NO. 1700-100 | JUNE 24, 2009

Financial Accounting Series

EXPOSURE DRAFT

Proposed Statement of Financial Accounting Standards

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

This Exposure Draft of a proposed Statement of Financial Accounting Standards is issued by the Board for public comment. Written comments should be addressed to:

Technical Director
File Reference No. 1700-100

Comment Deadline: August 24, 2009

Financial Accounting Standards Board
of the Financial Accounting Foundation

Responses from interested parties wishing to comment on the Exposure Draft must be *received* in writing by August 24, 2009. Interested parties should submit their comments by email to director@fasb.org, File Reference No. 1700-100. Those without email may send their comments to the "Technical Director—File Reference No. 1700-100" at the address at the bottom of this page. Responses should *not* be sent by fax.

All comments received constitute part of the FASB's public file. The FASB will make all comments publicly available by posting them to its website and by making them available in its public reference room in Norwalk, Connecticut.

An electronic copy of this Exposure Draft is available on the FASB's website until the FASB issues a final document. Any individual or organization may obtain one copy of this Exposure Draft without charge until August 24, 2009, on written request only. *Please ask for our Product Code No. E204.* For information on applicable prices for additional copies and copies requested after August 24, 2009, contact:

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Notice for Recipients of This Exposure Draft

This proposed Statement would require enhanced disclosures about the allowance for credit losses and the credit quality of financing receivables. This proposed Statement would apply to financing receivables held by all creditors, including public and nonpublic entities that prepare financial statements in accordance with generally accepted accounting principles.

This proposed Statement defines two levels of disaggregation—portfolio segment and class of financing receivable. A portfolio segment is a higher level of aggregation and generally will have more than one class of financing receivables. A portfolio segment is defined as the level at which a creditor develops and documents a systematic methodology for determining its allowance for credit losses. A class of financing receivable is defined as a level of information that enables users of its financial statements to evaluate the nature and extent of the exposure to credit risk arising from financing receivables that a creditor holds at the date of the financial statements. This proposed Statement provides additional implementation guidance to determine the appropriate level of disaggregation of information.

Under this proposed Statement, there are six major categories of disclosures: allowance for credit losses, rollforward schedules of financing receivables, fair value, credit quality information, impaired financing receivables, and nonaccrual status. The disclosures for allowance for credit losses, rollforward schedules of the allowance for credit losses and for financing receivables, and fair value are disaggregated by portfolio segment. The disclosures for credit quality information, impaired financing receivables, and nonaccrual status are further disaggregated by class.

Information for Respondents

The Board invites individuals and organizations to send written comments on all matters in this proposed Statement. Comments are requested from those who agree with the provisions of this proposed Statement as well as from those who do not.

Comments are most helpful if they identify the issues or specific paragraph or paragraphs to which the comments relate and clearly explain the problem or question. Those who disagree with provisions of this proposed Statement are asked to describe their suggested alternatives, supported by specific reasoning.

Scope (Paragraph 2)

Issue 1: This proposed Statement defines a *financing receivable* as both loans as defined by FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, and lessors' investment in leases other than operating leases that have been recorded as assets in accordance with FASB Statement No. 13, *Accounting for Leases*. Do you agree with the definition used to identify a financing receivable subject to the provisions of this proposed Statement? If not, why not?

Issue 2: This proposed Statement would apply to all creditors, including all public and nonpublic entities that prepare financial statements in accordance with generally accepted accounting principles. Do you agree with the scope of this proposed Statement? If not, why not?

Disclosures (Paragraphs 10–16)

Issue 3: This proposed Statement would require a rollforward schedule of the total allowance for credit losses in both interim and annual reporting periods by portfolio segment and in the aggregate. In addition, it also would require a rollforward schedule of financing receivables in both interim and annual reporting periods by portfolio segment and in the aggregate. Do you believe those disclosures will assist financial statement users in better understanding the financial information for the total allowance for credit losses as well as the associated financing receivables? If not, why not?

Issue 4: This proposed Statement would require interim and annual credit quality disclosures about a portfolio by class of financing receivable, including quantitative and qualitative information about the credit quality of financing receivables. Do you believe those disclosures will assist financial statement users to better understand the credit quality for the associated financing receivables? If not, why not?

Issue 5: This proposed Statement would require an analysis of the age of financing receivables that are past due, but not impaired, at the end of the reporting period separately for each class of financial instruments. Do you believe those disclosures will assist financial statement users in better understanding the credit quality for the associated financing receivables? If not, why not?

Issue 6: This proposed Statement would require the fair value of loans at the end of the reporting period by portfolio segment. Do you believe those disclosures will assist financial statement users in better understanding the credit quality for the associated financing receivables? If not, why not?

Issue 7: Do you believe it is operational for entities to disclose all of the proposed requirements for interim and annual reporting periods? Why or why not?

Effective Date and Transition (Paragraph 17)

Issue 8: The final Statement is expected to be issued in the third quarter of 2009. The Board concluded that this proposed Statement would be effective for financial statements beginning with the first interim or annual reporting period ending after December 15, 2009. Do you agree with the Board’s decision on the effective date? If not, what would be a reasonable period of time to implement the provisions of this proposed Statement? If you do not agree, please provide a description of the process changes necessary to implement this proposed Statement that would require additional time.

Summary

Why Is the FASB Issuing This Proposed Statement and When Will It Be Effective?

The composition of an entity's financing receivable portfolio is the basis for management's determination of the allowance for credit losses. Constituents have expressed concerns that the existing disclosure requirements of FASB Statements No. 5, *Accounting for Contingencies,* No. 13, *Accounting for Leases,* No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings,* and No. 114, *Accounting by Creditors for Impairment of a Loan*, and AICPA Statements of Position 01-6, *Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others,* and 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer,* do not provide adequate information about the allowance for credit losses and the credit quality of financing receivables. Accordingly, this proposed Statement would require enhanced disclosures about an entity's allowance for credit losses as well as the credit quality of an entity's financing receivables and thereby would improve the transparency of financial reporting.

This proposed Statement would be effective beginning with the first interim or annual reporting period ending after December 15, 2009, with early application encouraged. For purposes of this proposed Statement, *interim reporting period* refers to summarized financial information at interim dates prepared in accordance with APB Opinion No. 28, *Interim Financial Reporting*. This proposed Statement would encourage, but would not require, comparative disclosures for earlier periods that ended before initial adoption. However, this proposed Statement would require an entity to provide comparative disclosures for those periods that ended after initial adoption.

What Is the Scope of This Proposed Statement?

This proposed Statement would apply to financing receivables held by all creditors, including all public and nonpublic entities that prepare financial statements in accordance with generally accepted accounting principles.

How Will This Proposed Statement Change Current Practice?

This proposed Statement would change the disclosure requirements for the allowance for credit losses and the credit quality of financing receivables. This proposed Statement defines two levels of disaggregation—portfolio segment and class of financing receivable. A portfolio segment is a higher level of aggregation and generally will have more than one class of financing receivable. A portfolio segment is defined as the level at which a creditor develops and documents a systematic methodology for determining its allowance for credit losses. A class of financing receivable is defined as a level of information that enables users of its financial statements to evaluate the nature and extent of exposure to credit risk arising from financing receivables that a creditor holds at the date of the financial statements. This proposed Statement also would provide additional implementation guidance to determine the appropriate level of disaggregation of information.

