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# #2 – ALLOWANCE FOR CREDIT LOSSES (ACL) AND THE CURRENT EXPECTED CREDIT LOSSES (CECL) METHODOLOGY
# (For Loans and Off-Balance Sheet Items)

## ASSIGNMENT OVERVIEW

*ASU 2016-13, Financial Instruments – Credit Losses established the CECL methodology. The standard is effective for most SEC filers after December 15, 2019 and for all others in fiscal years beginning after December 15, 2022. ASU 2016-13 applies to all financial instruments carried at amortized cost (including loans held for investment (HFI) and held-to-maturity (HTM) debt securities, as well as trade receivables, reinsurance recoverables, and receivables that relate to repurchase agreements and securities lending agreements), a lessor's net investments in leases, and off-balance-sheet credit exposures not accounted for as insurance or as derivatives, including loan commitments, standby letters of credit, and financial guarantees.*

The Allowance for Credit Losses on Loans and Leases (ACL) replaces the former allowance for loan and lease losses (ALLL) and represents an estimate of uncollectible amounts maintained through charges to a valuation reserve adjusted through a bank's operating income. The ACL should reflect potential losses inherent in a bank's loan portfolio and off-balance sheet lending activities. The measurement framework and conceptual basis supporting an ACL differ from that of the ALLL. An ACL is measured as the difference between an asset's amortized cost basis and the net amount expected to be collected over the asset's contractual term. In estimating the new amount expected to be collected, management should consider the effects of past events, current conditions, and reasonable and supportable forecasts on the collectability of the bank's financial assets It is the responsibility of bank management and the board of directors to maintain an adequate and accurate level in the ACL through at least quarterly evaluations of the methodology and the bank's credit risk. Significant understatement of the ACL may represent a safety and soundness risk through overstatement of a bank's earnings and capital accounts. Significant overstatement of reserves is inappropriate from an accounting practice and could lead to complacent loan administration.

FASB Accounting Standards Codification: ASC Subtopic 326-20, "Financial Instruments – Credit Losses, Measured at Amortized Cost," and ASC Subtopic 326-30, "Financial Instruments-Credit Losses, Available-for-Sale Debt Securities," **replace** existing guidance on loan and debt security impairment in ASC Subtopic 310-10, "Receivables – Overall"; ASC Subtopic 310-30, "Receivables – Loans and Debt Securities Acquired With Deteriorated Credit Quality"; ASC Subtopic 450-20, "Contingencies – Loss Contingencies"; and ASC Topic 320, "Investments – Debt and Equity Securities."

For additional guidance, refer Section 3.2 - Loans in the FDIC Risk Examination Manual The related Reference document for this procedure identifies useful regulations, guidance, and other issuances by various regulatory authorities. Also refer to Appendix-Additional Resources in this procedure for links to resources related to CECL and ACL. Note for 10-Ks, ACL consists of the allowance for loans and leases, allowance for HTM securities, and allowance for unfunded loan commitments.

## INSTRUCTIONS

Examiners should follow the requirements in the Examiner Bulletin addressing Guidelines for Procedures and Work Paper Documentation for Commercial Examinations, **where applicable.**

All examiners performing these procedures must be listed above in the "Prepared By" section. All of the CORE ANALYSIS PHASE should be completed. Comments and findings for each step should be made in the comment box below each question. Reference to work paper documentation should also be included here. Documentation is to be sufficient to allow an audit trail of the examiner's thought process and all significant findings.

Information on the Summary of Findings page must tie back to the findings noted within the procedure. The SEIC/EIC will determine which information in the Summary of Findings will be included in the Report of Examination.

The EIC/AEIC should review this procedure when complete. Acknowledgement that this procedure has been reviewed by the EIC/AEIC will be noted on the SCOPE FORM.

**Examiners are responsible for exercising sound judgment and utilizing reasonable investigative and analytical skills to arrive at an accurate assessment of the risk profile of this segment of the institution's operations. Performing alternate procedures not listed with these guidelines may be necessary to complete this risk analysis.**

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# #2 ALLOWANCE FOR CREDIT LOSSES and CECL

## CORE ANALYSIS PHASE

Before performing the CECL/ACL review, consider reviewing the most recent CECL Questionnaire. You may need to contact the FDIC for a copy. This may help in the analysis of this area. Examiners can consult the CECL Questionnaire and confirm if the responses are consistent with actual implementation.

