Testimony of

Leslie F. Seidman, Chairman

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On Securities, Insurance, and Investment

The Role of the Accounting Profession in Preventing Another Financial Crisis

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Introduction

Chairman Reed, Ranking Minority Member Crapo, and Members of the Subcommittee:

My name is Leslie Seidman and I am the Chairman of the Financial Accounting Standards Board ("FASB" or "Board"). I would like to thank you for this opportunity to participate in today's important hearing.

As the Subcommittee examines the role of accountants and auditors in helping to prevent another financial crisis, I thought it would be helpful to outline for you the manner in which accounting standards are developed. In doing so, I would like to begin by providing a brief overview of the FASB and its parent organization, the Financial Accounting Foundation ("FAF"). I also want to be sure the Committee understands both the FASB's robust due process and how we remain accountable to our stakeholders. Then I would like to discuss some of the changes to accounting standards the FASB has made in response to the financial crisis. Finally, I want to update you on several of our pending convergence projects with the International Accounting Standards Board ("IASB"), which address issues related to the financial crisis.

The FASB

The FASB is an independent private-sector organization that operates under the oversight of the FAF. For nearly 40 years, the FASB has established standards of financial accounting and reporting for nongovernmental entities, including both businesses (public and private) and not-for-profit organizations. Those standards are recognized as authoritative, Generally Accepted Accounting Principles ("GAAP") by the U.S. Securities and Exchange Commission ("SEC" or "Commission") for public companies and by the American Institute of Certified Public Accountants ("AICPA") for other nongovernmental entities.

GAAP is essential to the efficient functioning of the U.S. economy because investors, creditors, donors, and other users of financial reports rely heavily on credible, transparent, comparable, and unbiased financial information. In today's dynamic financial markets, the need for integrity, transparency, and objectivity in financial reporting is increasingly critical to ensuring the strength of U.S. capital markets and providing investors with accurate and timely information.

In 2002, Congress enacted the Sarbanes-Oxley Act, which included provisions protecting the integrity of the FASB's accounting standard-setting process. The legislation provided the FASB with an independent, stable source of funding. The legislation mandated an ongoing source of funding for the FASB from annual accounting support fees collected from issuers of securities, as those issuers are defined in the Sarbanes-Oxley Act.

It is important to note that although the FASB has the responsibility to set accounting standards, it does not have authority to enforce them. Officers and directors of a company are responsible for preparing financial reports in accordance with accounting standards. Auditors provide an opinion as to whether those officers and directors appropriately applied accounting standards. The Public Company Accounting Oversight Board ("PCAOB") is charged with ensuring that auditors of public companies have performed an audit in accordance with generally accepted auditing standards, which include an auditor's analysis of whether a public company has complied with appropriate accounting standards. The SEC has the ultimate authority to analyze whether public companies have complied with accounting standards.

The Mission of the FASB

The FASB's mission is to establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information.

We recognize the critical role that reliable financial reporting plays in supporting the efficient functioning of the capital markets: robust financial reporting increases investor confidence, which in turn leads to better capital allocation decisions and economic growth. Today, as the U.S. economy continues to recover from the financial crisis and recession, the FASB remains committed to ensuring that our nation's financial accounting and reporting standards provide investors with the information they need to confidently invest in the U.S. markets.

To accomplish its mission, the FASB acts to:

- Improve the usefulness of financial reporting by focusing on the primary characteristics of relevance and reliability and on the qualities of comparability and consistency;

- Keep standards current to reflect changes in methods of doing business and changes in the economic environment;

- Consider promptly any significant areas of deficiency in financial reporting that might be addressed through the standard-setting process; and

- Improve the common understanding of the nature and purposes of information contained in financial reports.

As it works to develop accounting standards for financial reporting, the FASB is committed to following an open, orderly process that considers the interests of the many who rely on financial information. Because we understand that the actions of the FASB affect so many stakeholders, we are steadfastly committed to ensuring that the decision-making process is independent, fair, and objective.

