AN INSIDE LOOK

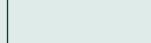
Trends for Banks and **Credit Unions**

takeaways, view our executive summary.

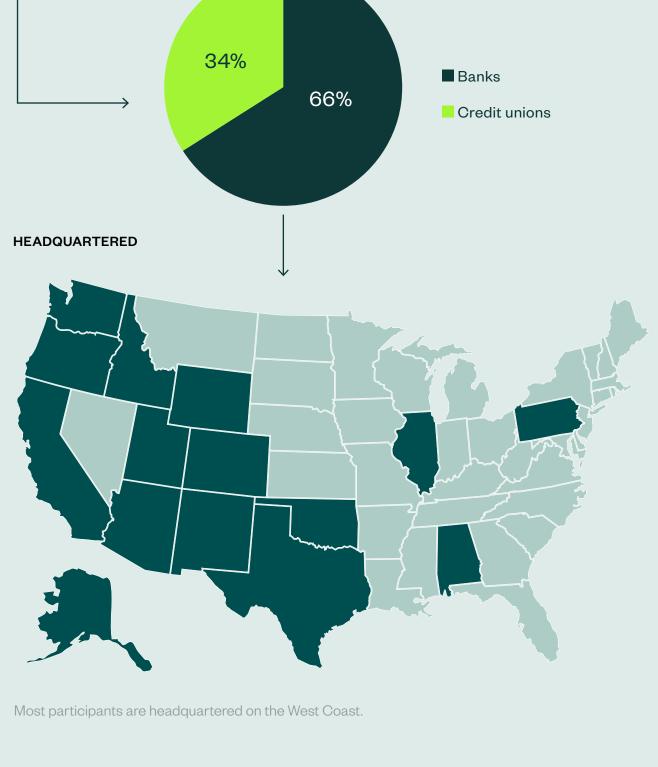
The Financial Accounting Standards Board (FASB) current expected credit loss (CECL) standard significantly impacts financial institutions, requiring robust implementation efforts.

To help you benchmark your organization's transition to the standard, our report offers feedback and trends gathered from banks and credit unions across the nation. The complete survey findings are included in this report. For highlights and key

PARTICIPANTS



TYPE



WHAT IS YOUR INSTITUTION'S ASSET SIZE?

Under \$100 million

\$1 billion-\$5 billion Over \$5 billion

\$100 million-\$250 million

\$250 million-\$1 billion

10%

32%



15% Gathering information Holding implementation planning meetings 7% Evaluating options for implementation 19%

WHICH ASPECT OF CECL DO YOU ANTICIPATE WILL BE THE MOST DIFFICULT?

IN WHAT CECL DEVELOPMENT STAGE IS YOUR INSTITUTION?

Engaging a third party for implementation

Implemented the model and methodology

Loan segmentation

No change expected

Increase expected

Decrease expected

Unsure

Data accumulation and analysis

Life-of-loan concept and calculations

Working through development steps internally



HOW MANY LOAN SEGMENTS DO YOU EXPECT UNDER CECL?

37%

ASSET CLASS EVALUATION AND DISCOVERY

5%

17%

HOW DO YOU FORESEE YOUR LOAN SEGMENTS CHANGING UNDER CECL?

28%

50%

41%

WHAT'S THE STATUS OF ACCESSING AND ACCUMULATING THE REQUIRED LOAN-LOSS DATA?

12%

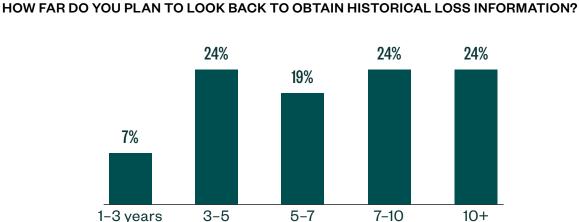
2%

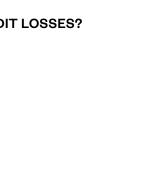
10% 5%

37%

46%

Yet to start Compiling data and evaluating our needs





Yes, for under six months

Yes, for six months to a year

years

44%

No

7%

Internal

conclusions

34%

32%

10%

59%

17%

12%

Primary

regulator

Better loan deaccessioning

Better risk-based pricing

Data analysis

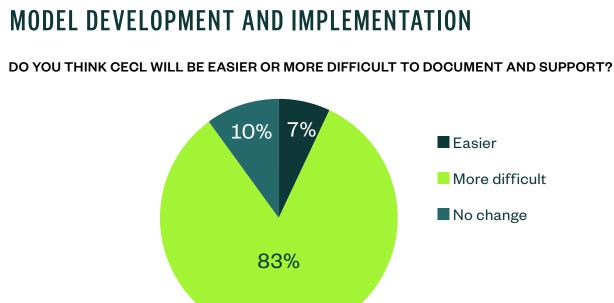
and scoping

\$0

Under \$10,000

Over \$50,000

\$10,000-\$20,000 \$20,000-\$50,000



Not sure

Life-of-loan

calculations



Loan

segmentation

Under 100 100-250 250-500 500+ hours hours hours hours

8%

12%

HOW LONG DO YOU EXPECT TO SPEND IMPLEMENTING CECL METHODOLOGY AND PROGRAM?