### 1. Prior Criticisms

**1a.** Determine whether deficiencies were noted in the last examination and most recent internal/external audit. If deficiencies are noted, determine if deficiencies have been addressed and/or corrected by management. Detail how deficiencies were corrected.

*Include copy of audit exceptions and/or prior examination criticisms and management response in work papers or summarize exceptions/criticisms below or indicate the page number in the last examination report where deficiencies are noted, if applicable.*

**Comment:**

### 2. Validation of Methodology

**2a**. Review the independent testing and validation of the CECL model.

Determine if models used in the loss estimation process are subject to initial and ongoing validation activities. Validation activities include evaluating and concluding on the conceptual soundness of the model, including developmental evidence, performing ongoing monitoring activities, including process verification and benchmarking, and analyzing model output.

Review model validation findings, management's response to those findings, and applicable action plans to remediate any concerns, if applicable.

**Comment:**

### 3. Account Balance and Activity

#### Implementation Day / Day 1 Calculation

**3a**. **If the DOB is the first regulatory agency to review the ACL after CECL implementation,** obtain and review the day 1 calculation/assessment including gross up of purchased discounts. Review the accountant's recommendation. For banks without a full scope audit, determine if an accountant was consulted.

Determine if the day 1 calculation is reasonable and address the following. Elaborate on any deficiencies.

- Did management consult with accountants for day 1 entry?
- Was the methodology validated prior to implementing?
- Is there any significant exposure to capital?
- Is the bank electing to use the 3-year adjustment period?
- Was Board approval documented in the minutes?

**Comment:**

## Call Report Reconciliation and Account Activity

***All entries to the ACL account should flow through the appropriate income and expense accounts not through the capital accounts.***

**3b**. Reconcile ACL transcripts to call report Schedules RI-B Part I and Part II and RC and financial statements. There should be no material differences between the consolidated loss estimate, as determined by the ACL methodology, and the final ACL balance reported in the financial statements. *Include ACL transcripts in 2-A of the work papers.*

Review for reasonableness the amounts reported in Schedule RC-G, "Other Liabilities, for the allowance for credit losses on off-balance-sheet credit exposures and Schedule RI-B -Part II, Memoranda Items 5,6 and 7.

Review for any unusual activity. (Refer to Appendix -Unusual Activity for examples.) If unusual activity is noted, perform a random sampling of charged-off loans and/or discuss current practices with employees in the loan department to document or detail unusual activity.

Explain and document any material differences or any unusual activity

**Comment:**

**3c**. List any loans classified "Loss" which were not charged off at the last exam and document the reasons why.

**Comment:**

**3d**. Review the procedures for posting charge-offs and recoveries to the ACL account. Comment on any inadequacy of these procedures, lack of segregation of duties, and/or board approval.

**Comment:**

# 4. Board and Management Oversight

## 4.a Resources, Reporting and Committees

**4.a.1.** Assess the effectiveness of board and management oversight.

Determine if managerial reports provide sufficient information relative to the size and risk profile of the organization and if the reports provided to the board and executive management are accurate and timely.

Determine that management provides resources to appropriately evaluate loss-estimation models before they are implemented (when applicable) and to modify model assumptions as needed.

**Comment:**

**4.a.2**. Determine whether the board has effective oversight of the ACL processes, including whether the board or designated committee:

- has the knowledge and expertise to provide effective oversight of ACL processes.
- reviews and approves the bank's written ACL policies at least annually.
- reviews management's assessment and justification that the loan review system is sound and appropriate for the bank's size and complexity.
- reviews management's assessment and justification for estimated ACLs as of the balance-sheet date and the resulting PCLs for the reporting period.
- requires management to periodically validate, report, and, when appropriate, revise ACL estimation methodologies.
- confirms that appropriate internal controls over ACL processes are effective, periodically validated, and any material weaknesses are resolved in a timely manner.

**Comment:**

**4.a.3.** Determine whether the ACL evaluation process for loans and leases is completed at least quarterly, and evaluate the documentation maintained to support management's assumptions, valuations, and judgments.

**Comment:**

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## 4.b Policies and Procedures

**4.b.1.** Evaluate the institution's policies and procedures for the ACL, determining whether policies and procedures provide sufficient descriptions of the methodology for consistently estimating and maintaining appropriate ACLs, including detail supporting key decisions, judgments, and interpretations. Consider

- the bank's size, complexity, condition, and risk.
- the nature and extent of significant, unique, or concentrated loan portfolios.
- sophistication of loan origination, servicing, and collection systems.
- sophistication of data capture and reporting systems.

