REGIONS

*Via Electronic Mail*

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

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street NW.
Washington, DC 20429

September 30, 2019

**Re: Proposed Interagency Policy Statement on Allowances for Credit Losses**

Ladies and Gentlemen:

Regions Bank[1] appreciates the opportunity to comment on the proposed Interagency Policy Statement on the Allowance for Credit Losses (the Proposal) that was issued in response to changes to U.S. generally accepted accounting principles (GAAP) as promulgated by the Financial Accounting Standards Board (FASB) in Accounting Standards Update (ASU) 2016-13, *Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments issued since June 2016 (CECL). While we appreciate the agencies' stated initiative to maintain conformance with GAAP and consistency with FASB ASC Topic 326 through the issuance of the Proposal, we request clarification on the Proposal's classification of the provision for unfunded commitments to be included in non-interest expense on the Statement of Income as opposed to within credit expense (or the provision) as explicitly required in Topic 326. The difference in classification would drive a regulatory reporting and financial reporting difference (RAAP/GAAP difference) in the classification of the expense.

Additionally, we encourage the agencies to continue their education and analyses of the impact of CECL on their regulated institutions and of processes utilized to model and support the estimated CECL allowances. While comparison of actual losses to CECL estimated losses is

[1] Regions Financial Corporation, with $128 billion in assets, is one of that nation's largest full-service providers of traditional commercial, retail and mortgage banking services, as well as other financial services in the fields of asset management, wealth management, securities brokerage, trust services, merger and acquisition advisory services and other specialty financing. Regions serves customers across the South, Midwest, and Texas, and through its subsidiary, Regions Bank, operates approximately 1,500 banking offices and 1,900 ATMs. Additional information about Regions and its full line of products and services can be found at www.regions.com.

a useful analytic, complete emphasis or focus should not be placed on this analytic by examiners in determining whether the amount of CECL allowance recorded is reasonable.

***Regulatory classification of the expense to record the change in the unfunded commitment reserve should comply with GAAP***

ASC 326-20-30-11 states that "……an entity shall report in net income (as a credit loss expense) the amount necessary to adjust the liability for credit losses for management's current estimate of expected credit losses on off-balance-sheet credit exposures." Throughout ASC 326, the provision for credit losses is referred to as "credit loss expense." In ASC 326-20-1, guidance states, "An entity shall report in net income (as credit loss expense) the amount necessary to adjust the allowance for credit losses for management's current estimate of expected credit losses on financial asset(s)."

Current GAAP does not define where the change in the unfunded commitment reserve (recognized as an other liability) should be recognized. As such, there are differences in practice in the industry. The inclusion of this guidance in GAAP should drive consistency in classification and approach. We also support consistency between GAAP and Regulatory Reporting in the Call Reports and FRY 9Cs. With the changes being made to implement CECL, we support the consistent application among constituents to help reduce confusion and inconsistency.

We thank you in advance for considering our views. If you have any questions about our comments or wish to discuss these matters further, please contact me at (205) 326-4972.

Sincerely,

Brad Kimbrough
Executive Vice President and Controller