ASTORIA FEDERAL SAVINGS

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7

May 19, 2003

Information Collection Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, DC 20552

Re: Proposed Schedule RED of TFR, OMB No. 1550-0023

Dear Sir or Madam:

Astoria Federal Savings and Loan Association (Astoria Federal) appreciates the opportunity to comment on the Office of Thrift Supervision (OTS) Comment Request for Proposed Schedule RED of TRF, OMB No. 1550-0223 (The Proposal).

We understand the OTS's reasons for proposing to replace Schedule CMR with Schedule RED. The RED, as proposed, will provide the OTS with more detailed information which should improve the accuracy of both institution-specific and industry-wide interest-rate risk measurement. The open-ended design of the RED does allow more flexibility in reporting to respond quickly to changes in the operating environment, particularly changes in interest rates. Additionally, it will be less burdensome for the OTS to implement changes to the RED because changing the level of reporting detail will require changes to the RED instructions only and not reformatting the structure of individual schedules. Finally, the request for the new loan attributes should, in the future, improve the assessment and measurement of interest-rate risk with respect to the OTS's NPV model. However, these additional benefits do not outweigh the increased reporting burden to thrift institutions to implement the changes described in The Proposal.

The OTS explained in The Proposal that the RED will "simplify, and thereby reduce the burden of, the reporting process for both the OTS and reporting thrifts." We strongly disagree with this assessment. While the number of defined fields on the RED is "roughly half the number of fields as the current CMR," the number of data inputs on the RED will be exponentially higher than the number of data inputs on the current CMR due to the "aggregation rules" on the RED. Many of the proposed aggregation criteria are too narrow resulting in the significant increase in the number of data inputs. For example, the coupon buckets for fixed-rate mortgages on the RED are in 25 basis point increments. If we have 30-year mortgage loans with coupon rates ranging from 4.00% to 9.00%, we would have 120 data inputs on the RED, excluding the optional data fields, compared to the 15 data inputs currently on the CMR. If the optional data fields were also submitted we would, at a minimum, have 200 data inputs on the RED, which doesn't consider the additional positions we would need to report as a result of the additional "if submitted" aggregation (sorting) criteria. This issue is magnified with the disclosures related to adjustable-rate mortgage loans which have twice as many defined fields as the fixed-rate mortgage loans and five more aggregation (sorting) criteria. This additional data input increases the amount of time spent preparing the quarterly reports as well as management's review time and also increases the likelihood of errors. While we agree with the need for increased granularity, the current proposal is clearly excessive.

The OTS is aware of the aforementioned reporting burden on thrift institutions as evidenced by the suggestion that some institutions may prefer to submit non-aggregated (account-by-account) data "as it alleviates the burden of maintaining programming logic and operator intervention necessary to calculate the aggregations." While this does seem to be an appealing option, there are a variety of issues related to providing detailed information on an account level. The first issue is how reporting institutions would transmit account level information. We use several different software systems to account for our loans, securities, deposits and borrowings, all of which would need to be programmed to download into a format that the OTS would have the ability to receive electronically. Additionally, changes to internal software systems, upgrades and general system maintenance may require additional programming changes for the institution to preserve the required OTS reporting formats. Assuming we can transmit the data to the OTS successfully, the OTS would then need to reconcile and aggregate that data. This would appear to place an additional reporting burden on the OTS, not just the reporting thrifts. As detailed in The Proposal, the OTS must be able to convert the data submitted in the RED back to the legacy CMR format to "support current legacy applications and to track industry trends over time." Effectively the OTS would first need to aggregate account level information to perform institution-specific and industry-wide interest rate risk analyses and then aggregate that same information into the legacy CMR format for comparability purposes.

Other concerns related to providing the OTS with account level information are customer privacy and the sensitivity and confidentiality of this proprietary information. While the CMR is currently a confidential document, any consideration to potentially making this public information in the future will raise significant concerns as to what level of detail would become public information. Clearly we would not see a benefit to providing account level information if there is the possibility it would ever become publicly available.

While The Proposal, as currently written, appears overly burdensome to reporting thrift institutions, there do appear to be ways to reduce the reporting burden to thrift institutions while still maintaining the conceptual framework and flexibility of the RED as described in The Proposal. One way to reduce the data input would be to decrease the proposed level of granularity. Using the previous example for fixed-rate mortgages, defining the coupon buckets in 100 basis point increments would reduce the number of data inputs on the RED to 30 (which is still double the data inputs currently on the CMR) while still maintaining the flexibility the OTS is seeking by eliminating hard-coded interest rate buckets. Additionally, we do not see a significant benefit to reporting coupon buckets in 25 basis point increments, particularly since the interest rate risk modeling (rate shock) done by the OTS is measured in 100 basis point increments. Similarly, we feel that the incremental ranges of various other criteria could be widened, e.g. margin coupon and distance to lifetime cap buckets, while still providing meaningful data and allowing the OTS the flexibility it is seeking.

In summary, we feel that The Proposal would significantly increase the reporting burden of thrift institutions due to the increased data collection and input and the related review time. The OTS needs to revisit the level of detail truly needed to provide meaningful interest-rate risk analysis, i.e. aggregation criteria and related bucket increments. In addition, there are many unanswered questions related to providing the OTS with information on an account level which need to be addressed before such sweeping changes can be implemented on the CMR.

We appreciate the opportunity to comment on The Proposal and appreciate the OTS's efforts to improve the quarterly reporting process and the usefulness of the data collected in assessing interest-rate risk.

Sincerely,

Katherine A. O'Brien

Katherine A. O'Brien
First Vice President and Director of Financial Reporting