22%

29%

29%

Yes, but we decided to perform it internally 5%

If you have questions about the survey results or methodology, please email

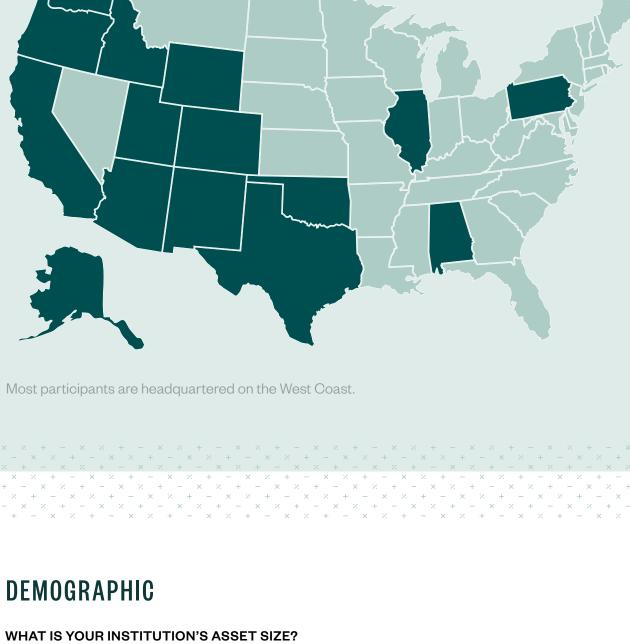
HAVE YOU CONSIDERED OBTAINING AN INDEPENDENT VALIDATION OF YOUR CECL MODELS?

MOSSADAMS

56%

24%

15%



5%

19%

27%

FDIC

NCUA

OCC

FRB

Other and nonregulated

32%

38%

43%

22%

15%

10%

5%

2%

BACKGROUND WHO IS YOUR PRIMARY REGULATOR?



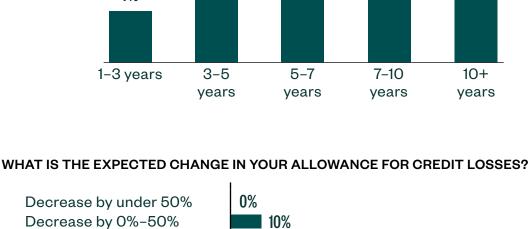
HOW MUCH ASSISTANCE DO YOU EXPECT FOR IMPLEMENTATION EFFORTS? We'll likely seek outside help when we need it We're still exploring options 20% We haven't thought about it 0%

Completed analysis; determined our data is sufficient Completed analysis; determined we'll need to supplement data

METHODOLOGY AND MODEL SELECTION

10%

Assessing the data-gathering process



No change in the allowance

Weighted average remaining life

Probability of default/loss given default

Increase by 0%-50% Increase by over 50%

Vintage analysis

Regression

Discounted cash flows

Loss rate or other method

20%

13%

WHICH CECL MODEL(S) DO YOU EXPECT TO IMPLEMENT? SELECT ALL THAT APPLY.

DO YOU PLAN TO HAVE A PARALLEL RUN BETWEEN CECL AND CURRENT ALLL?

■ Not sure 73%

WHICH STAKEHOLDER IS MOST INFLUENTIAL ON YOUR INTERPRETING CECL?

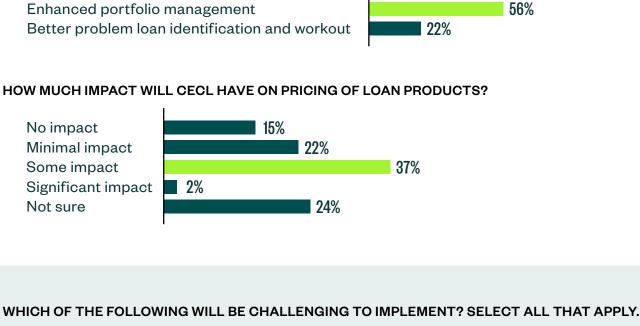
56%

Audit

firm

25%

FASB



BEYOND CECL, WHAT DO YOU HOPE TO GAIN FROM HAVING MORE AND BETTER QUALITY DATA?

0%

22%

Model

development

Reasonable and

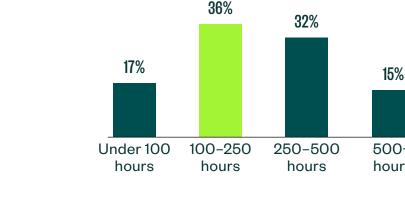
supportable forecasts

Internal

controls around

our CECL

calculation



Yes, but we haven't moved forward

Yes, and we have a firm selected

CONTACT US

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