An entity would be required to provide enhanced disclosures, at the reporting date, about all of the following:

1. The rollforward schedules of the allowance for credit losses from the beginning of the reporting period to the end of the reporting period on a portfolio segment basis for both the allowance for individually evaluated impaired financing receivables as determined in accordance with Statement 114 and the allowance for collectively evaluated impaired financing receivables as determined in accordance with Statement 5
2. The rollforward schedules on a portfolio segment basis of the financing receivables corresponding to item (1) above from the beginning of the reporting period to the end of the reporting period
3. The fair value of loans at the end of the reporting period on a portfolio segment basis
4. The credit quality of the financing receivables portfolio at the end of the reporting period by class of financing receivable
5. The aging of the past due financing receivables at the end of the reporting period by class of financing receivable
6. The nonaccrual status and impaired financing receivables at the end of the reporting period by class of financing receivable.

The disclosures are intended to enhance the existing disclosures required under Statements 5, 13, 15, and 114 and SOPs 01-6 and 03-3.

What Is the Effect of This Proposed Statement on Convergence with International Financial Reporting Standards?

In August 2005, the International Accounting Standards Board issued International Financial Reporting Standard (IFRS) 7, *Financial Instruments: Disclosures.* The scope of IFRS 7 includes all financial instruments, not just financing receivables and the allowance for credit losses. The Financial Accounting Standards Board decided to limit the scope of its disclosure project to financing receivables and the allowance for credit losses because it does not want to delay the improved transparency in an entity's financial statements about the allowance for credit losses and the credit quality of financing receivables.

Proposed Statement of Financial Accounting Standards

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

June 24, 2009

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Paragraph Numbers

Proposed Statement of Financial Accounting Standards

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

June 24, 2009

OBJECTIVE

1. The objective of this Statement is for a creditor to provide disclosure information that allows financial statement users to understand the following:

   a. The nature of credit risk inherent in the creditor's portfolio of financing receivables
   b. How that risk is analyzed and assessed in arriving at the allowance for credit losses
   c. The changes, and reasons for those changes, in both the receivables and the allowance for credit losses.

To achieve this objective, this Statement requires disclosure of a creditor's accounting policies for estimating the allowance for credit losses, qualitative and quantitative information about the credit risk inherent in its financing receivables portfolio, the methods used in determining the components of the allowance for credit losses, and quantitative information about the change in receivables and the related allowance for credit losses.

All paragraphs in this Statement have equal authority.
Paragraphs in **bold** set out the main principles.

STANDARDS OF FINANCIAL ACCOUNTING AND REPORTING

Scope

2. This Statement applies to all financing receivables, as defined in paragraph 3, held by creditors, including all public and nonpublic entities that prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP). This Statement applies to both interim and annual reporting periods. For purposes of this Statement, an *interim reporting period* refers to summarized financial information at interim dates prepared in accordance with APB Opinion No. 28, *Interim Financial Reporting.*

Key Terms

3. *Financing receivables* include loans defined as a contractual right to receive money on demand or on fixed or determinable dates that is recognized as an asset in the creditor's statement of financial position, whether originated or acquired. Examples include, but are not limited to, accounts receivable (with terms exceeding one year), notes receivable, and receivables relating to lessors' rights to payments from leases other than operating leases that have been recorded as assets in accordance with FASB Statement No. 13, *Accounting for Leases*. Examples include leveraged, direct financing, and sales-type leases. For purposes of this Statement, all of the following are not included within the scope of financing receivables:

   a. Accounts receivable with contractual maturities of one year or less that arose from the sale of goods or services, except for credit card receivables
   b. Debt securities as defined in FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*
   c. Unconditional promises to give that are assets of not-for-profit entities and that are due in one year or less, as discussed in FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*
   d. Acquired beneficial interests or the transferor's beneficial interests in the transferred financial assets within the scope of EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets."

4. The *carrying amount* is the amount of an item as displayed in the financial statements. For example, the carrying amount in the statement of financial position of loans and trade receivables that management has the intent and ability to hold for the foreseeable future or until maturity or payoff should be the outstanding principal adjusted for any direct write-downs, any deferred fee or costs, any unamortized premiums or discounts on purchased loans, and any fair value hedge accounting adjustments.

5. A *portfolio segment* is the level at which a creditor develops and documents a systematic methodology to determine its allowance for credit losses (for example, by type of financing receivable, industry, and risk rates). For disclosure purposes, portfolio segments are additionally disaggregated as follows:

   a. Financing receivables within a portfolio segment that are evaluated collectively for impairment (for example, those financing receivables with an allowance determined in accordance with FASB Statement No. 5, *Accounting for Contingencies*)
   b. Financing receivables within a portfolio segment that are evaluated individually for impairment (for example, those financing receivables with an allowance determined in accordance with FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*).

6. A *class of financing receivable* is a level of information that enables users of financial statements to understand the nature and extent of exposure to credit risk arising from financing receivables held at the date of the financial statements. A creditor's principle determination of class is based on both of the following:

a. Classes must segregate financing receivables on the basis of the initial measurement attribute (amortized cost, fair value, lower of cost or fair value, and present value of amounts to be received).
b. Classes then must be disaggregated to the level that management utilizes when assessing and monitoring risk and performance of the portfolio. In determining the appropriate level of management's internal reporting to use as a basis for disclosure, a creditor shall consider the level of detail needed by a user to understand the risks inherent in the portfolio. There are numerous factors by which a creditor could further disaggregate its financing receivables portfolio. Examples of factors to be considered include, but are not limited to, any of the following:
    1. Categorization of borrowers (for example, commercial loans, consumer loans, and related parties)
    2. Type of financing receivable (for example, mortgage loans, credit card loans, and finance leases)
    3. Industry sector (for example, real estate and mining)
    4. Type of collateral (for example, residential property, commercial property, government guaranteed, and unsecured)
    5. Geographic distribution, including domestic and international
    6. The requirements of FASB Staff Position SOP 94-6-1, *Terms of Loan Products That May Give Rise to a Concentration of Credit Risk.*

7. A *credit quality indicator* is a statistic about the credit quality of a portfolio of financing receivables. Examples include, but are not limited to, consumer credit risk scores, credit rating agency ratings, management's internal credit risk grades, loan-to-value ratios, collateral, collection experience, or other internal metrics. Management should use judgment in determining the appropriate credit quality indicator for each class of financing receivables. For each credit quality indicator, management should use the most current information available as of the balance sheet date and disclose the date or range of dates in which the information was updated for the credit quality indicator.

Determining Class and Portfolio Segment

8. A creditor shall determine, in light of the facts and circumstances, how much detail it must provide to satisfy the requirements of this Statement, and how it disaggregates information into classes for assets with different risk characteristics. A creditor must strike a balance between obscuring important information as a result of too much aggregation and overburdening financial statements with excessive detail that may not assist financial statement users to understand the entity's financing receivables and allowance for credit losses. For example, a creditor shall not obscure important information by including it with a large amount of insignificant detail. Similarly, a creditor shall not disclose

information that is so aggregated that it obscures important differences between the different types of financing receivables and associated risks.

9. Classes of financing receivables generally are a disaggregation of a portfolio segment as identified in paragraph 5. The portfolio segment is the starting point for determining the appropriate classes of financing receivables that are related to a portfolio segment with further disaggregation on the basis of the principles in paragraph 5(a) and paragraph 5(b). The determination of class for financing receivables that are not related to a portfolio segment (because there is no associated allowance) also shall be based on the principles in paragraph 5(a) and paragraph 5(b).

Disclosures

Allowance for Credit Losses

10. **A creditor shall disclose information that enables users to understand:**

   a. The risk characteristics of the portfolio segments used in estimating the allowance for credit losses
   b. The factors and methodologies used in estimating the allowance for each portfolio segment
   c. The activity in both the receivables and the allowance for each portfolio segment.