**Comment:**

**4.b.2**. Determine whether ACL policies and procedures adequately address:

- Data-capture and loan-reporting systems that provide meaningful information regarding portfolio risks to support and document the estimates of an appropriate ACL for loans and leases for regulatory reporting requirements and, if applicable, financial statement and disclosure requirements;
- Processes that support the determination and maintenance of an appropriate level for the ACL for loans and leases that are based on a comprehensive, well-documented, and consistently applied analysis of the loan and lease portfolio and off-balance-sheet credit exposures;
- Procedures for an independent third party to review and validate the ACL methodology for loans and leases;
- Processes for determining the appropriate historical period(s) to use as the basis for estimating expected credit losses and approaches for adjusting historical credit loss information to reflect differences in loan specific characteristics, as well as current conditions and reasonable and supportable forecasts that are different from conditions existing in the historical period(s);
- Procedures to incorporate relevant internal and external factors that significantly affect collectability over reasonable and supportable forecast periods, as well as to apply appropriate reversion techniques to periods beyond reasonable and supportable forecast periods;
- Processes for determining and revising the appropriate techniques and periods to revert to historical credit loss information when the contractual term of loans and leases or off-balance-sheet credit exposures extends beyond the reasonable and supportable forecast period(s);
- Processes for segmenting the loan and lease portfolio for estimating expected credit

losses and periodically evaluating the segments to determine whether the loans and leases continue to share similar risk characteristics; and

- Policies and procedures for the prompt write-off of loans and leases, or portions of loans and leases, when available information confirms the loans and leases to be uncollectible, consistent with regulatory reporting requirements.

**Comment:**

## 5. ACL Methodologies

**5.** Determine whether the complexity and scope of the ACL evaluation process for loans and leases and the loan review system are appropriate given the institution's risk profile and complexity of lending activities.

Determine whether management provides for an effective loan review system and controls.

*Consult with the examiner performing the Loan Review procedure for input on the effectiveness of management in identifying, monitoring, and addressing asset quality problems and the impact on the ACL.*

**Comment:**

### 5.a Segmentation

**5.a.1**. Evaluate the criteria management uses to segment loans by similar risk characteristics. GAAP requires expected losses to be evaluated on a collective or pool basis when loans share similar risk characteristics. If a loan (and HTM securites) does not share similar risk characteristics with other loans (and HTM securities), expected credit losses for that loan (HTM security) should be evaluated individually. Financial assets may be segmented based on one characteristic, or a combination of characteristics.

Examples of risk characteristics include but are not limited to:

- Internal or external credit scores or credit ratings;
- Risk ratings or classifications;
- Loan type;
- Collateral type;
- Size;
- Effective interest rate;
- Term;
- Geographical location;

- Borrower industry; and
- Vintage.

**Comment:**

**5.a.2.** Determine if management evaluates financial asset segmentation on an ongoing basis to determine whether the financial assets in the pool continue to share similar risk characteristics. If a financial asset ceases to share risk characteristics with other assets in its pool, it should be moved to a different segment with assets sharing similar risk characteristics or evaluated individually if such a segment does not exist.

**Comment:**

## 5.b Credit Loss Measurement Methods

**5.b.1.** Determine the methodology or methodologies used to measure the expected collectability of loans, **and** consider whether management maintains supporting documentation for the assumptions and estimates used. Methodologies include:

- Loss-rate;
- Weighted-average-remaining-maturity (WARM);
- Probability of default/loss given default (PD/LGD);
- Roll-rate;
- Discounted cash flow;
- A method that uses aging schedules;
- Fair value of the collateral (required for all collateral-dependent loans); and
- Another reasonable method to estimate expected credit losses.

Assess the loss estimation method(s) used to arrive at estimates of the ACL, including the documentation supporting management's assumptions, valuations, and judgments.

Determine whether management appropriately considers historical loss information, current conditions, and reasonable and supportable forecasts that are relevant to assessing the collectability of cash flows, including significant qualitative factors that affect the collectability of the loan and lease portfolio.

**Comment:**

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## 5.c Groups of Loans

**5.c.1**. Determine the basis for evaluating groups of loans under ASC Subtopic 326-20 (CECL). Refer to Appendix-ACL Historical Loss and Appendix–Additional Resources-CECL and ACL for guidance.

