

FINANCIAL SERVICES TRENDS

FASB STAFF Q&A ON THE WEIGHTED AVERAGE REMAINING MATURITY METHOD UNDER CECL

Issue I – January 2019



On January 10, 2019, the FASB staff issued a question and answer document regarding the weighted average remaining maturity (“WARM”) method to estimate expected credit losses under Topic 326.

The Q&A document details the various factors that a financial institution must consider in determining whether the WARM method would be acceptable. While the conclusion provided in the Q&A document notes that the WARM method can be acceptable, it would generally be utilized for less complex pools of assets. An entity should still ensure that its assumptions and inputs are reasonable and supportable under the standard.

The full Q&A document can be found at this link: [FASB Webpage on Topic 326 Q&A](#)

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