



THE POWER OF BEING UNDERSTOOD

CECL *RAPID ASSESSMENT*TM

Understanding and preparing for CECL

The Financial Accounting Standards Board's (FASB) new guidance on accounting for current and expected credit losses (CECL) means a significant shift from your current allowance for loan and lease losses (ALLL) practices. Many financial institutions are still not clear on what CECL will mean for them or on what they need to do to respond. Have you considered the following?

- How you will segment your loan and investment portfolios based on their risk characteristics?
- CECL's data demands—have you identified and are your systems ready to deliver the data you will need to comply with CECL?
- CECL's requirements – which methodologies best suit your loans and investments?
- What will be CECL's impact on accounting for mergers or acquisitions?

RSM understands CECL

RSM has deep, proven experience meeting the accounting needs of financial institutions. We not only understand CECL, we understand how to help you understand how it will affect your institution. Our two-step approach will help you quickly assess your needs and develop an on-point, actionable road map to get your accounting practices where they need to be.

Step one: *Rapid Assessment*

We begin with a data survey that:

- Identifies key applications affected by CECL
- Identifies gaps in data collection
- Assesses the consistency of your data points
- Provides a framework for CECL development

We also work directly with you to gain a full understanding of your current ALLL processes and documents.

We then conduct a half-day, on-site session to educate your team on CECL and its impact on your loan and investment portfolios, day one and day two merger accounting, and financial reporting.

Finally, with results from our data survey and on-site research in place, we hold a full-day whiteboarding session to build a framework of options for your CECL effort.

Step two: *Implementation road map*

With our *Rapid Assessment* complete, we then deliver an implementation road map that outlines a direct path from your current ALLL practices to a CECL-compliant approach. Your road map will include:

- Data gaps, including inconsistent capture of data points, missing data you will need for CECL compliance and steps you can take to enhance your data capture using your existing systems
- CECL framework options, including guidance on risk modeling alternatives, governance and structure recommendations and enhancements to existing loan segmentation practices
- A customized implementation timeline that lays out the key phase and milestones for your CECL project, including model selection, data organization and mapping, processes and procedures, parallel testing, and ongoing monitoring and implementation

RSM understands you

You don't need theory—you need fast, direct and actionable advice that cuts through the fog and puts you in position to comply with CECL's considerable demands. You don't need generic advice that applies to every institution; you need solutions based on your institution's specific loans, investments and practices. That's what our CECL *Rapid Assessment* delivers.

That's the power of RSM—the power of being understood®.

+1 800 274 3978
www.rsmus.com

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