- Evaluate the calculation of historical loss rates for each segment.
- Review the time period and the method of calculation (e.g., simple average, weighted average) for reasonableness and consistency.
- Consider whether the historical loss information may need to be adjusted for differences in current loan specific characteristics, such as differences in underwriting standards, portfolio mix, or when historical credit terms do not reflect the contractual terms of the loans being evaluated as of the reporting date.
- Consider the effect of new loan products or newly expanded markets.
- Consider how segmentation methods and historical loss-rate calculations reflect the extent to which current conditions and reasonable and supportable forecasts differ from the conditions that existed during the historical loss period.
- Consider management's process for evaluating contractual terms of loans, considering expected prepayments.

**Comment:**

**5.c.2.** Determine how management estimates credit losses on a group of loans with similar risk characteristics when the institution **does not** have loss experience of its own for such a loan group. (For instance, if the loan product is new or if institution is a De novo) (i.e. use of third-party data, peer data, etc.)

**Comment:**

## 5.d Qualitative Factors

**5.d.1**. Determine whether management considered all significant factors relevant to the expected collectability of the loan and lease portfolio as of the reporting date and maintains documentation sufficient to support all material adjustments. Appropriate documentation generally addresses all material factors that are relevant to the institution at the reporting date. Refer to Appendix-ACL for guidance.

Qualitative (including management overlays) or environmental factors may include:

- The nature and volume of the loans and leases;
- The existence, growth, and effect of concentrations of credit;
- The volume and severity of past due loans, the volume of nonaccrual loans, and the

volume and severity of adversely classified or graded loans;

- The value of the underlying collateral for loans that are not collateral-dependent;
- The institution's lending policies and procedures, including changes in underwriting standards and collections, charge-off, and recovery practices;
- The quality of the institution's credit review system;
- The experience, ability, and depth of the lending, collection, and other relevant management and staff;
- The effect of other external factors, such as the regulatory, legal and technological environments; competition; and events such as natural disasters; and
- Actual and expected changes in international, national, regional, and local economic and business conditions and developments in which the institution operates that affect the collectability of the loan and lease portfolio.

**Comment:**

## 5.e Reasonable and Supportable Forecasts

**5.e.1.** Determine if the forecast period to project expected credit losses is reasonable and supportable. Assess the adequacy of the bank's approach and support for adjusting historical loss information for reasonable and supportable forecasts. Determine if management adequately supported the length of the reasonable and supportable period(s) and considered relevant and reasonably available information. If third-party economic data were used, assess how management confirmed or supported the data's relevancy and reliability.

Determine the adequacy of documentation supporting the rationale and evidence of the reliability and accuracy of various economic scenarios and forecasts.

**Comment:**

**5.e.2.** If management elects to use multiple economic scenarios, evaluate whether the weighting or selection of these scenarios was properly supported and is periodically reevaluated.

**Comment:**

**5.e.3**. Assess the reasonableness of the economic scenario design, including how frequently management revises the economic forecast to anchor the forecasts to current macroeconomic conditions. Consider:

- how changes in the economic scenarios are documented, reviewed, and approved.
- whether the process allows for sufficient flexibility for changing macroeconomic conditions.

**Comment:**

## 5.f Individually Evaluated

**5.f.1** Confirm that loans evaluated individually are not included in a collective assessment of expected credit losses. Assess the methodology used for loans individually evaluated and whether calculations are reasonable and supportable.

**Comment:**

## 5.g Reversion to History

**5.g.1** When the contractual term of a loan or lease extends beyond the reasonable and supportable period, determine whether management reverts to historical loss information, or an appropriate proxy, for those periods beyond the reasonable and supportable forecast period (often referred to as the reversion period).

**Comment:**

**5.g.2.** Determine whether the length of the reversion period and the method used for each pool were adequately documented and supported

**Comment:**

**5.g.3.** Assess the appropriateness of selected time frame(s) used to support historical losses and whether the historical loss period reverted to was appropriately supported

**Comment:**

# 6. Off Balance Sheet Exposures

**6a.** Determine if the estimate of expected credit losses takes into consideration the likelihood that funding will occur as well as the amount expected to be funded over the estimated remaining contractual term of the off-balance-sheet credit exposures. Management should not record an estimate of expected credit losses for off-balance-sheet exposures that are unconditionally cancellable by the issuer.

Determine if management evaluates expected credit losses for off-balance-sheet credit exposures as of each reporting date. While the process for estimating expected credit losses for these exposures is similar to the one used for on-balance-sheet financial assets, these estimated credit losses are not recorded as part of the ACLs because cash has not yet been disbursed to fund the contractual obligation to extend credit. Instead, these loss estimates are recorded as a liability, separate and distinct from the ACLs.

