Comment

FDIC has done the worst possible job handling CECL that can be imagined.

In order to regulate effectively, FDIC should provide a single, specific, simple method for calculating ALLL, and provide institutions with clear, straightforward assistance in complying. What FDIC has done is exactly the opposite. You have refused to specify an endorsed method. You have refused to provide a safe harbor. What you have done is taken the concept that FASB created for large banks and crammed it down the throats of micro-banks like ours.

There are two ways that you could fix this nightmare that you created. The preferred method would be to create a SMALL BANK EXEMPTION that would allow micro-banks to continue using the existing method. If that is unacceptable, then you could specify a method for calculating ALLL. Such a process needs to be simple and straight-forward, contained within an 8 1/2" x 11" Excel spreadsheet. Our bank has seven people on staff, none of whom are actuaries or statisticians. To expect us to compare and contrast multiple calculation methods that involve graduate-level math is at best insensitive and at worst hostile toward small banks.

In the future, please remember two points:
1) FASB is not God. Remember that FASB's number one goal is to churn out ever more complex and Byzantine regulations so that they can justify their existence. They couldn't care less about safety and soundness of the banking system. Their only goal is to increase the complexity of the accounting system to increase demand for accountants.
2) ONE SIZE DOES NOT FIX ALL. It is patently insane to think that a method for ALLL calculation that is appropriate for a billion dollar bank is appropriate for a $35 million bank. You have implemented thresholds and small-bank exemptions for many other regulations. This regulations screams out for one.

Thank you for your consideration.

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