11. To meet the objective in paragraph 10, a creditor shall disclose all of the following:

   a. A description by portfolio segment of the accounting policies and methodology used to estimate the allowance for credit losses. This shall include a description of the factors that influenced management's judgment (for example, historical losses and existing economic conditions) and also shall include a discussion of risk elements relevant to each portfolio segment. Any changes to a creditor's accounting policies or methodology from the prior period shall be identified, and management's rationale for the change should be discussed.
   b. A description by portfolio segment of management's policy for charging off uncollectible financing receivables.
   c. The activity in the total allowance for credit losses by portfolio segment, including the balance in the allowance at the beginning and end of each period, additions charged to operations, direct write-downs charged against the allowance, changes in methods and estimates, if any, and recoveries of amounts previously charged off. The activity in the total allowance for credit losses shall be presented separately by portfolio segment, with an aggregate presentation of the activity in the total allowance presented for individually evaluated impaired financing receivables as determined in accordance with Statement 114 and for collectively evaluated impaired financing receivables as determined in accordance with Statement 5.

d. The activity in the financing receivables related to the allowance for credit losses in item (c) above by portfolio segment, including the carrying amount at the beginning and end of each period, and the significant changes therein that may include originations, portfolio purchases, repayments, direct write-downs charged against financing receivables, and transfers to or from either the collectively impaired or the individually impaired balance. All activities that are not considered significant shall be aggregated and disclosed as "other." The financing receivable activity shall be prepared on the same basis as that determined in item (c) above, that is, by portfolio segment and in total for both the financing receivables that were individually evaluated for impairment and the financing receivables that were collectively evaluated for impairment.

Fair Value

12. **A creditor shall disclose information by portfolio segment that enables users of its financial statements to assess the fair value of loans at the end of the reporting period.** To meet that objective, a creditor shall disclose the fair value of loans by portfolio segment as well as the method(s) and significant assumptions used by portfolio segment to estimate the fair value.

Credit Quality Information

13. **A creditor shall disclose information that enables users of its financial statements to assess the quantitative and qualitative risks arising from the credit quality of its financing receivables.** To meet that objective, a creditor shall disclose all of the following by class of financing receivable:

a. Management's policy for determining past due or delinquency status (that is, whether past due status is based on how recently payments have been received or by contractual terms).

b. For financing receivables carried at amortized cost that are neither past due as determined by management's policy nor impaired as defined by Statement 114, quantitative and qualitative information about the credit quality of financing receivables at the end of the reporting period, including a description of the credit quality indicator and the carrying amount of the financing receivables by credit quality indicator. To the extent that the following credit quality indicators are used by creditors, either of the following additional disclosure requirements applies:

    1. Internal risk ratings—If a regulated creditor discloses a class of financing receivables on the basis of internal risk ratings, then the creditor shall provide an explanation of how its internal risk ratings compare with the federal regulatory ratings of pass, special mention, substandard, doubtful, and loss. Those ratings are defined in the Uniform Agreement on the Classification of Assets and Appraisal of Securities Held by Banks and Thrifts issued by the Office of the Comptroller of the Currency, the Federal Deposit Insurance

Corporation, the Board of Governors of the Federal Reserve System, and the Office of Thrift Supervision.
  2. Consumer credit risk scores—If a creditor discloses a class of financing receivables on the basis of consumer credit risk scores, then the creditor shall update the consumer credit risk scores on an annual basis and disclose the date or range of dates that the scores were last updated.

c. For financing receivables carried at a measurement other than amortized cost (fair value, the lower of cost or market, or present value of amounts to be received) that are neither past due as determined by management's policy nor impaired as defined by Statement 114, quantitative information about the credit quality at the end of the reporting period shall be disclosed separately by measurement attribute.

d. For financing receivables that are past due as determined by management's policy, but not impaired, an analysis of the age of the carrying amount of financing receivables at the end of the reporting period.

e. The carrying amount at the end of the reporting period of financing receivables past due 90 days or more, but not impaired, for which interest is still accruing in the financial statements.

f. The carrying amount of financing receivables at the end of the reporting period that are now considered current but have been modified in the current year subsequent to being past due. A modification of terms of a financing receivable includes but is not limited to:
  1. Reduction (absolute or contingent) of the stated interest rate for the remaining original life of the debt
  2. Extension of the maturity date or dates at a stated interest rate lower than the current market rate for new debt with similar risk
  3. Reduction (absolute or contingent) of the face amount or maturity amount of the debt as stated in the instrument or other agreement
  4. Reduction (absolute or contingent) of accrued interest.

g. The total of financing receivables disclosed in items (b), (c), and (d) above reconciled to the allowance for credit losses for collectively impaired financing receivables by portfolio segment.

Impaired Financing Receivables

14. **A creditor shall disclose information that enables users of its financial statements to understand the accounting for, and amount of, financing receivables that meet the definition of an impaired loan in Statement 114.** To meet that objective, a creditor shall disclose all of the following by class of financing receivable:

a. Management's policy for determining which loans the creditor individually assesses for impairment

b. Management's policy for recognizing interest income on impaired financing receivables, including how cash receipts are recorded

c. As of the date of each statement of financial position presented, the total carrying amount and the total unpaid principal balance of the impaired financing receivables for both of the following:
    1. Financing receivables for which there is a related allowance for credit loss, as well as the related allowance for credit losses and
    2. Financing receivables with no related allowance for credit losses
d. The factors that the creditor considered in determining that the financing receivable is impaired
e. For each period for which results of operations are presented, the average carrying amount of the impaired financing receivables during each period, the related amount of interest income recognized during the time within the period the financing receivables were impaired, and, unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within the period the financing receivables were impaired.

15. A creditor does not have to disclose information about an impaired financing receivable that has been restructured in a troubled debt restructuring involving a modification of terms in years after the restructuring if the restructuring meets both of the following conditions:

a. The restructuring agreement specifies an interest rate equal to or greater than the rate that the creditor was willing to accept at the time of the restructuring for a new financing receivable with comparable risk.
b. The financing receivable is not impaired on the basis of the terms specified by the restructuring agreement.

That exception shall be applied consistently for paragraph 11(a) and paragraph 11(c) to all loans restructured in a troubled debt restructuring that meet those two conditions.

Nonaccrual Status

16. **A creditor shall disclose information that enables users of its financial statements to understand the accounting for, and amount of, financing receivables that are on nonaccrual status.** To meet that objective, a creditor shall disclose both of the following by class of financing receivable:

a. The policy for placing financing receivables on nonaccrual status (or discontinuing the accrual of interest) and recording payments received on nonaccrual financing receivables, and the policy for resuming accrual of interest
b. The carrying amount of financing receivables on nonaccrual status as of each balance sheet date.

EFFECTIVE DATE AND TRANSITION

17. This Statement shall be effective for all interim and annual reporting periods beginning with the first interim or annual reporting period ending after December 15, 2009, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity shall provide comparative disclosures for those reporting periods ending after initial adoption.

The provisions of this Statement need not be applied to immaterial items.

Appendix A

TABULAR DISCLOSURE EXAMPLE

This appendix is an integral part of this Statement.

A1. This appendix provides an example tabular disclosure of the allowance for credit losses, analysis of the financing receivable activity, including the measurement at fair value, credit quality information, impaired financing receivables, and financing receivables on nonaccrual status. The example is simplified and is not intended to serve as a guide for all disclosures that may be necessary in applying this Statement.

