



December 16, 2019

Ms. Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20051

**Re: Request for Comment on Interagency Policy Statement on Allowances for Credit Losses
Docket No. OP-1680**

Dear Ms. Misback:

Bank of America Corporation ("Bank of America") appreciates the opportunity to respond to the *Interagency Policy Statement on Allowances for Credit Losses* ("the Policy Statement"). The request for comment seeks feedback on the proposed Policy Statement issued by the Office of the Controller of the Currency ("OCC"), the Federal Reserve System ("Fed"), the Federal Deposit Insurance Corporation ("FDIC") and National Credit Union Administration ("NCUA")(collectively, the "Agencies"). The proposed Policy Statement describes the measurement of expected credit losses under ASC Topic 326, documentation standards and the responsibilities of board of directors, management and examiners.

Bank of America provides a diverse range of banking and non-banking financial services and products domestically and internationally. As one of the world's largest financial institutions, we have been heavily focused on CECL implementation in anticipation of adopting the standard come January 1, 2020. Conceptually, we do not object to the proposed rules outlined in the Policy Statement but would request that the Agencies provide sufficient clarity regarding certain GAAP concepts while still promoting consistency between an entity's GAAP and regulatory reporting. We have provided our comments to the Agencies' questions related to the proposed rules in Appendix A of this letter.

We appreciate the opportunity to express our views in this letter. Should you have any questions, please feel free to contact Christopher Ackerlund (980.386.3025) or me (980.387.6061).

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Tovey", with a stylized flourish at the end.

Michael Tovey
Senior Vice President and Corporate Controller

cc: Rudolf Bless, Chief Accounting Officer
Christopher Ackerlund, Accounting Policy Executive

Appendix A: Responses to the Interagency Policy Statement on Allowances for Credit Losses:

1. *Does the proposed interagency policy statement clearly describe the measurement of expected credit losses under CECL in accordance with FASB ASC Topic 326? Why or why not? If not, what additional information is needed? What information should be omitted from the policy statement?*

The proposed Policy Statement synthesizes the main CECL measurement requirements codified in FASB ASC Topic 326, *Financial Instruments – Credit Losses* (ASC 326). While mostly consistent with US GAAP, we believe the following clarifications are necessary to ensure consistency across preparers and a streamlined reporting process:

- *Troubled Debt Restructurings (“TDR”)* – We believe additional clarification is needed related to the Policy Statement that states “the estimated effect of reasonably expected TDRs may be included in an institution’s qualitative factor.” Under ASC 326, the analysis of when a TDR is reasonably expected is required to be at an individual loan level. We believe the Policy Statement should be clarified to indicate that the use of a qualitative factor may be included for risks that are not captured in the individual loan level analysis or if an entity determines that it has not sufficiently captured this data at the individual loan level.
 - *Purchased Credit-Deteriorated Assets* – Per the Policy Statement, “the non-credit discount recorded at acquisition will be accreted into interest income over the remaining life of the PCD assets on a level-yield basis.” We believe the Policy Statement should specify if the accretion of the discount should continue if the PCD asset is placed on nonaccrual status.
 - *Accrued Interest Receivable* – The Policy Statement reiterates various policy elections outlined in ASC 326; however, such elections “may differ by financial asset portfolio” which is more limiting than the “class of financing receivable or major security-type level” allowed under US GAAP. We believe these elections should not be further restricted and would encourage the Agencies to clarify the appropriate policy election level.
 - *Estimated Credit Losses for Off-Balance Sheet Credit Exposures* – We disagree with the Policy Statement’s requirement to report changes in the liability for off-balance sheet exposures through other noninterest expense for regulatory reporting. Per ASC 326, the amount necessary to adjust the liability for expected credit losses on off-balance sheet exposures should be reflected as a credit loss expense. We would encourage the Agencies to further reduce US GAAP to regulatory reporting differences rather than continuing to promote known differences.
2. *Does the proposed interagency policy statement clearly describe the measurement of credit losses on impaired AFS debt securities in accordance with FASB ASC Topic 326? Why or why not? If not, what additional information is needed? What information should be omitted from the policy statement?*

Yes, the Policy Statement accurately describes the measurement of credit losses on impaired AFS debt securities. Such measurement model is consistent with both ASC 326 and other agency publications.

3. *Does the proposed interagency policy statement clearly communicate supervisory expectations for designing, documenting, and validating expected credit loss estimation processes, internal controls over ACLs, and maintaining appropriate ACLs?*

Yes, the Policy Statement adequately describes the supervisory expectations for establishing appropriate processes and controls in order to maintain appropriate ACLS.

4. *Has the proposed interagency policy statement appropriately included concepts and practices detailed in the existing ALLL policy statements that also are relevant under FASB ASC Topic 326? If not, what additional information should also be included?*

Yes, we do not believe additional information is needed in the Policy Statement in order to maintain existing concepts that are still applicable under ASC 326 from policy statements issued and outstanding by the Agencies.