

INVESTMENT COUNSEL AND MANAGEMENT

ACCOUNTING ALERT

July 18, 2019

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CECL Extension

The Financial Accounting Standards Board (FASB) voted unanimously yesterday to give small private banks and credit unions until January 2023 to comply with the new current expected credit losses (CECL) accounting standard.

The CECL standard is currently set to take effect in January 2020 for SEC filers, except for small reporting companies, which are supposed to begin implementing it in January 2023. The proposal, which is out for a 30-day comment period, would push back the dates for all other public business entities from January 2021 to January 2023, and for private companies from January 2022 to January 2023.

FASB's staff also issued guidance in the form of a question-and-answer document as to how banks should make "reasonable and supportable" forecasts of loan losses.

SSW will continue to monitor all CECL developments.

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Source for the information in this update is the Bloomberg and SSW Research Department.

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