The Standard-Setting Process

An independent standard-setting process is paramount to producing high-quality accounting standards, since it relies on the collective judgment of experts, informed by the input of all interested parties through a thorough, open, and deliberative process. The FASB sets accounting standards through processes that are open, accord due process to all interested parties, and allow for extensive input from all stakeholders. Such extensive due process is required by our Rules of Procedure, set by the Board within the parameters of the FAF's bylaws. Our process is similar to the Administrative Procedure Act process used by federal agencies for rulemakings but provides far more opportunities for interaction with all interested parties. In fact, in recent years, we have significantly expanded our ability to engage with stakeholders in a variety of ways.

The FASB's extensive due process involves public meetings, public roundtables, field visits or field tests, liaison meetings and presentations to interested parties, and the exposure of our proposed standards for public comment. The FASB videocasts its Board meetings on its website; recently, we decided to also videocast our education sessions to make it easier for our stakeholders to observe the process that precedes our decisions. The FASB also creates podcasts and webcasts to provide short, targeted summaries of our proposals and new standards so that people can quickly assess whether they have an interest and want to weigh in. We have also been proactively reaching out to meet with stakeholders, including a wide range of investors and reporting entities, to discuss our proposals which helps us to assess whether the proposals will lead to better information and also to assess the related costs. These interactive meetings allow the FASB and its staff to ask questions to better understand why a person holds a particular view, which can accelerate the identification of issues and possible solutions.

The FASB also meets regularly with the staff of the SEC and the PCAOB. Additionally, since banking regulators have a keen interest in GAAP financial statements as a starting point in assessing the safety and soundness of financial institutions, we meet with them on a quarterly basis and otherwise as appropriate. We also understand Congress's great interest and regularly brief Members and their staffs on developments.

In short, the FASB actively seeks input from all of its stakeholders on proposals and processes and we are listening to them. The Board's wide consultation helps it to assess whether the benefits to users of improved information from proposed changes outweigh the costs of the changes to preparers and others. Wide consultation also provides the opportunity for all stakeholder voices to be heard and considered, the identification of unintended consequences, and, ultimately, broad acceptance of the standards that are adopted.

Additional information about the FASB and the FAF can be found in the 2010 Annual Report of the FAF, which will be available on the FAF website later this month.

FASB Oversight

The FASB's accountability derives from oversight at two levels. First, the Board is overseen by the independent Board of Trustees of the FAF. Organized in 1972, the FAF is an independent, private-sector, not-for-profit organization. The FAF exercises its authority by having responsibility for oversight, administration, and finances of the FASB and its sister organization the Governmental Accounting Standards Board ("GASB"). The FAF also has responsibility for:

- Selecting the members of the FASB, the GASB, and their respective Advisory Councils;

- Overseeing the FASB's and the GASB's Advisory Councils (including their administration and finances);

- Overseeing the effectiveness of the FASB's and the GASB's standard-setting processes and holding the Boards accountable for those processes;

- Protecting the independence and integrity of the standard-setting process; and

- Educating stakeholders about those standards.

Second, the FASB is also subject to oversight by the SEC with respect to standard setting for public companies. The SEC has the statutory authority to establish financial accounting and reporting standards for publicly held enterprises. For nearly 40 years, the SEC has delegated this authority to the FASB. In 2003, the SEC issued a Policy Statement reaffirming this longstanding relationship.

<u>FASB Activities</u>

Response to the Financial Crisis

The financial crisis led to a reprioritizing of the FASB's work. In particular, financial market participants and policymakers raised questions about:

(a) Fair value measurement of assets and impairments, especially when markets become illiquid;
(b) Off-balance sheet risks, particularly those related to securitizations (derecognition) and special purpose entities (consolidation);
(c) Disclosures about risk; and
(d) Complexity in accounting for financial instruments.

Accordingly, the FASB has undertaken projects to improve and simplify the accounting standards in each of these areas, which are described in further detail below.

Fair Value Measurement and Impairments

As the credit and financial crisis deepened and broadened in late 2008 and early 2009, significant attention was placed on “mark-to-market,” or fair value, accounting, including the effect of applying the fair value standard to report the value of impaired securities. The controversy reflected, in part, the difficulty of determining the fair value of assets or liabilities in illiquid markets. It also reflected the concern that the accounting for problem assets held by financial institutions, including loans, was “procyclical” and may have exacerbated the crisis (even though loan losses are generally not measured at fair value).

