

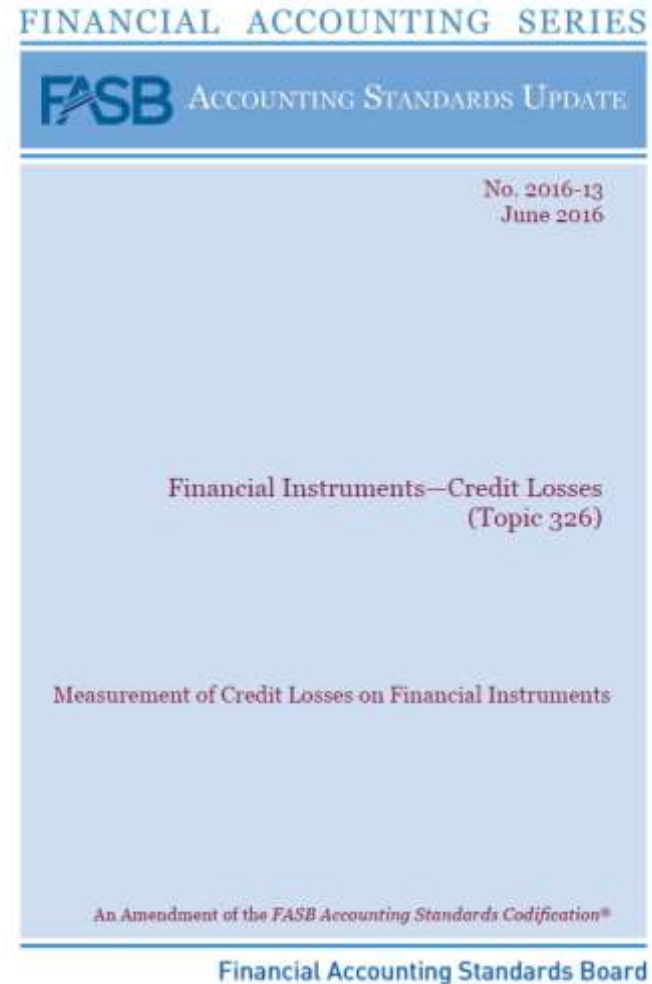
# CECL Implementation Activities

*Perspectives from the OCC*

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- Interagency Activities
- Industry Participation
- OCC Education Efforts
- CECL Publications
- Implementation Observations
  - Community Banks
  - Mid-size Banks
  - Large Banks
- Key Takeaways



- Joint Statement issued June 2016
- Frequently Asked Questions
  - December 2016, September 2017 publications
  - Last update occurred on April 3, 2019
- Webinars
  - Community Bank Implementation Examples
  - Weighted Average Remaining Maturity Method
- CECL Capital Transition Rule
  - Optional 3-year phase-in of CECL impact at implementation
- Call Report Changes
  - Schedule changes
  - Terminology changes



- OCC has participated in a number of industry forums:
  - FASB Transition Resource Group
  - AICPA Depository Institution Expert Panel
  - Large Bank Risk Management Association
  - Mid-size Bank Risk Management Association
- OCC also held outreach meetings with bankers, auditors, trade groups, and vendors



**the bank system**

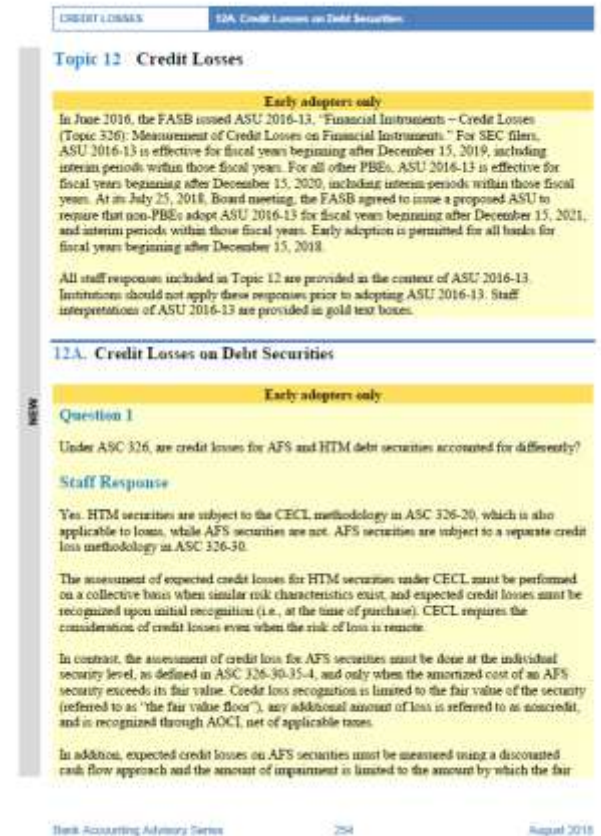
- Large Bank Examiners – in person training courses
- Midsize and Community Bank Examiners – will utilize in person training as well as e-learning courses
- Webinars - for examiners and bankers
  - Introduction to CECL
  - Implementation Considerations
  - Debt Securities
  - Data and Methods
  - Third Party Risk Management
  - Purchased Credit Deteriorated (PCD) Loans
  - The Halfway Point
  - Weighted Average Remaining Maturity Method
  - Additional webinars planned for 2019
  - Available on OCCNet (for examiners) and on BankNet (for industry subscribers)



- Education efforts extend beyond direct work with examiners
- National CECL Implementation Committee
- OCC Network Groups (Residential Mortgage, Card, Auto, Wholesale)
- Informal management updates
- Participation in supervisory activities



- Interagency Policy Statement on the ALLL
  - 2006 and 2001 statements being revised
  - Anticipate public comment on CECL policy
  - Goal to issue CECL statement by year end
- ALLL Handbook
  - Created to help examiners review the ALLL
  - Available to industry
  - Goal to publish revisions in early 2020
- Bank Accounting Advisory Series (BAAS)
  - Published August 2018
  - Topic 12 – Credit Losses
    - Credit Losses on Debt Securities
    - Troubled Debt Restructurings
    - Acquired Loans
    - Allowance for Credit Losses (ACL)
- Other policies and issuances are under review for potential revision 7



- Management should consider governance over pre- and post- CECL implementation activities. Reasonable project plans should be developed.
- CECL is often discussed in components (reasonable and supportable forecasts, reversion, etc.). It is important to evaluate the methodology as a whole.
- Qualitative factors will still be important for CECL. The calculation may change, some factors may no longer be needed, and new factors may be added.
- Management's execution of parallel run should be clearly defined
- Management should consider how changes made during parallel run will be documented







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- Helpful Resources Referenced in the Presentation:  
[2018 Bank Accounting Advisory Series](#)  
[CECL Frequently Asked Questions](#)  
[CECL Webinar Series](#)  
[2016 Interagency Joint Statement on CECL](#)
- Other Resources on BankNet:  
[CECL Reference Guide for Bankers](#)  
[CECL Call Report Effective Date Decision Tree](#)  
[FASB Q&A on WARM Method](#)