

respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance and purchase of services to provide information.

Dated: March 14, 2003.

Judith R. Tillman,

Assistant Commissioner, Financial Operations.

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DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

Proposed Agency Information Collection Activities; Comment Request-Thrift Financial Report: Schedule CMR

AGENCY: Office of Thrift Supervision, Treasury.

ACTION: Notice and request for comment.

SUMMARY: The Office of Thrift Supervision (OTS), as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on proposed and continuing information collections, as required by the Paperwork Reduction Act of 1995, 44 U.S.C. 3507. OTS will submit the proposed information collection requirement described below to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act.

Further, OTS requests comments on the replacement of Schedule Consolidated Maturity/Rate (CMR) of the Thrift Financial Report (TFR) with a new schedule to be known as Risk Exposure Data (RED). Schedule RED will reduce the data collection burden on institutions while at the same time increase the flexibility and granularity of the data collected. The proposed Schedule RED will also increase the flexibility of the agency's Net Portfolio Value (NPV) model and assist the agency in better monitoring individual institution and system-wide credit risk.

DATES: Submit written comments on or before May 19, 2003.

ADDRESSES: Send comments, referring to the collection by title of the proposal or by OMB approval number, to: Information Collection Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552. Send a facsimile transmission to (202) 906-6518. Or send e-mail to: infocollection.comments@ots.treas.gov.

OTS will post comments and the related index on the OTS Internet Site at www.ots.treas.gov. In addition, interested persons may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment, call (202) 906-5922, send an e-mail to publicinfo@ots.treas.gov, or send a facsimile transmission to (202) 906-7755.

FOR FURTHER INFORMATION CONTACT:

Mark Flood, Senior Financial Economist, (202) 906-6254, Economic Analysis Division, or Teresa A. Scott, Counsel (Banking and Finance), (202) 906-6478, Regulations and Legislation Division, Office of the Chief Counsel, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:

Title of Proposal: Thrift Financial Report: Schedule CMR.

OMB Number: 1550-0023.

Form Number: Schedule RED of the Thrift Financial Report.

Abstract: Currently, Schedule CMR provides all the institution-level inputs to OTS's NPV model, the agency's key resource for measuring interest-rate risk. The NPV model: (1) Complements and supplements on-site exams with quarterly off-site monitoring; (2) helps identify aggregate patterns unapparent at the level of the individual institution; and (3) by employing scenario analysis, draws attention to thrifts with unusually large risk exposures. Further, the NPV model effectively offers thrifts a quarterly risk-management consultancy function. It is therefore centrally important to the agency and the thrift industry that the NPV model operates reliably, is understandable, and adapts itself regularly to advances in the analytical state of the art, as well as to changes in market conditions, including new financial instruments and other innovations.

A. Why Replace Schedule CMR?

Future improvements on the NPV model should focus both on its benefiting savings associations and improving OTS's oversight responsibility. Both of these objectives can be met by replacing Schedule CMR with Schedule RED.

Proposed Schedule RED reduces the data collection burden by changing the manner in which data is collected while at the same time increasing the flexibility of the NPV model. Further, Schedule RED addresses concerns raised by some institutions about shortcomings in the NPV model that are caused by the nature of data collected in the current CMR format. Lastly,

Schedule RED permits OTS to collect certain new data to aid in calibrating the NPV model and measuring credit quality.

1. Simplification and Burden Reduction

Schedule RED will simplify, and thereby reduce the burden of, the reporting process for both OTS and reporting thrifts. Switching to the proposed new schedule will result in a substantial net reduction in the number of field definitions. Indeed, Schedule RED has roughly half the number of fields as the current CMR (and therefore half the field definitions to implement, and field instructions to understand). Since the data burden falls both upon OTS and the submitting institutions, both parties benefit from this reduction. To see better how this will work, interested parties can find the full details of the proposed new form and its instructions on the OTS Web site at: <http://www.ots.treas.gov/docs/r.cfm?84259.html>.

The current CMR collects data in 535 individual CMR cells (numbered between 001 and 903) plus 26 additional fields in the supplemental tables, for a total of 561 fields. Each of these fields potentially has a separate, idiosyncratic definition in the CMR instructions, although there are currently some shared definitions.¹ Each separate definition must be implemented by programming logic and/or data-entry training. In contrast, the number of position attributes defined by the proposed RED is 262 "less than half that of the CMR. Among these, there are considerable overlaps in definitions (e.g., position balance is defined identically for most positions), so that the total number of distinct instructions for RED fields is currently 84 (with 116 instructions overall "including those not attached to specific input fields).

Another example of Schedule RED's simplification is reflected in the collection of fixed-rate mortgage (FRM) data. Schedule CMR collects FRM data in three sections on two pages of the schedule: balances, coupons, and maturities (CMR 001-125); miscellaneous aggregate memoranda (CMR 501-508); and warehouse loans (CMR 578). In all, there are 107 separate cells on CMR collecting data on FRM loans and mortgage-backed securities (MBS). Because many of these cells collect the same sort of information for different aggregation buckets, only 18

¹ For example, CMR 006 through 010 are all weighted average remaining maturities on different buckets of fixed-rate mortgages, with the same rules for calculation.