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**Joint Release**

**Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation**

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For immediate release

May 8, 2020

**Federal Financial Regulatory Agencies Issue Interagency Policy Statement on Allowances for Credit Losses and Interagency Guidance on Credit Risk Review Systems**

Four federal financial regulatory agencies have approved a policy statement on allowances for credit losses. The statement will promote consistency in the interpretation and application of the Financial Accounting Standards Board's credit losses accounting standard, which introduces the current expected credit losses (CECL) methodology.

The interagency policy statement describes the measurement of expected credit losses using the CECL methodology and updates concepts and practices detailed in existing supervisory guidance that remain applicable.

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency issued the interagency policy statement, which will be effective at the time of each institution's adoption of the credit losses accounting standard.

The agencies also finalized interagency guidance on credit risk review systems. The guidance presents principles for establishing a system of independent, ongoing credit risk review in accordance with safety and soundness standards.

**Attachments:**

[Interagency Policy Statement on Allowances for Credit Losses](#)

[Interagency Guidance on Credit Risk Review Systems](#)

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