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**Comment:**

## 7. Other Considerations

**7a.** If the ACL for loans and leases includes an unallocated amount (e.g., an overall adjustment portion of ACLs that is not attributed to specific segments of the loan portfolio), determine whether it is appropriately supported and includes an explanation for each component of the "unallocated" amount, including how the component has changed over time based on changes in the environmental factors that gave rise to the component.

**Comment:**

**7b.** Where appropriate, determine whether the assessment of an appropriate level for the ACL for loans and leases includes an estimate of losses from transfer risk associated with cross-border lending activities

**Comment:**

## 8. Adequacy of Reserves

**8a.** Evaluate the appropriateness and reasonableness of the overall level of the ACL for loans and leases and evaluate the appropriateness and reasonableness of level for off balance sheet credit exposures.

Consider the institution's methodology coupled with examination findings as they relate to:

- Loan classifications and internal watch list ratings;
- Effectiveness and reliability of the loan review system;
- Level and trend of past due and nonaccrual loans;
- Historical recovery of loan charge-offs;
- Lending policies and procedures, such as underwriting, collection, and charge-off and recovery practices; and
- Changes in the business cycle that necessitate qualitative or environmental factor adjustments to historical loss rates.

Consider reviewing applicable ratios (quantitative analysis) as a preliminary check on the reasonableness of the ACL This quantitative analysis should demonstrate whether changes in the key ratios from prior periods are reasonable based on the examiner's knowledge of the collectability of loans at the institution and its current environment.

- Evaluate trends compared to historical experience (e.g., the relationship of the ACL

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for loans and leases to adversely classified or graded loans, past due and nonaccrual loans, total loans, and historical gross and net charge-offs.

- Analyze changes in key ratios from prior periods, assess the directional consistency of the ACL for loans and leases in relation to these changes, and assess the appropriateness and reasonableness of the ACL for loans and leases based on the collectability of the institution's loan portfolio in the current environment.

If the institution's loan review system is effective and the methodology for determining an appropriate ACL for loans and leases is acceptable, compare the result of the institution's methodology to the actual ACL for loans and leases balance.

Assess management's estimated credit losses, and if necessary, consider the need for additional provision expenses based on examination findings. Consider whether:

- The loan review system is substantially inaccurate;
- The bank is lending in stressed market conditions;
- Credit administration and underwriting weaknesses have not been timely identified or addressed; or
- Examination results reflect significant loan quality deterioration.

Consider examiner recommended reserves on individual credits reviewed during the examination to determine the reasonableness of the ACL.

**Comment:**

## 9. Final Analysis

**9a.** Complete the **Summary of Findings.**

**9b.** Prepare a comment for the report.

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# SUMMARY OF FINDINGS

## #2-Allowance for Credit Losses and CECL

**Summary Comments and Conclusions (Include strengths, weaknesses, and management's response to corrective action):**

**Recommendations**:

**Management Response**:

**SUMMARY RATING ASSIGNED: Select Rating**

*Provide copy of this page to EIC/AEIC. Receipt and review of this form by the EIC/AEIC will be evidenced by his/her initials in the appropriate column for this procedure on the SCOPE FORM.*

Return to Core Analysis

## APPENDIX - Unusual Activity

The following are some examples of unusual activity which may require additional investigation:

- Large Items
- Reversal Entries
- Large charge-offs and/or recoveries in the 1st quarter of the year
- Specific types of loans with high charge-off rates
- Originating officers with high charge-off rates
- Charge-offs within 12 months of origination date
- Directors, officers, employees, or principal shareholders and related party (i.e. relative or business) with a charge-off
- Negative provisions to the ALLL account
- Accruals or credits not debited thru provision expense account
- Fast recoveries (within 30 days)
- Inappropriate expenses (i.e. ORE expenses, accrued interest, service charges)

Return to Core Analysis- Reconciliation and Account Activity

## APPENDIX - CECL Methodology

The CECL methodology described in ASC Subtopic 326-20 applies to financial assets held at amortized cost, net investments in leases, and off-balance-sheet credit exposures. Items within the scope of ASC Subtopic 326-20 include:

- loans held for investment.
- held-to-maturity (HTM) debt securities.
- receivables that result from revenue transactions within the scope of ASC Topic 606 on revenue from contracts with customers and Topic ASC 610 on other income, which applies, for example, to the sale of foreclosed real estate.
- reinsurance recoverables that result from insurance transactions within the scope of Topic 944 on Insurance.
- receivables related to repurchase agreements and securities lending agreements.
- net investments in leases recognized by a lessor.
- accrued interest receivables. (Refer to the glossary entry “accrued interested receivable” in the call report instructions for more information.)
- off-balance-sheet credit exposures including off-balance-sheet loan commitments, standby letters of credit, financial guarantees not accounted for as insurance, and other similar instruments except those within the scope of ASC Topic 815, “Derivatives and Hedging.”