Allowance for Credit Losses (paragraph 11(c))
For the Years Ended December 31, 2010, and 2009

2010	Commercial	Commercial Real Estate	Consumer	Residential	Finance Leases	Total
Allowance for individually evaluated impaired						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Charge-offs	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Recoveries	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Provisions	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Allowance for collectively evaluated impaired						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Charge-offs	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Recoveries	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Provisions	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

2009	Commercial	Commercial Real Estate	Consumer	Residential	Finance Leases	Total
Allowance for individually evaluated impaired						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Charge-offs	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Recoveries	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Provisions	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Allowance for collectively evaluated impaired						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Charge-offs	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Recoveries	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Provisions	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

Analysis of the Financing Receivable Activity (paragraph 11(d) and paragraph 12)
For the Years Ended December 31, 2010, and 2009

2010	Commercial	Commercial Real Estate	Consumer	Residential	Finance Leases	Total
Individually evaluated impaired balance						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Originations	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Sales/Repayments	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Charge-offs	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Transfers to/from collectively impaired	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Other	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Fair value of ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Collectively evaluated impaired balance						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Originations	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Sales/Repayments	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Transfers to/from individually impaired	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Other	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance[a,b]	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Fair value of ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

[a] Not including $XX,XXX of financing receivables measured at fair value.
[b] Not including $XX,XXX of financing receivables measured at LOCOM.

2009	Commercial	Commercial Real Estate	Consumer	Residential	Finance Leases	Total
Individually evaluated impaired balance						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Originations	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Sales/Repayments	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Charge-offs	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Transfers to/from collectively impaired	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Other	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Fair value of ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Collectively evaluated impaired balance						
Beginning balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Originations	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Sales/Repayments	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Transfers to/from individually impaired	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Other	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Ending balance[a,b]	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Fair value of ending balance	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

[a] Not including $XX,XXX of financing receivables measured at fair value.
[b] Not including $XX,XXX of financing receivables measured at LOCOM.

Credit Quality Indicators (paragraph 13(b) and paragraph 13(c))
As of December 31, 2010, and 2009

Corporate Credit Exposure
Credit risk profile by creditworthiness category

	Commercial Loans[a]		Commerical RE Construction		Commercial Real Estate	
	2010	2009	2010	2009	2010	2009
AAA - AA	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
A	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
BBB	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
BB	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
B	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Total by exposure	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Loans at fair value	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Total	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

[a]Not including impaired financing receivables of approximately $XX,XXX and $XX,XXX at 12/31/10 and 12/31/09, respectively.

Consumer Credit Exposure
Credit risk profile by internally assigned grade

	Consumer—Credit Card[k]		Consumer—Other[k]		Residential—Prime		Residential—Subprime		Residential—Held for Sale		Finance Leases	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Grade:												
Pass	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	N/A	N/A	$XX,XXX	$XX,XXX
Special mention	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	N/A	N/A	XX,XXX	XX,XXX
Substandard	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	N/A	N/A	XX,XXX	XX,XXX
Total by exposure	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	N/A	N/A	$XX,XXX	$XX,XXX
Loans at LOCOM	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Total	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

[k]Not including impaired financing receivables of approximately $XX,XXX and $XX,XXX at 12/31/10 and 12/31/09, respectively.

Credit Quality Information (paragraph 13(d) through paragraph 13(g))
Age Analysis of Past Due Financing Receivables
As of December 31, 2010, and 2009

2010	31–60 Days Past Due	61–90 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Financing Receivables	Allowance for Collectively Impaired Loans	Carrying Amount > 90 Days and Accruing	Considered Current That Have Been Modified in Previous Year
Commerical	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Commerical—real estate	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Commercial RE construction	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Commercial RE	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Consumer	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Consumer—credit card	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Consumer—other	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Consumer—SOP 03-3	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Residential	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Residential—prime	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Residential—subprime	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Residential—held for sale	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Finance leases	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Total	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

2009	31–60 Days Past Due	61–90 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Financing Receivables	Allowance for Collectively Impaired Loans	Carrying Amount > 90 Days and Accruing	Considered Current That Have Been Modified in Previous Year
Commerical	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Commerical—real estate	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Commercial RE construction	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Commercial RE	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Consumer	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Consumer—credit card	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Consumer—other	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Consumer—SOP 03-3	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Residential	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Residential—prime	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Residential—subprime	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Residential—held for sale	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX		XX,XXX	XX,XXX
Finance leases	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Total	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

Impaired Financing Receivables (paragraph 14(c) through paragraph 14(e))
For the Years Ended December 31, 2010, and 2009

2010	Carrying Amount	Unpaid Principal Balance	Associated Allowance	Average Carrying Amount	Interest Income Recognized
With no specific allowance recorded:					
Commercial	$XX,XXX	$XX,XXX	N/A	$XX,XXX	$XX,XXX
Consumer—other	$XX,XXX	$XX,XXX	N/A	$XX,XXX	$XX,XXX
With an allowance recorded:					
Commercial	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Consumer—other	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Total:					
Commercial	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Consumer—other	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

2009	Carrying Amount	Unpaid Principal Balance	Associated Allowance	Average Carrying Amount	Interest Income Recognized
With no specific allowance recorded:					
Commercial	$XX,XXX	$XX,XXX	N/A	$XX,XXX	$XX,XXX
Consumer—other	$XX,XXX	$XX,XXX	N/A	$XX,XXX	$XX,XXX
With an allowance recorded:					
Commercial	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Consumer—other	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Total:					
Commercial	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX
Consumer—other	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX	$XX,XXX

Financing Receivables on Nonaccrual Status (paragraph 16(b))
As of December 31, 2010, and 2009

	2010	2009
Commerical	$XX,XXX	$XX,XXX
Commerical—real estate	$XX,XXX	$XX,XXX
Commercial RE construction	XX,XXX	XX,XXX
Commercial RE	XX,XXX	XX,XXX
Consumer	$XX,XXX	$XX,XXX
Consumer—credit card	XX,XXX	XX,XXX
Consumer—other	XX,XXX	XX,XXX
Consumer—SOP 03-3	XX,XXX	XX,XXX
Residential	$XX,XXX	$XX,XXX
Residential—prime	XX,XXX	XX,XXX
Residential—subprime	XX,XXX	XX,XXX
Residential—held for sale[a]	XX,XXX	XX,XXX
Finance leases	$XX,XXX	$XX,XXX
Total	$XX,XXX	$XX,XXX

[a] Loans measured at lower of cost or fair value (LOCOM).

Appendix B

BACKGROUND INFORMATION AND BASIS FOR CONCLUSIONS

Introduction

B1. This appendix summarizes considerations that Board members deemed significant in reaching the conclusions in this proposed Statement. It includes reasons for accepting certain approaches and rejecting others. Individual Board members gave greater weight to some factors than to others.

Background Information

B2. In January 2007, the Board added a project to its agenda on disclosures about the credit quality of financing receivables and allowance for credit losses. To provide timely guidance on the allowance for credit losses and the related financing receivable disclosures, the Board determined that this project would focus on disclosures and not address the recognition and measurement of financing receivables. Accordingly, this proposed Statement would require new disclosures and enhanced current disclosures about the allowance for credit losses and the credit quality of financing receivables—including, but not limited to, information about the credit quality of a creditor's portfolio and credit risk exposures—and greater transparency of a creditor's accounting policies.

Scope

B3. The issues addressed in this proposed Statement arise from the evaluation of the credit characteristics of a creditor's financing receivable portfolio compared with the allowance for credit losses. Accordingly, the Board decided that the scope should include all creditors, including all public and nonpublic entities that prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Overall Approach

B4. In developing this proposed Statement, the Board considered all existing information about credit quality and the allowance for credit losses that is required to be disclosed by key accounting standard setters and regulators as the foundation for the potential disclosures to be required by this proposed Statement. Specifically, the Board considered the following information: (a) current U.S. GAAP requirements, (b) current guidelines from the Securities and Exchange Commission (SEC) staff, (c) current International Financial Reporting Standards (IFRS) requirements, (d) Federal Financial Institutions Examination Council Regulatory Reports, including Reports of Condition and Income (FFIEC Call Reports), Thrift Financial Report for Office of Thrift Supervision regulated institutions and Form 5300 Call Report for credit unions, and (e) issuers' SEC filings, earnings releases, and presentation material. This proposed Statement was written to address three main objectives:

a. To expand the credit quality disclosures to provide more transparent financial reporting to investors
b. To incorporate into U.S. GAAP information that is already required to be disclosed to financial statement users by U.S. bank and securities regulators
c. To more closely align U.S. GAAP with current IFRS disclosure requirements.