While such determinations had been required in previous downturns, this was the first occasion in which a new standard for determining fair value, FAS 157,[i] was in effect. It is important to note that FAS 157, issued in 2006, did not introduce mark-to-market or fair value accounting and did not expand the range of items that are required to be, or permitted to be, measured at fair value. Rather, FAS 157 improves the consistency and comparability of fair value measurements within GAAP by more clearly defining fair value, establishing a framework for measuring fair value measurements, and expanding disclosures about a company’s required fair value measurements.

In 2008, the SEC conducted a comprehensive study on mark-to-market accounting and submitted a report to Congress detailing its findings on fair value accounting. The report concluded that fair value accounting was not a primary cause of the crisis. The study also included recommendations on how to improve fair value requirements, including the need for improved guidance on the determination of fair value in illiquid markets and the reporting of impairments. The FASB made these improvements in late 2008 and early 2009 by issuing three FASB Staff Positions.[ii]

Since April 2009, the FASB has made additional targeted amendments to fair value guidance to address the following:

(a) How to measure liabilities at fair value;[iii]
(b) How to measure investments in certain companies that calculate Net Asset Value per Share;[iv] and

(c) How to improve disclosures about fair value measurements.[v]

In addition, in conjunction with the FASB and the IASB convergence efforts (discussed below), the FASB and the IASB have developed a converged definition of fair value and common requirements for measuring fair value and for disclosing information about fair value measurements. To that end, the FASB plans to issue minor amendments to existing GAAP requirements in April 2011. The amendments in this convergence project will explain how to measure fair value but will not expand the range of items that are required or permitted to be measured at fair value.

Off-Balance Sheet Financing

In 2008 and 2009, the FASB completed projects to improve accounting and disclosure requirements for the areas that caused the greatest concern about off-balance sheet financings. In 2008, the FASB completed a project that requires a company to make additional disclosures about the extent of its continuing involvement with assets no longer reported on its balance sheet and its involvement with special-purpose entities ("SPEs").[vi] Those disclosures became effective for calendar year end companies in 2008. The FASB then completed a project to amend the accounting guidance to provide greater transparency to investors about transfers (sales) of financial assets and a company's continuing involvement with such assets (FAS 166).[vii] The FASB also improved disclosures of a company's involvements with SPEs and tightened the requirements governing when such entities should be consolidated (FAS 167).[viii] FAS 166 and 167 were issued in June 2009 and became effective in January 2010.

In issuing Statements 166 and 167, the FASB provided necessary improvements to the accounting and reporting of securitizations and other involvements with SPEs. Before FAS 166 and 167, companies were required to consolidate an SPE only if they had the majority of risks and/or rewards of that entity. However, in making this determination, companies used complex mathematical calculations that often excluded key risks, such as liquidity risk. Consequently, some companies were able to structure transactions to avoid consolidating entities in which they retained significant continuing risks and obligations.

FAS 166 and 167 significantly improve the disclosure standards for companies involved with SPEs. Under the new standards, companies that control the most significant activities of the entity and are exposed to the benefits or losses of the entity are required to report the assets and liabilities on their financial statements. The improved accounting standards will put investors in a better position to determine who will ultimately bear the losses and reap the rewards of SPEs.

Since the issuance of FAS 166 and 167, the FASB has made one additional targeted amendment to consolidation guidance. As originally drafted, the new standards would have required investment managers and other similar entities to consolidate certain funds that they manage upon adoption of FAS 167. After considering all of the feedback received on this issue, the FASB decided to temporarily defer the effective date of FAS 167 for those entities in order to study the issue with the IASB.[ix]

The FASB plans to issue a proposal in May 2011 that would amend the consolidation guidance, further clarifying when a company with decision-making power over a SPE should be required to consolidate. The proposal also would eliminate the deferral of the guidance in FAS 167 for investment managers and other similar entities.

In addition to the projects outlined above, the FASB is revising the accounting standard for determining when a repurchase agreement should be accounted for as a sale or as a financing. The Board has determined that the existing criterion pertaining to an exchange of collateral should not be a determining factor when accounting for a repurchase agreement transaction. The FASB plans to issue this amendment in May 2011.

