Southeast Bankers Outreach Forum

Implementing CECL

Date: September 28, 2017

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This presentation and my comments represent my personal views and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.
MACROECONOMIC IMPACT

Procyclicality
REGULATORY AND EXAM APPROACH

- Regulatory tone and process
- Exam approach
- Participation with other stakeholders
## FAQs: Key Areas of Coverage

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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</thead>
<tbody>
<tr>
<td>Are complex models needed?</td>
<td>No. Scalable to institutions of all sizes</td>
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<tr>
<td>Data and systems</td>
<td>Increased data needs and system impacts—encouraged to take action now</td>
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<tr>
<td>Q Factors</td>
<td>Qualitative factors</td>
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<tr>
<td>The key details</td>
<td>Portfolio segmentation, contractual term</td>
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FAQS: KEY AREAS OF COVERAGE

- Consultants – are they needed?
  - Not required but, if used, follow guidance on third-party service providers

- Collateral
  - Collateral dependence and using the fair value of collateral

- Capital and allowance impact
  - Impact will vary by institution; no regulatory floor or benchmarks

- Supervisory expectations
  - Dos and don’ts
IMPLEMENTATION ISSUES

Change in allowance moving to CECL

Reasonable and supportable forecast
INTERACTION WITH REGULATORY MEASURES

- Regulatory capital
- Stress testing