B5. The Board determined that current disclosures are required to be presented differently depending on the source of guidance and the specific disclosure. For example, current U.S. GAAP requirements related to the allowance for credit losses only require a rollforward of the allowance in the aggregate. However, certain SEC loan loss disclosures, such as those for accruing loans past due 90 days, nonaccrual loans, and the charge-off and recoveries portion of the allowance for loan losses, are required to be disaggregated by domestic and foreign loans. The charge-off and recoveries information also is required to be presented with further disaggregation by loan-type categories, such as commercial, financial, and agricultural; real estate construction; real estate mortgage; installment loans to individuals; and lease financing.

B6. The Board also noted that even though U.S. GAAP currently does not require specific credit quality disclosures, most issuers disclose some level of disaggregated credit quality information in their quarterly investor presentations and press releases. Examples of disaggregation by credit quality indicator include differentiating by current consumer credit risk score and various categories of current loan-to-value; however, this credit quality information generally relates only to a portion of the portfolio and varies between issuers.

B7. Based on those data, the Board determined that this proposed Statement should provide disaggregation guidance within all credit quality and allowance for credit loss disclosures to enhance consistency and comparability within the portfolio and over the periods included in the financial statements. The Board believes that this will improve the cohesiveness and relevance of the disclosures.

Key Terms

Carrying Amount

B8. The Board defined *carrying amount* to be consistent with the way financing receivables currently are being reported in the statement of financial position. As an example, paragraph 8(a) of AICPA Statement of Position 01-6, *Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others,* states that "loans and trade receivables that management has the intent and ability to hold for the foreseeable future or until maturity or payoff should be reported in the balance sheet at outstanding principal adjusted for any chargeoffs, the allowance for loan losses (or allowance for doubtful accounts) and any deferred fee or costs on originated loans, and any unamortized premiums or discounts on purchased loans." The Board has amended this definition to remove the adjustment for the allowance for loan losses (or allowance for doubtful accounts) because the Board believes that adjustment would reflect a net carrying amount.

Portfolio Segment

B9. The Board noted that the allowance for credit loss disclosure under U.S. GAAP is currently required on an aggregate basis only. The Board determined that it would be beneficial to financial statement users to further disaggregate this disclosure to the level at which the allowance for credit losses is calculated and monitored. Therefore, the Board defined the term *portfolio segment* to be consistent with the way a creditor is expected to develop its allowance for credit losses methodology based on the guidance in SEC Staff Accounting Bulletin No. 102, *Selected Loan Loss Allowance Methodology and Documentation Issues,* and, for financial institutions subject to the guidance of the FFIEC, the *Interagency Policy Statement on Allowance for Loan and Lease Losses.*[1]

Class

B10. The Board defined the term *class* as the level of disaggregation for the following credit risk disclosures: credit quality indicators, age analysis of past due financing receivables, impaired financing receivables, and financing receivables on nonaccrual status. The Board believes that having a consistent definition of *disaggregation* across those credit risk disclosures will provide financial statement users with the most useful and transparent level of comparison because the information will be reported at the same level of detail in which the financing receivable portfolio is monitored and assessed within the entity. The Board considered providing specific classes that would be required to be disclosed because that would ensure uniformity in reporting. However, the Board decided that developing prescribed classes would make the disclosures too standardized and not provide financial statement users the same level of transparency that management is able to provide by determining classes based on its business model and industry.

B11. The Board noted that the class disaggregation principle is similar to the disaggregation principle within IFRS. The primary principle in International Financial Reporting Standard (IFRS) 7, *Financial Instruments: Disclosures,* for disclosing risk arising from financial instruments is that the disclosure should be based on the information provided internally to an entity's key management personnel (as defined in IAS 24, *Related Party Disclosures*).[2] To the extent the information is not specified in the primary principle, IFRS 7 requires certain loan loss disclosures, such as a reconciliation of the changes in the allowance, past due loans, and individually determined to be impaired loans, to be reported by class of financial asset.

B12. IFRS 7 does not define *class* of financial instruments and does not specify the exact classes or categories for disclosure requirements. Rather, it provides flexibility in permitting the reporting entity to determine its classes of financial assets for disclosure purposes. Paragraph 6 of IFRS 7 states that "an entity shall group financial instruments

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[1]The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision, jointly with the National Credit Union Administration, revised the banking agencies' 1993 policy statement of the allowance for losses with the purpose of ensuring consistency with U.S. GAAP and more recent supervisory guidance.

[2]IFRS 7, paragraph 34(a).

into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. An entity shall provide sufficient information to permit reconciliation to the line items presented in the statement of financial position." Paragraph B2 in Appendix B of IFRS 7 indicates that the classes must at a minimum (a) distinguish instruments measured at amortized cost from those measured at fair value and (b) treat as a separate class those financial instruments that are outside the scope of IFRS 7.

Disclosures

B13. The Board segregated the disaggregation of the proposed disclosures as follows: (a) the disclosures for allowance for credit losses, rollforward of financing receivables, and fair value by portfolio segment (for example, loan type, industry, or risk rates) and (b) the disclosures for credit quality information, impaired financing receivables, and nonaccrual status are further disaggregated by class (for example, type of receivable, industry sector, or type of collateral). The portfolio segment is determined on the basis of management's methodology for determining the allowance for credit losses. Therefore, the Board determined that it was appropriate to provide the disclosures for allowance for credit losses, financing receivables, and fair value on that basis. The class of financing receivables was intended to be a more disaggregated breakdown of portfolio segment and, therefore, provide more transparency into the risks in the financing receivables. The Board decided to require the credit quality information, impaired financing receivables, and nonaccrual status disclosures on a per class basis to provide more detail on the financing receivables.

B14. The proposed disclosure requirements for allowance for credit losses include a description of the accounting policies and methodologies as well as the activity in both the allowance for credit losses and related financing receivables on the basis of loan portfolio segment. Those disclosures are intended to provide enhanced transparency per portfolio segment. Additionally, the proposed Statement would require disclosure of the fair value of financing receivables by portfolio segment to disaggregate further the disclosures required by FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments.*

B15. The Board proposed the credit quality information disclosures, including disclosures by credit quality indicator and an aging of past due financing receivables, to align with IFRS. The Board believes that financing receivables that are neither past due as determined by management policy nor impaired as defined by Statement 114 and that are carried at a measurement other than amortized cost should be disclosed separately only by class of financing receivable, as well as in the aggregate. The Board made this decision because the turnover rate of those receivables is high; therefore, the Board determined that disclosure for those financing receivables should be on a class basis only. Additional guidance is provided as part of the credit quality indicator definition if internal risk ratings and consumer credit risk scores are used to increase comparability across companies. This proposed Statement would amend impaired loan disclosure to include a disaggregation by class and the unpaid principal amount on a per class basis, which is similar to what is required by regulatory reporting.

Effective Date and Transition

B16. The Board decided that this proposed Statement should be effective for interim and annual reporting periods ending after December 15, 2009. This proposed Statement would not require disclosures for earlier periods presented for comparative periods at initial adoption. For periods ending after initial adoption, this proposed Statement would require comparative disclosures only for periods after initial adoption. The Board concluded that the effective date of this proposed Statement would provide sufficient preparation time for creditors because the proposed disaggregation criteria are based on the way that management manages risk and calculates the allowance for credit losses.

