

SCRIPTING	PROJECT MANAGEMENT
<p>ANNOUNCER - V/O: RUNS: 19 SECONDS</p> <p>CECL, arguably the largest change in accounting for banks and credit unions in thirty years, presents a multitude of challenges.</p> <p>CECL requires institutions to estimate future losses for the contractual term of a loan - and these businesses struggle with how to report these potential losses, when they haven't happened.</p> <p>RYAN ABDOO 11:45 – 11:54 RUNS: 10 SECONDS How are we going to explain to auditors what our forecasts are and we're expecting losses to happen in the future, when those events haven't even transpired yet.</p>	<p>Text: CECL</p> <p>Graphic: A crystal ball with spreadsheets inside.</p> <p>Graphic: A representative appears in front of a boardroom table of people pointing to a pull-down chart with a crystal ball drawn on it</p> <p>RYAN ABDOO ON CAMERA</p>
<p>ANNOUNCER - V/O: RUNS: 12 SECONDS</p> <p>Because of this, institutions grappling with CECL aren't sure of where to begin on their journey to compliance.</p> <p>After all, a miscalculation at this point in the process, could easily snowball into larger problems down the road.</p>	<p>Graphic: use the crystal ball image again, then the image of a big red X is revealed</p>

RYAN ABD00

8:46 - 8:57

RUNS: 11 SECONDS

There are so many rabbit holes to go down in this calculation that you really need to determine which roads you want to go down before going down them, otherwise you're going to have a lot of wasted time, a lot of wasted resources that you really don't need to have.

RYAN ABD00 ON CAMERA

Name Key: Ryan Abdoo | Industry Technical Leader, Plante Moran

ANNOUNCER - V/O:

RUNS: 10 SECONDS

Having an implementation timeline is a great way to start your institution on the path to compliance - and luckily, it doesn't have to be complicated.

Graphic: A timeline

Graphic: A path marked by a sign that says compliance

RYAN ABD00

4:45 - 4:49

RUNS: 14 SECONDS

I think the important thing for CECL right now is having a timeline to show your regulators, a timeline to show your board of directors - this is our plan for adoption and if we follow this plan, we should be in good shape by the time adoption comes along.

RYAN ABD00 ON CAMERA

<p>ANNOUNCER - V/O: RUNS: 21 SECONDS First, determine if your institution will be using a program like excel, or proprietary software.</p> <p>Regulators have specified that smaller and less complex financial institutions don't need to use complex models, but how a small and less complex institution is characterized, has not yet been defined.</p> <p>For institutions that view themselves as small and less complex but are not sure, Ryan Abdoo believes the regulators and industry will look to clarify this matter in the coming year and recommends that you hold off on obtaining an expensive and complex CECL software model for the short term.</p>	<p>Header Text: Choose a technology model</p> <ul style="list-style-type: none"> - Universal program (like excel) or - Proprietary software
<p>RYAN ABDOO 2:42 - 2:50 RUNS: 8 SECONDS I would continue to gather data, sort of see where the industry goes in the next year, and then make a decision as to the utilization of a software, or a more simplistic methodology.</p>	<p>RYAN ABDOO ON CAMERA</p>
<p>ANNOUNCER - V/O: RUNS: 10 SECONDS Now you can begin designing the calculation of the allowance by identifying pools. First, determine your segments and your classes.</p>	<p>Header Text: Determine your segments and classes</p>

RYAN Abdoo

7:35 - 7:45

RUNS: 10 SECONDS

So breaking down your portfolio to determine how you want to bifurcate your portfolio. Now I think call report codes and the bifurcation you have there is a great start point.

7:45 - 7:50

RUNS: 5 SECONDS

From there I think you want to select your classes - and try to select things based on similar credit characteristics

ANNOUNCER - V/O:

RUNS: 10 SECONDS

For this process, Ryan recommends institutions determine what factors are really driving loss, whether they be debt to income ratios, credit scores, or risk grades for your commercial real estate portfolio.

Once those factors are determined, start gathering data.

Text: Determine what factors drive loss

- Income ratios?
- Credit scores?
- Commercial real estate?

Header Text: Gather data

RYAN ABD00

8:05 - 8:24

RUNS: 19 SECONDS

Start to gather that data now because that's going to be the data that's going to be pulled into your methodology.

And once you have your methodology and your data, you can start to do some shadow calculations and determine what your impact is going to be on adoption.

RYAN ABD00 ON CAMERA

<p>ANNOUNCER - V/O: RUNS: 13 SECONDS</p> <p>CECL is still being refined by regulators and collaborators, but following these steps and reaching out to a coach to help navigate the transition, will make sure your institution is moving in a positive direction.</p>	<p>Header Text: Reach out to a coach</p> <p>Broll/Footage: A consultation over a desk</p>
<p>ANNOUNCER - V/O: RUNS: 12 SECONDS</p> <p>Plante Moran is among the largest CPA firms in America, and performs audit, tax, and risk management services for more than 225 community financial institutions.</p> <p>They are helping a number of clients navigate this transition.</p>	<p>Graphic: Plante Moran logo</p> <p>Text: 14th largest CPA firm in America</p> <p>Text: 225+ clients</p>
<p>RYAN ABDOO 4:15 - 4:20 RUNS: 5 SECONDS</p> <p>What we can bring to the table is an overall coach, we can be a sounding board to help you determine the type of methodology that might be best for you to utilize.</p>	<p>RYAN ABDOO ON CAMERA</p>
<p>ANNOUNCER - V/O: RUNS: 5 SECONDS</p> <p>For more information, or for help navigating CECL adoption, contact Plante Moran.</p>	<p>Text: plantemoran.com</p>