76

PENN FEDERAL SAVINGS BANK

622 Eagle Rock Avenue, West Orange, New Jersey 07052-2989 (201) 669-7366

2000 SEP 29 P 3:54

September 29, 2000

Manager, Dissemination Branch
Information Management and Services Division
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Attention 1550-0023

Re: TR-233

Dear Sir or Madam:

With regard to the notice of proposed changes to the Thrift Financial Report (TFR) by the Office of Thrift Supervision (OTS), the following are Penn Federal Savings Bank's comments on selected subjects contained in TR-233.

Subject (13) – Average Balance Sheet Data
The OTS proposes adding quarterly averages for total assets, interest-earning assets and interest-costing liabilities for the association. Average balance sheet data for Penn Federal Savings Bank is not currently accumulated separately. This information is accumulated on a **consolidated** basis with the Holding Company in order to comply with SEC reporting requirements. In order to comply with the additional reporting, the information would need to be prepared on a manual basis and/or programming changes would be required. This manual effort and/or additional programming modifications would create additional paperwork and man-hours, and, consequently, greater expense, in preparation of the TFR. It is our opinion that the benefit of providing the additional information does not compensate for the additional work and expense that would be entailed.

Subject (14) – Board of Directors' IRR Limits
The OTS proposes the reporting of the association's interest rate risk limits as set by the Board of Directors for the plus/minus 200 basis point rate shock scenarios. Board limits are established based upon a significant amount of information, including information that is not publicly available. Therefore, such limits are meaningful only if all information is known and only for the specific institution. Making these limits available to the public could result in an inappropriate comparison of various institutions by outsiders (i.e., those other than regulators). Additionally, an outsider's concern should not be on limits established by the Board, but rather, should be on general interest rate

risk management and actual measures. On a quarterly basis, our consolidated company discloses in the Form 10-Q interest rate risk information on both a consolidated and unconsolidated basis. We strongly disagree with this proposed change. The confusion and concern that could result is highly troubling and dangerous.

Subject (31) – Eliminating Confidential Treatment for Certain Interest Rate Risk and Past Due Data

We believe that information reported in the CMR should remain confidential. The purpose of the CMR is to provide information to the OTS in order for the OTS to monitor the company's activities and risks. If made publicly available, outsiders could use such confidential information to prepare their own simulations, using their own assumptions, which could result in a very inaccurate analysis. Making public such information could also lead to a significant increase in the questions raised by outsiders and, thus, time spent by the association responding to these questions. This would place an undue and unnecessary burden on the association. Additionally, an outsider's concern should be focused on general interest rate risk management and actual measures as reported by the company. It is, therefore, our strong opinion that CMR information should continue to remain confidential.

We have no objection to publicly disclosing information on loans or other assets past due 30 through 89 days.

Your consideration of the above comments will be appreciated. If you have any questions, please contact me at (973) 669-7366, extension 207.

Sincerely,

Jeffrey J. Carfora
Executive Vice President and
Chief Financial Officer