Benefits and Costs

B17. The objective of financial reporting is to provide information that is useful to present and potential investors, creditors, donors, and other capital market participants in making rational investment, credit, and similar resource allocation decisions. However, the benefits of providing information for that purpose should justify the related costs. Present and potential investors, creditors, donors, and other users of financial information benefit from improvements in financial reporting, while the costs to implement a new standard are borne primarily by present investors. The Board's assessment of the costs and benefits of issuing an accounting standard is unavoidably more qualitative than quantitative because there is no method to objectively measure the costs to implement an accounting standard or to quantify the value of improved information in financial statements.

B18. The Board decided to include the enhanced disclosures because it believes those disclosures will greatly clarify the credit quality composition of a creditor's financing receivables portfolio and, therefore, provide more useful information to financial statement users. The disaggregation principles and definitions are designed to be consistent with current practices that the creditor is using to monitor the credit quality of its financing receivables and allowance for credit losses. Because the disclosures are based on existing practices, the Board believes that this proposed Statement will not impose significant costs on its constituents.

Appendix C

AMENDMENTS TO THE *FASB ACCOUNTING STANDARDS CODIFICATION*™

Introduction

C1. This appendix outlines how the proposed Statement would affect the *FASB Accounting Standards Codification*™ (Codification). Because this proposed Statement would be effective for interim and annual periods ending after the effective date of the Codification, this appendix outlines how the proposed Statement would affect the Codification rather than outlining how the proposed Statement would affect current accounting standards (that will be superseded once the Codification has been ratified).

Amendments to the Codification

C2. Amend Topic 310, with a link to transition paragraph 310-10-65-1, as follows: [Added text is underlined and deleted text is ~~struck out~~.]

Assets > 310 Receivables > 10 Overall

310-10-20 Glossary

Carrying Amount of Financing Receivable

The amount of an item as displayed in the financial statements. For loans and trade receivables that management has the intent and ability to hold for the foreseeable future or until maturity or payoff should be reported in the statement of financial position at outstanding principal adjusted for any direct write-downs, any deferred fee or costs, and any unamortized premiums or discounts on purchased loans.

Class of Financing Receivable

A level of information that enables users of financial statements to understand the nature and extent of exposure to credit risk arising from financing receivables held at the date of the financial statements. A creditor's principle determination of class is based on both of the following:

a. Classes must segregate financing receivables on the basis of the initial measurement attribute (amortized cost, fair value, lower of cost or fair value, and present value of amounts to be received).

b. Classes then must be disaggregated to the level that management utilizes when assessing and monitoring risk and performance of the portfolio. In determining the appropriate level of management's internal reporting to use as a basis for disclosure, a creditor shall consider the level of detail needed by a user to understand the risks inherent in the portfolio. There are numerous factors by which a creditor could further disaggregate its financing receivables portfolio. Examples of factors to be considered include, but are not limited to, any of the following:

1. Categorization of borrowers (for example, commercial loans, consumer loans, and related parties)

2. Type of financing receivable (for example, mortgage loans, credit card loans, and finance leases)

3. Industry sector (for example, real estate and mining)

4. Type of collateral (for example, residential property, commercial property, government guaranteed, and unsecured)

5. Geographic distribution, including domestic and international

6. The requirements of Section 825-10-55.

Credit Quality Indicator

A statistic about the credit quality of a portfolio of financing receivables. Examples include, but are not limited to, consumer credit risk scores, credit rating agency ratings, management's internal credit risk grades, loan-to-value ratios, collateral, collection experience, or other internal metrics. Management should use judgment in determining the appropriate credit quality indicator for each class of financing receivables. For each credit quality indicator, management should use the most current information available as of the balance sheet date and disclose the date or range of dates in which the information was updated for the credit quality indicator.

Financing Receivables

Loans defined as a contractual right to receive money on demand or on fixed or determinable dates that is recognized as an asset in the creditor's statement of financial position. Examples include, but are not limited to, accounts receivable (with terms exceeding one year), notes receivable, and receivables relating to lessors' rights to payments from leases other than operating leases that have been recorded as assets in accordance with the provisions of Topic 840. Examples include leveraged, direct financing, and sales-type leases. For purposed of this Subtopic, all of the following are not included within the scope of financing receivables:

a. Accounts receivable with contractual maturities of one year or less that arose from the sale of goods or services, except for credit card receivables

b. Debt securities as defined in Topic 320

c. Unconditional promises to give that are assets of not-for-profit entities and that are due in one year or less, as discussed in Topic 958

d. Acquired beneficial interests or the transferor's beneficial interests in the transferred financial assets as discussed in Subtopic 325-40.

Portfolio Segment

The level at which a creditor develops and documents a systematic methodology to determine its allowance for credit losses (for example, by type of financing receivable, industry, and risk rates). For disclosure purposes, portfolio segments are additionally disaggregated as follows:

a. Financing receivables within a portfolio segment that are evaluated collectively for impairment (for example, those financing receivables with an allowance determined in accordance with Subtopic 450-20)

b. Financing receivables within a portfolio segment that are evaluated individually for impairment (for example, those financing receivables with an allowance determined in accordance with Section 310-10-35).

310-10-50 Disclosure

50-1 This Subsection provides the following disclosure guidance for receivables:

a. Financing ~~Loans~~ and trade receivables

b. Determining class and portfolio segment

~~b.~~c. Assets serving as collateral

~~c.~~d. Nonaccrual and past due financing ~~loans~~ and trade receivables

~~d.~~e. ~~Accounting policies for credit losses and doubtful~~ Doubtful accounts

~~e.~~f. Foreclosed and repossessed assets

~~f.~~g. Allowance for credit losses ~~related to loans~~

~~g.~~h. Impaired financing receivables~~loans~~

~~h.~~i. Loss contingencies

~~i.~~j. Risks and uncertainties

~~j.~~k. **Fair value** disclosures.

> Financing~~Loans~~ and Trade Receivables

50-2 The summary of significant accounting policies shall include the following:

a. The basis for accounting for financing~~loans,~~ and trade receivables, ~~and lease financings,~~ including those classified as held for sale

b. The method used in determining the lower of cost or fair value of nonmortgage loans held for sale (that is, aggregate or individual asset basis)

c. The classification and method of accounting for interest-only strips, loans, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in a way that the holder would not recover substantially all of its carrying amount~~**recorded investment**~~

d. The method for recognizing interest income on **loan** and trade receivables, including a statement about the entity's policy for treatment of related fees and costs, including the method of amortizing net deferred fees or costs.

50-3 If major categories of loans or trade receivables are not presented separately in the balance sheet (see paragraph 310-10-45-2), they shall be presented in the notes to the financial statements.

50-4 The allowance for credit losses, the allowance for doubtful accounts, and, as applicable, any unearned income, any unamortized premiums and discounts, and any net unamortized deferred fees and costs, shall be disclosed in the financial statements.

> Determination of Class and Portfolio Segment

50-4A A creditor shall determine, in light of the facts and circumstances, how much detail it must provide to satisfy the requirements of Subsection 310-10-50, and how it disaggregates information into classes for assets with different risk characteristics. A creditor must strike a balance between obscuring important information as a result of too much aggregation and overburdening financial statements with excessive detail that may not assist financial statement users to understand the entity's financing receivables and allowance for credit losses. For example, a creditor shall not obscure important information by including it with a large amount of insignificant detail. Similarly, a creditor shall not disclose information that is so aggregated that it obscures important differences between the different types of financing receivables and associated risks.

50-4B Classes of financing receivables generally are a disaggregation of a portfolio segment as identified in paragraph 50-4A. The portfolio segment is the starting point for determining the appropriate classes of financing receivables that are related to a portfolio segment with further disaggregation on the basis of the class determination in accordance with class in paragraph 310-10-20. The determination of class for financing receivables that are not related to a portfolio segment (because there is no associated allowance) also shall be based on the principles in class in paragraph 310-10-20.

