August 11, 2025

Via Electronic Mail

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, D.C. 20219

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551

Robert Meiers, Regulatory Attorney
Attn: Comments, Room MB-3013
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

Re: Call Report and FFIEC 002 Revisions; OMB Control No.: OCC 1557-0081, FRB 7100-0036, FDIC 3064-0052

To Whom It May Concern:

The Bank Policy Institute[1] welcomes the opportunity to respond to the joint notice and request for comment by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation regarding revisions to the Consolidated Reports of Condition and Income (Call Reports) and Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002).[2] BPI strongly supports the Agencies' decision to align the Call Reports and FFIEC 002 reporting with FR Y-9C reporting and U.S. GAAP requirements under ASU 2022-02 on the reporting of loan modifications to borrowers experiencing financial difficulty (MBEFD).

---

1 The Bank Policy Institute is a nonpartisan public policy, research and advocacy group that represents universal banks, regional banks, and the major foreign banks doing business in the United States. The Institute produces academic research and analysis on regulatory and monetary policy topics, analyzes and comments on proposed regulations, and represents the financial services industry with respect to cybersecurity, fraud, and other information security issues.

2 90 Fed. Reg. 31111 (July 11, 2025).

As stated in our prior comment letters on related proposals,[3] a 12-month time period for the regulatory reporting of MBEFDs is appropriate to provide sufficient supervisory data on loan modifications due to the borrower's financial difficulty. Further, using a 12-month time horizon ensures consistency with U.S. GAAP and FR Y-9C reporting, aligns with existing practices at many covered institutions, provides an accurate measurement of the associated risk, and enables banks to appropriately support customers during times of stress.

Using another standard would create a RAP-GAPP difference, which the Agencies generally seek to avoid or reduce. This is explicit under the statutory provisions of Section 37(a) of the Federal Deposit Insurance Act,[4] which states that the accounting principles applicable to reports or statements required to be filed by all insured depository institutions with the Agencies must be uniform and consistent with U.S. GAAP. The current instructions for the Call Reports, updated March 2025, further support this notion and state in relevant part that "[i]n their Call Reports submitted to the federal bank supervisory agencies, banks and their subsidiaries shall present their financial condition and results of operations on a consolidated basis in accordance with U.S. generally accepted accounting principles (GAAP)."[5] Departure from the U.S. GAAP reporting standard and the current FR Y-9C reporting would create confusion for the users of the information extracted from regulatory filings and U.S. GAAP reports, in addition to creating a significant operational burden, as discussed further below.

The previously proposed requirement for banks to report MBEFDs for at least 12 months after modification *and* until an institution performed a current, well-documented credit evaluation to support that the borrower was no longer experiencing financial difficulty would have been extremely burdensome for firms to implement. Many reporting systems across the industry have fully transitioned to report MBEFDs in alignment with U.S. GAAP and are therefore not structured for the extended reporting requirements previously proposed. Implementing the additional off-cycle credit evaluations required to allow institutions to cease reporting of an MBEFD would have carried extensive cost and operational burdens. The extended reporting would have required banks to develop unique processes solely for the purpose of reporting this information on the Call Reports, thus adding an unreasonable level of complexity and burden and providing no additional risk management benefit. The Agencies' current decision to require firms to report only MBEFDs modified in the previous 12 months aligns with current practices and therefore will not increase the burden for covered institutions.

---

3 Bank Policy Institute, *BPI Comment Letter: Assessments, Amendments to Incorporate Troubled Debt Restructuring Accounting Standards Update, RIN 3064-AF85* (Aug. 26, 2022), available at https://bpi.com/wp-content/uploads/2022/08/ABA-BPI-Response-to-FDIC-NPR-to-Replace-TDRs-in-Large-Bank-Assessments-Scorecards.pdf. Bank Policy Institute, *BPI Comment Letter: Call Report and FFIEC 002 Revisions OMB Control No: OCC 1557-0081, FRB 7100-0036, FDIC 3064-0052 and FR Y-9 Report Revisions OMB Control No: 7100-0128* (Apr. 24, 2023), available at https://bpi.com/wp-content/uploads/2023/05/BPI-Comment-Letter-on-Call-Reports-and-FR-Y-9-1.pdf. Bank Policy Institute, *BPI Comment Letter: Call Report and FFIEC 002 Revisions; OMB Control No: OCC 1557-0081, FRB 7100-0036, FDIC 3065-0052, FFIEC 7100-0032* (Nov. 21, 2023), available at https://bpi.com/wp-content/uploads/2024/11/BPI-Comment-Letter-Call-Report-and-FFIEC-002-Revisions-OMB-Control-No-OCC-1557-0081-FRB-7100-0036-FDIC-3064-0052-FFIEC-7100%E2%80%930032.pdf.

4 12 U.S.C. § 1831n(a)(2)(A).

5 FFIEC, March 2025 Call Report Instructions, available at https://www.fdic.gov/bank-financial-reports/031-041-general-instruction-december-2024.

Aligning the reporting requirement for MBEFDs with U.S. GAAP provides the appropriate level of insight into the risk profile of existing MBEFDs. When developing ASU 2022-02, FASB considered a longer time period for the reporting of loan modifications but ultimately determined that a longer lookback period would not provide "decision-useful" information.[6] The 12-month reporting time period presently considered by the Agencies provides sufficient time for institutions to reasonably conclude that, if a loan is consistently performing following modification, then the borrower is no longer experiencing financial difficulty in relation to the payment of the loan. In the event that a loan does not perform at the conclusion of the 12-month period, firms may charge-off the loan or administer another modification, thereby restarting the MBEFD process and reporting requirement. Furthermore, the 12-month reporting period aligns with the economic reality that, after a sufficient period of time, previously modified loans that have performed well following modification do not carry heightened credit risk through their remaining loan term.

Finally, aligning MBEFD reporting requirements with U.S. GAAP will encourage banks to work with customers during adverse financial scenarios. MBEFDs are likely to occur in higher volumes during periods of financial stress. Similarly, in the years following these periods, banks are often under increased scrutiny regarding their risk profiles. If MBEFDs are seen as unfairly increasing the risk profile of a firm by requiring special reporting until a current, well-documented credit evaluation can be conducted, banks may be disincentivized from undertaking such transactions during the time periods when they are needed most by customers.

For these reasons, BPI strongly supports the Agencies' decision to align the Call Reports and FFIEC 002 reporting with FR Y-9C reporting and U.S. GAAP requirements under ASU 2022-02 on the reporting of MBEFDs. A 12-month time horizon for reporting of MBEFDs is appropriate to provide sufficient supervisory data on loan modifications due to the borrower's financial difficulty and avoids imposing additional burdens on covered institutions due to divergent reporting requirements.

*****

BPI appreciates the opportunity to comment on the proposal. If you have any questions, please contact the undersigned by phone at [redacted] or by email at [redacted].

Respectfully submitted,

[redacted]

Carly Ritterband
Assistant Vice President, Regulatory Affairs
Bank Policy Institute

[6] FASB, Accounting Standards Update No. 2022-02, available at https://fasb.org/page/ShowPdf?path=ASU%202022-02.pdf.