Disclosures about Risk

Disclosures are an integral part of a company's financial statements and provide information that is critical to an investor's ability to understand a company's risk exposures. The financial crisis revealed that disclosures about (a) fair value measurements, (b) credit risk, and (c) derivatives and other financial instruments needed to be enhanced to provide investors with a complete portrait of a company's risk exposure. To address this problem, the FASB issued several standards over the past few years.

Disclosures about Fair Value Measurements

Timely and transparent information about fair value measurements and asset impairments is critically important, especially in illiquid markets. To improve disclosures in those areas, the FASB issued three standards in early 2009. The first standard requires that the fair value disclosures previously made on an annual basis by public companies now be made on a quarterly basis.[x] Similarly, the second standard requires companies to make qualitative disclosures that give investors insight into how a company performs its fair value measurements on a quarterly instead of an annual basis.[xi] Additionally, the third standard allows separate presentation of the credit-related and non-credit-related impairments of debt securities that were not intended to be sold and for which the entity could recover the decline in value by holding the securities.[xii] These amendments also enhance the nature and frequency of information disclosed about debt and equity securities in unrealized loss positions and about whether or not an other-than-temporary impairment had been recognized. Together, this guidance ensures more frequent and detailed information reporting about fair value changes in securities.

In 2008 and 2009, FASB received many comments from users of financial statements requesting enhanced disclosures about a company's fair value measurements. Accordingly, the FASB issued guidance in January 2010 to address user concerns.[xiii] The guidance requires a company to disclose the following:

(a) Significant transfers between Levels 1 and 2 (levels of fair value measurement based on availability of inputs);
(b) Activity within Level 3 fair value measurements during a period (assets using significant unobservable inputs when measuring fair value are Level 3 assets); and
(c) Valuation techniques and inputs to fair value measurements.

The guidance also requires a company to disaggregate its fair value measurement disclosures by class of asset or liability.

Disclosures about Credit Risk

Many banks voluntarily provide some disclosures about the credit quality of their loan portfolios. However, in the past, investors have commented to the FASB that many banks provide these disclosures too late in the credit cycle—after significant problems have been identified. In addition, the extent of these disclosures and their information content varies significantly. To address these concerns, the FASB issued guidance in December 2005 to emphasize that nontraditional loans, such as interest-only loans, option adjustable-rate mortgages, and loans with high loan-to-value ratios, could significantly increase an institution's exposure to credit risk and consequently must be disclosed under existing standards.[xiv] The FASB also issued a standard in July 2010 to enhance transparency about risks associated with traditional as well as nontraditional loans.[xv] That standard requires banks to disclose information that enables investors to understand the nature of credit risk inherent in a bank's loan portfolio; monitor changes in the credit quality of a bank's loan portfolios over time; and understand how those changes are reflected in the bank's allowance for loan losses. That standard also requires a bank to disaggregate its credit quality disclosures by class of asset.

Disclosures about Derivatives and Other Financial Instruments

Both the use and complexity of derivative instruments and hedging activities increased significantly in the years leading up to the financial crisis. FAS 133,[xvi] which became effective in 2000, established accounting requirements for derivative instruments and hedging activities. While FAS 133 significantly improved the accounting for derivatives by requiring them to be measured at fair value, its disclosure requirements did not enable users to fully understand why a company uses derivatives and how those derivatives affect its financial statements. In March 2008, the FASB issued FAS 161[xvii] to address these concerns. Under FAS 161, a company must disclose qualitative and quantitative information about how and why the company uses derivative instruments, the volume of the company's derivative activity, and the impact of derivative instruments on the company's financial position, performance, and cash flows.

To further enhance the disclosure requirements in FAS 161, the FASB issued a FASB Staff Position in September 2008.[xviii] This additional guidance requires sellers of credit derivatives to disclose the nature of the credit derivative (including its term, the reason for entering into the credit derivative, the events that would require the seller to perform under the credit derivative, and the current status of its payment/performance risk), the maximum amount of potential future payments the seller could be required to make under the credit derivative, the fair value of the derivative, and the nature of any recourse provisions that would enable the seller to recover from third parties any of the amounts paid under the credit derivative and any related collateral held.

