

MINUTES



Financial Accounting
Standards Board

To: Board Members
From: Debbeler (x353)
Subject: Minutes of June 9, 2010, Board Meeting: Disclosures about Credit Quality and the Allowance for Credit Losses **Date:** June 10, 2010
cc: FASB: Bielstein, Golden, Lott, Stoklosa, Proestakes, Barker, Maroney, Debbeler, Chookaszian, Posta, Glotzer, C. Smith, Mechanick, Gabriele, Sutay, Klimek, McGarity, Intranet; IASB: Leisenring; GASB: Finden

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Last minute meeting: purchased credit impaired loans, inclusion or exclusion of impaired loans in aging disclosures, troubled debt restructurings and other significant modifications, and effective date

Basis for Discussion: Board Memorandum No. 12

Length of Discussion: 9:30 a.m. to 10:15 a.m.

Attendance:

Board members present: Herz, Linsmeier, Seidman, Siegel, Smith

Board members absent: None

Staff in charge of topic: Barker

Other staff at Board table: Golden, Stoklosa, Debbeler, Gonzales, Mills

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a final Accounting Standards Update addressing disclosures about credit quality and the allowance for credit losses.

The Board's technical plan calls for that document to be issued in the second quarter of 2010.

Summary of Decisions Reached:

The Board discussed several issues related to the final Accounting Standards Update on disclosures about the credit quality of financing receivables and the allowance for credit losses.

Disclosures about Purchased Credit Impaired Loans

The Board affirmed that an entity should provide disclosures about credit quality indicators for purchased credit impaired loans (those loans accounted for under Subtopic 310-30, originally issued as AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*). An entity should not, however, include purchased credit impaired loans in its disclosures about loans on nonaccrual status or past due receivables. In addition, an entity should not include purchased credit impaired loans accounted for in pools in its disclosures about modified financing receivables.

The Board also affirmed that for each portfolio segment, the end-of-period balance of the allowance for credit losses and the related receivables should be disaggregated into three parts:

1. Loans collectively evaluated for impairment
2. Loans individually evaluated for impairment
3. Purchased credit impaired loans.

Inclusion or Exclusion of Impaired Loans in Aging Disclosures

The Board decided that an entity should include loans deemed impaired under Section 310-10-35 (individually evaluated for impairment) in the disclosures about past due aging analysis, amounts past due 90 days or more and still accruing, and amounts on nonaccrual status.

Troubled Debt Restructurings and Other Significant Modifications

The Board agreed that the disclosures about modifications should be provided

for modifications that involve a concession related to credit quality. The Board affirmed that the disclosures about modifications should apply to modifications of lease receivables.

Effective Date

The Board decided a public entity would be required to provide the following disclosures for interim or annual periods beginning on or after December 15, 2010:

1. The rollforward of the allowance for credit losses
2. Disclosures about modifications of financing receivables.

General Announcements: None.