RESCINDED

Office of the Comptroller of the Currency
U.S. Department of the Treasury

Replaced: See OCC 2019-17

OCC BULLETIN 2017-34

Subject: Current Expected Credit Losses
Date: September 6, 2017

To: Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies of Foreign Banks; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Description: Additional Interagency Frequently Asked Questions on the New Accounting Standard on Financial Instruments–Credit Losses

Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration (collectively, the agencies) are publishing additional frequently asked questions to assist financial institutions and examiners with the new accounting standard, Accounting Standards Update 2016-13, Topic 326, "Financial Instruments–Credit Losses," issued by the Financial Accounting Standards Board (FASB) on June 16, 2016. The agencies published 23 frequently asked questions on December 19, 2016, and are now publishing 14 additional questions.

The new accounting standard introduces the current expected credit losses methodology (CECL) for estimating allowances for credit losses. The effective date of the new credit losses standard depends on the financial institution's characteristics. For U.S. Securities and Exchange Commission filers, the new credit losses standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Note for Community Banks

The new accounting standard and the supervisory views outlined in the frequently asked questions apply to all national banks and federal savings associations.

Highlights

The 14 additional frequently asked questions

- discuss initial supervisory views with respect to qualitative factors, data needs, and the use of the collateral-dependent practical expedient.
- summarize accounting for changes in expected credit losses for purchased financial assets with credit deterioration under CECL in periods after their acquisition date.
- outline the new accounting standard's definition of a public business entity (PBE), discuss how PBE status affects implementation of the new credit losses standard, and provide considerations for an institution to evaluate when assessing whether it is a PBE.
- describe how and when an institution must incorporate the new credit losses standard into its regulatory reports, providing examples for an institution with a
  - calendar fiscal year that is not a PBE.
  - non-calendar fiscal year.

Further Information

For further assistance in determining when an institution must incorporate the new accounting standard into its call reports, financial institutions may refer to the CECL Call Report Effective Date Decision Tree on BankNet. Please contact the OCC at CECL@occ.treas.gov [mailto:CECL@occ.treas.gov] with CECL questions. For questions about this bulletin, please contact Sydney Menefee, Deputy Chief Accountant, or Mandi Simpson, Professional Accounting Fellow, Office of the Chief Accountant, at (202) 649-6380.

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Related Links

- OCC Bulletin 2016-45, "Current Expected Credit Losses: Interagency Frequently Asked Questions on the New Accounting Standard on Financial Instruments–Credit Losses," (December 19, 2016)
- "Frequently Asked Questions on the New Accounting Standard on Financial Instruments–Credit Losses" (PDF)