In May 2008, the FASB issued FAS 163[xix] to address inconsistencies in accounting for financial guarantee contracts by insurance companies (for example, monoline insurers). In addition to addressing those inconsistencies, FAS 163 requires insurance companies to provide expanded disclosures about financial guarantee insurance contracts. Those disclosures primarily focus on the information used by the insurance company to evaluate credit deterioration in its insured financial obligations (for example, how a company groups and monitors its insured financial obligations and financial information about each grouping).

Convergence Efforts

The FASB is working with the IASB to develop converged accounting standards in several key areas through a collaborative due process. We agree with the G20 and many others that in a global economy, investors should be able to rely on one set of high-quality accounting standards. The FASB's and the IASB's target date to complete deliberations on three priority projects—financial instruments, leasing, and revenue recognition—is June 30, 2011. Although it is an ambitious target, we have recently prioritized our agenda and are redeploying resources to these high-priority convergence projects. While the FASB is committed to working hard to develop improved, converged, and sustainable standards quickly, we are equally committed to making sure that, first and foremost, the standards result in improved financial information for investors and that companies and auditors understand the new requirements and can implement them in an orderly manner.

With the comment period on those projects now closed, the FASB and the IASB are in the process of reviewing stakeholder input. The volume of feedback is impressive, and many issues have been identified. The FASB and the IASB plan to work through all of the issues methodically and thoughtfully. These standards go to the core of a company's key operating metrics, and we are committed to ensuring that stakeholders have ample opportunities to comment on proposed changes or possible implementation issues before the standards are finalized.

A brief update on the key convergence projects follows.

<u>Accounting for Financial Instruments</u>

One of the FASB's and the IASB's top priorities is improving, simplifying, and converging the accounting for financial instruments. In May 2010, the FASB published a proposal that aims to provide a more timely and full description of a company's involvement in financial instruments. Since the release of the proposal, the FASB has continued its deliberations about how (a) to classify and measure financial instruments, (b) to account for impairments (loan loss provisioning), and (c) to improve reporting of hedging activities.

The FASB and the IASB share a goal of issuing comprehensive improvements to the current standards that will foster international comparability of financial information about financial instruments. The Boards expect to achieve that goal by closely coordinating the deliberations of issues arising in their separate standard-setting projects.

In addition to the broader effort to converge financial instrument accounting standards described above, the Boards decided to undertake a discrete joint project to improve and converge the differences between International Financial Reporting Standards ("IFRS") and GAAP requirements relating to balance sheet netting of derivative contracts and other financial instruments. This joint project was added in response to stakeholders' concerns (including those of the Basel Committee on Banking Supervision and the Financial Stability Board) about a major difference between the balance sheets of U.S. financial institutions and their international counterparts.

Classification and Measurement of Financial Instruments

The May 2010 proposal to amend the guidance on the classification and measurement of financial instruments proposed a much greater use of fair value measurement for financial instruments than exists under current accounting guidance. As part of its deliberative due process, the FASB is in the process of considering the comments it has received from stakeholders and redeliberating most aspects of the May 2010 Exposure Draft. The vast majority of investors, reporting entities, and other stakeholders did not believe that fair value was the most appropriate measurement attribute for some financial instruments in the balance sheet. They suggested various ways to enhance the information through a more robust impairment approach and expanded disclosures.

Based on that feedback, in its deliberations to date, the FASB has tentatively decided that at least some assets should qualify for cost accounting based on the characteristics of the instrument and the entity's business strategy in holding them. The Board is also considering whether changes in the fair value of such assets should be recognized in other comprehensive income in certain circumstances. The FASB is continuing to discuss these issues and will continue to further refine the criteria for classifying financial instruments, as well as the application of those criteria to certain financial instruments (such as hybrid instruments). Once the FASB decides what changes, if any, it intends to make to its proposal, the FASB and the IASB will identify any differences that remain between IFRS and GAAP requirements and evaluate whether and how they might reduce the differences or otherwise enhance comparability. We believe that we will complete the deliberations on this phase of the project in the second quarter.

