

RESCINDED

OCC Bulletin 2019-49 | October 17, 2019

Credit Risk Review: Notice and Request for Comment on Proposed Interagency Guidance on Credit Risk Review Systems

Summary

Replaced by OCC 2020-50

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 seeking public comment on the proposed “Interagency Guidance on Credit Risk Review Systems” published on October 17, 2019. Comments must be received by December 16, 2019.

To

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

Note for Community Banks

When finalized, the proposed “Interagency Guidance on Credit Risk Review Systems” will apply to all OCC-supervised banks.¹

Highlights

The proposed “Interagency Guidance on Credit Risk Review Systems”

- discusses a system of independent, ongoing credit review designed for sound management of credit risk.
- describes appropriate communication regarding the performance of the institution’s loan portfolio to management and the board of directors.

Background

In 2006, the agencies issued the “Interagency Policy Statement on the Allowance for Loan and Lease Losses” (2006 statement).² Attachment 1 to the 2006 statement, “Loan Review Systems,” contains the agencies’ current credit risk review guidance. The agencies are proposing to update this credit risk review guidance to reflect the current expected credit losses (CECL) methodology.³ Further, the agencies recognize that credit risk review systems are part of an institution’s risk management system in addition to providing information on the collectibility of the loan portfolio used in determining an appropriate level for the allowance for credit losses or allowance for loan and lease losses. Therefore, the agencies are proposing to issue updated guidance on credit risk review systems as a standalone document and rescind attachment 1 to the 2006 statement.

Further Information

Please contact Beth Nalyvayko, Bank Examiner, Commercial Credit Risk, Bank Supervision Policy, at (202) 649-6670.

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Senior Deputy Comptroller for Bank Supervision Policy

Related Link

- [“Interagency Guidance on Credit Risk Review Systems” \(PDF\)](#)

¹ The term “banks” refers to national banks and federal savings associations. Federal branches and agencies of foreign banking organizations may choose to, but are not required to, maintain allowances for credit losses on a branch or agency level.

² Refer to OCC Bulletin 2006-47, “Allowance for Loan and Lease Losses (ALLL): Guidance and Frequently Asked Questions (FAQs) on the ALLL.”

³ The Financial Accounting Standards Board’s (FASB’s) Accounting Standards Update 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” and subsequent amendments issued since June 2016 are codified in Accounting Standards Codification (ASC) Topic 326, “Financial Instruments – Credit Losses” (FASB ASC Topic 326). FASB ASC Topic 326 revises the accounting for the allowances for credit losses and introduces CECL.

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