

From: John Richardson [REDACTED]
Sent: Monday, November 27, 2023 5:09 PM
To: Comments
Subject: [EXTERNAL MESSAGE] September 28, 2023 - Consolidated Reports of Condition and Income (Call Report); Comment Request (OMB 3064-0052)

[REDACTED]

Email to: comments@fdic.gov

I am writing in regard to the proposed Call Report schedule changes discussed in your September 28, 2023 Federal Register notice. I have worked at multiple community banks for over 17 years and have been involved to varying degrees with gathering some of the data needed for Call Report schedules. As a user of the Call Report instructions, it can be very confusing when the regulatory agencies defining words and phrases differently than the way they are defined in GAAP. Having to report modifications to borrowers experiencing financial difficulties (MBEFDs) on the Call Report after they are no longer to be reported on financial statements will lead to confusion and require tracking processes for the different definitions. The regulatory agencies are essentially creating a new category of data to be considered, but using the same terminology. I believe there would be value in looking at just the MBEFDs performed within the fiscal year, as that would give the regulators a metric to determine the current volume of financial difficulty and requisite modifications. But requiring those modifications to remain in the same data fields until they can be underwritten again seems like an unnecessary complication that would not necessarily provide useful information on the institution's overall portfolio quality. Two peer institutions might report the same dollar volume of MBEFDs each year, but in one case that figure could be made up of all new modifications that will be reclassified in the following year, whereas the other institution may be reporting previous year MBEFDs that have simply not been underwritten. Those situations would have very different meanings, in terms of portfolio conditions.

Please take the opportunity to define in the Call Report instructions or a future Interagency Policy Statement both (1) how the definition of "principal forgiveness" would differ from a bank's principal charge off, and (2) if a rate increase at renewal would be reported as a "rate reduction" if the rate is lower than the bank would otherwise prefer to charge.

I do appreciate the regulatory agencies providing a clear definition of the criteria to remove a modified note from the proposed MBEFD Call Report field. The removal criteria has led to discussion and in some cases unnecessary reporting under the previous TDR guidance.

Thank you,

John Richardson