From: Mary Isaacs
To: Regulatory Comments
Subject: Comments on Proposed Interagency Policy Statement on Allowance for Credit Losses
Date: Sunday, December 8, 2019 6:21:33 PM
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Thank you for the opportunity to comment.
Overall we are in alignment with the proposed requirements on Allowances for Credit Losses. Specific Areas are addressed below:
In general, the requirement involves gathering relevant, forward looking information, with reasonable and supportable forecasts which allows us considerable flexibility. With flexibility comes responsibility, however and our one concern is how difficult this will be for auditors and examiners to evaluate since so much management judgment is involved.
We agree with the accounting for losses on a pool basis with similar risk characteristics. Types of characteristics which make the most sense to us include type of collateral, credit score, rate, size of loan, terms, LTV, and geographic location.
We are concerned that it is not that clear what to do when there are no historical losses, no industry data, and no internal data such as lower credit, or higher LTV or exceptions, or anything qualitative that would support recording a loss. The ruling provides for this, but could be challenged.
-Appreciate that we have the ability to take out individual large loans and evaluate separately from the pol.
-Appreciate that we can use any method, as long as it is apply consistently. In addition, we find it useful that we can choose several different methods for pools.
Agree with how renewals and extensions are treated with respect to contractual term.
Appreciate that management is not expected to incur undue cost and effect to collect data. There are many vendors out there that want to charge a pretty hefty sum to make the CECL calculation easier!!
-We feel that the recommended qualitative factor adjustments are reasonable and flexible.
-We feel the guidance is unclear for credit cards and credit lines.
-We agree with how the handling of TDRs is worded.
-For Accrued Interest Receivable, we would like to keep not accruing interest on loans that are over 90 days past day and keep it separate. Appears to be allowed.
-We are not really okay with the proposal as it relates to estimates of expected credit losses for off balance sheet exposure. For example for credit cards, we have a history of credit card usage that does not fluctuate greatly. Estimating losses on the unused portion seems like a worthless exercise.
-As it relates to debt securities, we also have no concern with guidance as stated.

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