> Assets Serving as Collateral

50-5 The carrying amount of loans, trade receivables, securities, and financial instruments that serve as collateral for ~~borrowings,~~borrowings shall be disclosed pursuant to paragraph 860-30-50-1(b).

> Nonaccrual and Past Due Financing ~~Loans~~ and Trade Receivables

50-6 The summary of significant accounting policies shall include the following:

a. The policy for placing financing ~~loans~~ and trade receivables, if applicable, on nonaccrual status (or discontinuing accrual of interest) by class of financing receivable

b. The policy for recording payments received on nonaccrual financing receivables~~loans and trade receivables~~, if applicable, by class of financing receivable

c. ~~The~~Management's policy for resuming accrual of interest by class of financing receivable

d. ~~The policy for charging off uncollectible loans and trade receivables~~[Subparagraph superseded by Accounting Standards Update 2009-xx]

e. The policy for determining past due or delinquency status (that is, whether past due status is based on how recently payments have been received or contractual terms) by class of financing receivable.

50-7 The following disclosures related to ~~nonaccrual and~~ past due financing ~~loans and trade~~ receivables are also required:

a. ~~The recorded investment in loans and trade receivables, if applicable, on nonaccrual status as of each balance sheet date~~[Subparagraph superseded by Accounting Standards Update 2009-xx]

b. The ~~recorded investment in~~ carrying amount of financing receivables at the end of the reporting period~~loans and trade receivables~~, if applicable, past due 90 days or more and still ~~accruing.~~accruing by class of financing receivable

c. An analysis of the age of the carrying amount of financing receivables that are past due, but not impaired, as defined in paragraphs 310-10-35-16 through 35-17 by class of financing receivable

d. The carrying amount of financing receivables at the end of the reporting period that are now considered current but have been modified in the current year subsequent to being past due by class of financing receivable. A modification of a financing receivable includes but is not limited to:

    1. Reduction (absolute or contingent) of the stated interest rate for the remaining original life of the debt

    2. Extension of the maturity date or dates at a stated interest rate lower than the current market rate for new debt with similar risk

    3. Reduction (absolute or contingent) of the face amount or maturity amount of the debt as stated in the instrument or other agreement

    4. Reduction (absolute or contingent) of accrued interest.

50-7A The carrying amount of financing receivables at the end of the reporting period, if applicable, on nonaccrual status as of the balance sheet date by class of financing receivable.

50-8 For financing receivables ~~trade receivables~~ that do not accrue interest until a specified period has elapsed, nonaccrual status would be the point when accrual is suspended after the receivable becomes past due.

> Accounting Policies for ~~Credit Losses and~~ Doubtful Accounts

50-9 In addition to disclosures required by this Subsection and Subtopic 450-20, an entity shall disclose a description of the accounting policies and methodology the entity used to estimate its ~~allowance for loan losses,~~ allowance for doubtful ~~accounts,~~ accounts and any liability for off-balance-sheet credit losses and related charges for loan, trade ~~receivable~~receivable, or other credit losses in the notes to the financial statements. Such a description shall identify the factors that influenced management's judgment (for example, historical losses and existing economic conditions) and may also include discussion of risk elements relevant to particular categories of financial instruments.

50-10 Off-balance-sheet credit losses refers to losses on off-balance-sheet loan commitments, **standby letters of credit,** financial guarantees, and other similar instruments, except for instruments within the scope of Topic 815.

> Foreclosed and Repossessed Assets

50-11 Paragraph 310-10-45-3 states that foreclosed and repossessed assets included in other assets on the balance sheet shall have separate disclosures in the notes to financial statements.

> Allowance for Credit Losses ~~Related to Loans~~

50-11A A creditor shall disclose information that enables users to understand the following:

a. The risk characteristics of the portfolio segments used in estimating the allowance for credit losses

b. The factors and methodologies used in estimating the allowance for each portfolio segment

c. The activity in both the receivables and the allowance for each portfolio segment.

50-11B To meet that objective, a creditor shall disclose all of the following:

a. A description by portfolio segment of management's accounting policies and methodology used to estimate the allowance for credit losses. This shall include both of the following:

  1. A description of the factors that influenced management's judgment (for example, historical losses and existing economic conditions)

  2. A discussion of risk elements relevant to each portfolio segment.

  Any changes to a creditor's accounting policies or methodology from the prior period shall be identified, and management's rationale for the change should be discussed.

b. A description by portfolio segment of the policy for charging off uncollectible financing receivables.

c. The activity in the total allowance for credit losses by portfolio segment, including all of the following:

  1. The balance in the allowance at the beginning and end of each period

  2. Additions charged to operations

  3. Direct write-downs charged against the allowance

4. Changes in methods and estimates, if any

5. Recoveries of amounts previously charged off.

The activity in the total allowance for credit losses shall be presented separately by portfolio segment, with an aggregate presentation of the activity in the total allowance presented for individually evaluated impaired financing receivables as determined in accordance with Topic 310 and for collectively evaluated impaired financing receivables as determined in accordance with Topic 450.

d. The activity in the financing receivables related to the allowance for credit losses in paragraph 310-10-50-11B(c) by portfolio segment, including all of the following:

1. The carrying amount at the beginning and end of each period

2. Significant changes in the activity that may include originations, portfolio purchases, repayments, direct write-downs charged against financing receivables, and transfers to or from either the collectively impaired or the individually impaired balance. All activities that are not considered significant shall be aggregated and disclosed as "other."

The financing receivable activity shall be prepared on the same basis as that determined in paragraph 310-10-50-11B(c), that is, by portfolio segment and in total for both the financing receivables that were individually evaluated for impairment and the financing receivables that were collectively evaluated for impairment.

50-12 For each period for which results of operations are presented, a creditor shall disclose the activity in the total allowance for credit losses related to ~~loans~~financing receivables by portfolio segment, including the balance in the allowance at the beginning and end of each period, additions charged to operations, direct write-downs charged against the allowance, changes in methods and estimates, and recoveries of amounts previously charged off. The total allowance for credit losses shall be separated between the allowance for individually evaluated impaired financing receivables as discussed in Section 310-10-35 and the allowance for collectively evaluated impaired financing receivables as discussed in Subtopic 450-20.

50-13 Paragraph 310-10-35-34 explains that the total allowance for credit losses related to financing receivables ~~loans~~ includes those amounts that have been determined in accordance with Subtopic 450-20 and with this Subtopic.

50-14 Asset valuation allowances required by paragraph 310-10-45-4 shall have an appropriate disclosure.

> Fair Value

50-14A A creditor shall disclose information by portfolio segment that enables users of its financial statements to assess the fair value of loans at the end of the reporting period. To meet that objective, a creditor shall disclose the fair value of loans by portfolio segment as well as the method(s) and significant assumptions used by portfolio segment to estimate the fair value.

