



National Credit Union Administration

BOARD ACTION MEMORANDUM

TO: NCUA Board **DATE:** February 10, 2020
FROM: Office of Examination and Insurance **SUBJ:** Interagency Policy Statement; on Allowances for Credit Losses

ACTION REQUESTED: NCUA Board approval to issue in the *Federal Register* the attached Interagency Policy Statement (final) on Allowances for Credit Losses.

DATE ACTION REQUESTED: February 20, 2020.

OTHER OFFICES CONSULTED: Office of General Counsel.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

RESPONSIBLE STAFF MEMBERS: Scott Neat, Associate Director Office of Examination and Insurance; Alison Clark, Chief Accountant, Office of Examination and Insurance.

SUMMARY: In April 2018, the FFIEC's Task Force on Supervision (TFOS) authorized a project to determine interagency policy implications of the Financial Accounting Standard Board (FASB)'s new rule on accounting for credit losses - the current expected credit losses methodology (CECL). As a result, the CECL Oversight group was formed. Work began on an update to the 2002/2006 Interagency Policy Statement (IPS) to incorporate CECL which was issued for public comment on October 17, 2019.

The final IPS incorporates feedback from stakeholders and the 2002/2006 interagency allowance guidance issuances.

RECOMMENDED ACTION: Recommend the Board approve the Interagency Policy Statement.

ATTACHMENT: Interagency Policy Statement.