The CECL methodology described in ASC Subtopic 326-20 **does not** apply to:

- financial assets measured at fair value through net income, including those assets for which the fair value option has been elected.
- AFS debt securities.
- loans held for sale (HFS).
- policy loan receivables of an insurance entity.
- loans and receivables between entities under common control. • receivables arising from operating leases.

## APPENDIX – ACL – Historical Loss

Evaluating groups of loans under ASC Subtopic 326-20 (CECL)

- Adjustments to historical loss information may be positive or negative, quantitative or qualitative, and are supported by relevant data (e.g., changes in unemployment rates, delinquency, or other factors associated with the loans).

- The granularity of segmentation and the method used to calculate loss rates affects the amount of adjustment, if any, necessary to appropriately estimate credit losses in a segment as of the evaluation date. For example, a loss rate calculated using a simple five-year average may require a larger adjustment in response to changes in the credit cycle than would a loss rate calculated using a recently weighted quarterly average.

- Historical loss information may be based on internal information, external information, or a combination of both.

- Historical loss rates for new products or loans in a new market may not be reliable given lack of seasoning or market awareness.

- Renewals, extensions, and modifications are excluded from the contractual term of a loan for purposes of estimating the ACL for loans and leases unless there is a reasonable expectation of executing a troubled debt restructuring or the renewal and extension options are part of the original or modified contract and are not unconditionally cancellable by the institution.

- Historical credit losses (or even recent trends in losses) generally do not, by themselves, form a sufficient basis to determine the appropriate level of the ACL for loans and leases. Management should consider the need to qualitatively adjust expected credit loss estimates for information not already captured in the loss estimation process. These qualitative factor adjustments may increase or decrease management's estimate of expected credit losses. Adjustments should not be made for information that has already been considered and included in the loss estimation process. (See 4f).

- Ratio analysis can be a supplemental check on the reasonableness of management's assumptions and analysis. However, sole use of ratio analysis is insufficient for determining an appropriate level for the ACL for loans and leases.

Return to Groups of Loans
Return to Qualitative Factors

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## APPENDIX -ADDITIONAL RESOURCES – CECL and ACL

**FASB**

- ASU 2022-02—*Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*
- ASU 2020-02—*Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)—Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)* (SEC Update)
- FASB's ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* commonly referred to as Current Expected Credit Losses (CECL)
- FASB FAQs on Weighted Average Remaining Maturity (WARM) Method for CECL
- FASB's Credit Losses Educational Resources

**Federal Agencies (Joint Issuances)**

- Interagency Policy Statement on Allowances for Credit Losses (5/8/20) FIL 54-2020
- Interagency Guidance on Credit Risk Review Systems (2020)
- Federal Agencies' Frequently Asked Questions on the New Accounting Standard on Financial Instruments (April 3, 2019) FIL-20-2019
- Federal agencies' Joint Statement on New Accounting Standard on Financial Instrument – Credit Losses (June 17, 2016)
- Federal agencies' Frequently Asked Questions on the New Accounting Standard on Financial Instruments – Credit Losses (updated September 6, 2017)

**FDIC**

- FDIC – Accounting and Auditing Resource Center
- Banker Resource Center - CECL

**Federal Reserve**

- Federal Reserve CECL Resource Center
  - SCALE Method and Tool
- SR Letters
  - SR 20-12 - Interagency Policy Statement on Allowances for Credit Losses

- SR 20-9 - Joint Statement on Interaction of the Regulatory Capital Rule: Revised Transition of the CECL Methodology for Allowances with Section 4014 of the Coronavirus Aid, Relief, and Economic Security Act
- SR 19-8 - Frequently Asked Questions on the Current Expected Credit Losses Methodology (CECL)
- SR 16-12 - Interagency Guidance on the New Accounting Standard on Financial Instruments – Credit Losses

**CSBS**

- CSBS Readiness Checklist Tool

Return to Groups of Loans