> Credit Quality Information

50-14B A creditor shall disclose information that enables users of its financial statements to assess the quantitative and qualitative risks arising from credit quality of its financing receivables at the end of the reporting period. To meet that objective, a creditor shall disclose the following by class of financing receivable:

a. For financing receivables carried at amortized cost that neither are considered past due in paragraph 310-10-50-7 nor impaired as defined in paragraphs 310-10-35-16 through 35-17, quantitative and qualitative information about the credit quality of financing receivables, including a description of the credit quality indicator and the carrying amount by credit quality indicator. To the extent that the following credit quality indicators are used by creditors, either of the following additional disclosure requirements applies:

   1. Internal risk ratings—If a regulated creditor discloses a class of financing receivables on the basis of internal risk ratings, then the creditor shall provide an explanation of how its internal risk ratings compare with the federal regulatory ratings of pass, special mention, substandard, doubtful, and loss. Those ratings are defined in the Uniform Agreement on the Classification of Assets and Appraisal of Securities Held by Banks and Thrifts issued by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of Thrift Supervision, as follows:

      i. Pass—Financing receivables not included in items 2 through 5 below are considered pass.

      ii. Special mention—Financing receivables classified as special mention have potential weakness that deserve management's close attention. If left uncorrected, those potential weaknesses may result in a deterioration of the repayment prospects for the asset or of the creditor's credit position at some future date.

iii. Substandard—Financing receivables classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the creditor will sustain some loss if the deficiencies are not corrected.

iv. Doubtful—Financing receivables classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

v. Loss—Financing receivables classified as loss are considered uncollectible or of little value. This classification does not mean that the loan has absolutely no recovery or salvage value but, rather, that it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

2. Consumer credit risk scores—If a creditor discloses a class of financing receivables on the basis of consumer credit risk scores, then the creditor shall update the consumer credit risk scores on an annual basis and disclose the date or range of dates that the scores were last updated.

b. For financing receivables carried at a measurement other than amortized cost (fair value, the lower of cost or market, or present value of amounts to be received) that neither are past due as determined by management's policy nor impaired as defined by paragraphs 310-10-35-16 through 35-17, quantitative information about the credit quality at the end of the reporting period shall be disclosed separately by measurement attribute.

c. A reconciliation of the financing receivables disclosed in (a) and (b) above and paragraph 310-10-50-7(c) to the collectively evaluated impaired financing receivable allowance portion of the allowance for credit losses in paragraph 310-10-50-12 by portfolio segment.

> Impaired ~~Loans~~ Financing Receivables

50-15 A creditor shall disclose, either in the body of the financial statements or in the accompanying notes, all of the following information about financing receivables ~~loans~~ that meet the definition of an impaired loan in paragraphs 310-10-35-16 through 35-17:

a. As of the date of each statement of financial position presented, the ~~total recorded investment~~ carrying amount and the corresponding unpaid principal balance in the impaired financing receivables ~~loans~~ at the end of each period ~~and~~ for both of the following:

    1. Financing receivables for which there is a related allowance for credit losses determined in accordance with Section 310-10-35, as well as the related allowance for credit losses by class of financing receivable~~The amount of that recorded investment for which there is a related allowance for credit losses determined in accordance with Section 310-10-35 and the amount of that allowance~~

    2. Financing receivables with no related allowance for credit losses by class of financing receivable~~The amount of that recorded investment for which there is no related allowance for credit losses determined in accordance with Section 310-10-35~~.

b. ~~The creditor's~~ Management's policy for recognizing interest income on impaired financing receivables~~loans~~, including how cash receipts are recorded and the factors the creditor considered in determining that the financing receivable is impaired by class of financing receivable.

c. For each period for which results of operations are presented, the average ~~recorded investment~~ carrying amount ~~in~~ of the impaired financing receivables ~~loans~~ during each period, the related amount of interest income recognized during the time within that period that the financing receivables ~~loans~~ were impaired, and, unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within that period that the financing receivables ~~loans~~ were impaired by class of financing receivable.

d. Management's policy for determining which loans the creditor individually assesses for impairment.

50-16 Those disclosures shall be provided for impaired financing receivables ~~loans~~ that have been charged off partially. Those disclosures cannot be provided for financing receivables ~~loans~~ that have been charged off fully because both the ~~recorded investment~~ carrying amount and the allowance for credit losses will equal zero.

50-17 This guidance does not specify how a creditor shall ~~should~~ calculate the average ~~recorded investment in~~ carrying amount of the impaired financing receivables ~~loans~~ during the reporting period. A creditor shall ~~should~~ develop an appropriate method for that calculation. Averages based on month-end balances may be considered an appropriate method.

50-18 Information about financing receivables ~~loans~~ meeting the scope of Subtopic 310-30 shall be included in the disclosures required by paragraph 310-10-50-15(a) through (b) if the condition in paragraphs 320-10-35-18 through 35-34 or 450-20-25-2(a), as discussed in paragraphs 310-30-35-8(a) and 310-30-35-10(a), is met.

50-19 Paragraphs 310-10-45-5 through 45-6 explain~~s~~ that a creditor that measures impairment based on the present value of expected future cash flows is permitted to report the entire change in present value as bad-debt expense but may also report the change in present value attributable to the passage of time as interest income. Creditors that choose the latter alternative shall disclose the amount of interest income that represents the change in present value attributable to the passage of time.

50-20 The following table summarizes the scope of the disclosure requirements in paragraph 310-10-50-15.

	Required Disclosures about the ~~Recorded Investment in Loans~~ Carrying Amount of Financing Receivables ~~in Loans~~ That Meet the Definition of an Impaired Loan in Paragraphs 310-10-35-16 through 35-17			
	(A)	**(B)**	**(C)~~(B)~~**	**(D)~~(C)~~**
Description of Financing Receivables ~~Loans~~ Separately by Class	**The Total ~~Recorded Investment in~~ Carrying Amount of the Impaired Financing Receivables~~Loans~~**	**Unpaid Principal Balance of the Impaired Financing Receivables**	**The Amount of the ~~Recorded Investment in~~ Carrying Amount of (A) for Which There Is a Related Allowance for Credit Losses**	**The Amount of the ~~Recorded Investment in~~ Carrying Amount of (A) for Which There Is No Related Allowance for Credit Losses**
Financing receivables ~~Loans~~ separately by class that meet the definition of an impaired loan in paragraphs 310-10-35-16 through 35-17 and that have not been charged off fully	Included. The amount disclosed in (A) must equal the sum of (C)~~(B)~~ and (D)~~(C)~~.	Included.	Included if there is a related allowance for credit losses.	Included if there is no related allowance for credit losses.
Financing receivables ~~Loans~~ that meet the definition of an impaired loan in paragraphs 310-10-35-16 through 35-17 and that have been charged off fully	Excluded. The recorded investment and allowance for credit losses are equal to zero.			
Large groups of smaller-balance homogeneous loans that are collectively evaluated for impairment and other loans that are excluded from the scope of this Subtopic as defined in paragraph 310-10-35-13	Excluded unless restructured in a troubled debt restructuring (see paragraph 310-40-35-9 for requirements for a restructured loan).			

310-10-65 Transition and Open Effective Date Information

> Transition Related to Proposed Accounting Standards Update, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*

65-1 The following represents the transition and effective date information related to proposed Accounting Standards Update, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses:*

a. The pending content that links to this paragraph is effective for the first interim or annual reporting period ending after December 15, 2009.

b. Early application is encouraged.

c. Comparative disclosures for earlier reporting periods that ended before initial adoption are encouraged, but not required.

d. Comparative disclosures for those reporting periods ending after initial adoption are required.

C3. Amend Subtopic 270-10, with a link to transition paragraph 310-10-65-1, as follows:

270 Interim Reporting > 10 Overall

a. Paragraph 270-10-50-1(n):

All of the following information about credit quality of financing receivables and the allowance for credit losses determined in accordance with the provisions of Topic 310:

1. Nonaccrual and past due financing receivables (see paragraphs 310-10-50-6 through 50-7A)

2. Allowance for credit losses (see paragraphs 310-10-50-11A through 50-12)

3. Analysis of the financing receivable activity (see paragraph 310-10-50-11A(g))

4. Fair value of the financing receivable (see paragraph 310-10-50-14A)

5. Credit quality information (see paragraph 310-10-50-14B)

6. Impaired financing receivables (see paragraph 310-10-50-15).

[For ease of use, the existing and pending guidance for this paragraph, which is unaffected by this Accounting Standards Update, has been omitted.]