

Credit Losses (CECL) Implementation Update

- Update No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*

This Update provides clarification and correction on several aspects of Topic 326 to assist stakeholders with implementation, including:

- ✓ **Measurement and Presentation of Accrued Interest Receivables**
- ✓ **Transfers between Classifications or Categories for Loans and Debt Securities**
- ✓ **Recoveries**
- ✓ **Vintage Disclosures for Line-of-Credit Arrangements**
- ✓ **Contractual Extensions and Renewals**

- Update No. 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief*

- ✓ Permits entities to irrevocably elect the fair value option on certain financial assets on an instrument-by-instrument basis, upon adoption of Topic 326

Credit Losses (CECL) Implementation Update

❑ Credit Losses Roundtable—January 28, 2019

- ✓ Discussed FASB staff's research on recent credit losses agenda requests
- ✓ Included representative of banks of various sizes, regulators, and other stakeholders
- ✓ Also discussed FASB's consideration of charge-offs and recoveries as a component of the vintage disclosures
- ✓ The Board decided that the alternative proposal would not result in incremental improvements to the accounting for expected credit losses

❑ FASB Staff CECL Q&As

- ✓ Weighted average remaining maturity (WARM) credit losses methodology
- ✓ Questions related to the reasonable and supportable period

❑ Additional Research

- ✓ Staff is drafting an exposure document on the applicability of negative allowances for PCD financial assets, AFS debt securities, and miscellaneous technical improvements

Questions for the PCC

1. What questions do you have about the CECL standard?
2. Are you hearing any questions or concerns about the CECL standard? If so, can you provide the staff with any specifics?