FDIC deposit insurance premiums and OTS’s savings association assessments.

**CURRENT ACTION:** OTS is considering whether to convert savings associations from the TFR to the Call Report. If this proposal were adopted, savings associations would no longer be required to file the TFR, but instead would file a Call Report. Savings associations would be required to continue filing certain information currently collected on the TFR that is not included on the Call Report. This additional information would include the Consolidated Maturity Rate data (Schedule CMR) and the Holding Company data (Schedule HC). It is anticipated that this additional information would be filed as schedules of the Call Report. If the additional information cannot be included as schedules of the Call Report, it would be filed directly with OTS.

OTS seeks to supply the industry and the public with the information needed to analyze and provide informed comments on the proposal. After OTS has researched and compiled the information needed, OTS will request comment on the substance of any conversion proposal. That proposal would include both the requested information and the proposed amendments to any OTS regulations that would need to be modified.
Discussion of Proposed Revisions

Savings associations are currently required to submit quarterly TFR reports directly to the OTS. All other FDIC-insured institutions submit quarterly Call Reports to their primary federal regulator via the Federal Financial Institutions Examination Council’s (FFIEC) Central Data Repository (CDR). While the TFR and the Call Report share general similarities, there are some significant differences in the data that are collected due primarily to differences in industry focus and assets between savings associations and commercial banks. There are also differences in how the two reporting systems are administered. Some of the more significant differences are highlighted below.

Data Collected

In general, differences in the data collected on the TFR and Call Report reflect historic lending differences between banks and savings associations. Given savings associations’ historic focus on mortgage and consumer lending, the TFR collects more detailed information on those types of loans, while the Call Report collects more detailed information on investment securities and commercial loans.

In the area of capital, Call Report Schedule RC-R (Regulatory Capital) collects many more data items than the TFR Schedule CCR (Consolidated Capital Requirement). The Call Report also collects more detail on risk-weighted assets by asset class and off-balance sheet categories.

With regard to valuation allowances, TFR Schedule VA collects greater detail on general valuation allowances by asset type than does the Call Report. The TFR also breaks out specific valuation allowances (SVAs), while the Call Report combines SVAs with charge-offs.
Interest rate risk monitoring is another area of reporting difference. TFR Schedule CMR collects detailed on- and off-balance sheet repricing data, from which measures of interest rate risk are calculated using the proprietary OTS NPV Model. OTS provides each savings association its own interest rate risk measures free of charge in the Interest Rate Risk Report. By contrast, the Call Report collects only limited repricing data.

Also collected on the TFR are savings association holding company data. In contrast, bank holding companies are required to file with the Federal Reserve Board quarterly information (FR Y-9 series reports) in addition to Call Reports for their insured subsidiaries.

OTS anticipates that savings associations would be required to file a modified version of the Call Report on a quarterly basis, in place of the TFR report. As noted above, the modified Call Report would include new schedules specific to the OTS-regulated savings associations such as:

- Consolidated Maturity/Rate Schedule CMR (or similar loan portfolio data),
- Thrift Holding Company data, similar to the current TFR Schedule HC, and
- Other supplemental data items.

Savings associations may be exempt from reporting some other Call Report items.

Data Collection Methods

Currently, savings associations are required to file their TFR reports electronically using OTS-supplied Electronic Filing Software (EFS). This software includes features that assist the user in the report preparation process. Savings associations with questions about
how to use the EFS or how to prepare the TFR report can contact OTS directly for customer support.

If a conversion to the Call Report were implemented, savings associations would be required to file their Call Reports electronically using filing software purchased from a third-party vendor. Savings associations would transmit their Call Report data using the technology of the FFIEC’s Central Data Repository system.

Staff

Converting to the Call Report might require savings associations to re-train report preparation staff. Call Report preparation training is available from independent trade or professional organizations.

Analytical Tools

Savings associations currently receive the Uniform Thrift Performance Report (UTPR), peer group data, and Interest Rate Risk reports each quarter through the Financial Reports Subscriber (FRS) software provided by OTS.

If conversion to the Call Report were adopted, the Uniform Bank Performance Report (UBPR) would be available for savings associations from the FFIEC website. Peer Group analyses, including banks, would also be available. Savings associations would continue to receive their Interest Rate Risk reports from the OTS. The reports would continue to be based on the CMR data, whether the data is submitted with the Call Report or directly to OTS.

REQUESTS FOR COMMENTS:
OTS would like to provide sufficient information to enable the public to analyze and comment on the proposed conversion from the TFR to the Call Report. Please provide comments identifying the information you would need to evaluate the proposal. OTS will research and compile the information requested. OTS will publish a second notice that will include: 1) the requested information, 2) the proposed amendments to any OTS regulations that will need to be modified, and 3) a request for comment on the proposal to convert from the TFR to the Call Report. All comments will become a matter of public record.
Dated: ________________

By the Office of Thrift Supervision

[Signature]

John M. Reich,
Director