Impairments of Financial Instruments

The May 2010 proposal would require a company to recognize the total credit losses expected to occur over the life of a financial asset "immediately" or at the first reporting date at or after the financial assets are originated or purchased. Under current U.S. accounting requirements, an impairment loss is not recognized until it is *probable*. In other words, under the FASB's proposal, a company would not wait until a loss is probable before recognizing an impairment loss. Further, the proposal would require companies to assess credit losses based on all available information about past events and existing conditions but would not require consideration of potential future economic events beyond the reporting date.

The FASB received extensive input from stakeholders about the impairment proposal, most of which supported the development of a converged standard. Most commenters agreed with the proposal's elimination of the "probable" threshold. However, commenters expressed mixed views about the amount of the loss that should be recognized. Some comments supported recognizing total expected credit losses immediately, while others supported recognizing a portion of the credit losses expected to occur over the life of a financial asset. Additionally, a majority of commenters thought that the proposal should require all available information, including assumptions about future conditions and events, to be considered.

In response to this feedback, the FASB and the IASB issued a joint supplementary proposal in January 2011 that proposes a revised approach for an impairment model for financial assets. Under the revised proposal, the amount and timing of recognition would vary based on the credit characteristics of the financial asset, specifically the degree of uncertainty about the collectability of cash flows. The Boards' aim is to consider the comments received on the revised approach and substantially complete deliberations related to this phase of the financial instruments project in the second quarter.

Balance Sheet Netting

Balance sheet netting of derivative contracts and other financial instruments is typically the most significant apparent difference between the balance sheets of financial institutions that apply GAAP and the balance sheets of those that apply IFRS. In January 2011, the Boards published a joint proposal to align this reporting. Under the proposal, companies that apply GAAP would no longer be able to "net" derivatives and repurchase and reverse repurchase transactions in the balance sheet. Consequently, companies may report significant increases in total assets and total liabilities as a result of the proposed changes. The Boards plan to engage in extensive consultations with interested parties to ensure all views are considered, including holding public roundtables, after the end of the comment period on April 28, 2011. The Boards aim to substantially complete redeliberations by June 2011.

Conclusion

Thank you for the opportunity to provide a brief overview of the FASB and its many pending projects. I would be pleased to answer any questions.

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[i] FASB Statement No. 157, *Fair Value Measurements* (September 2006), as codified in Topic 820 of the *FASB Accounting Standards Codification®*.

[ii] FASB Staff Position FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* (October 2008); FASB Staff Position FAS 157-4, *Determining Fair Value When the Volume and Level of*

Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (April 2009); FASB Staff Position FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (April 2009). These staff positions have been codified in various topics of the *FASB Accounting Standards Codification®*.

[iii] FASB Accounting Standards Update No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value* (August 2009).

[iv] FASB Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (September 2009).

[v] FASB Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* (January 2010).

[vi] FASB Staff Position FAS 140-4 and FIN 46(R)-8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities* (December 2008).

[vii] FASB Statement No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (June 2009), as codified in Topic 860 of the *FASB Accounting Standards Codification®*.

[viii] FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)* (June 2009), as codified in Topic 810 of the *FASB Accounting Standards Codification®*.

[ix] FASB Accounting Standards Update No. 2010-10, *Consolidation (Topic 810): Amendments for Certain Investment Funds* (February 2010).

[x] FASB Staff Position FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (April 2009), as codified in various Topics of the *FASB Accounting Standards Codification®*.

[xi] FASB Staff Position FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (April 2009), as codified in Topic 820 of the *FASB Accounting Standards Codification®*.

[xii] FASB Staff Position FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (April 2009), as codified in various Topics of the *FASB Accounting Standards Codification®*.

[xiii] FASB Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* (January 2010).

[xiv] FASB Staff Position SOP 94-6-1, *Terms of Loan Products That May Give Rise to a Concentration of Credit Risk* (December 2005), as codified in Topics 825 and 310 of the *FASB Accounting Standards Codification®*.

[xv] FASB Accounting Standards Update No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (July 2010).

[xvi] FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (June 1998), as codified in Topic 815 of the *FASB Accounting Standards Codification®*.

[xvii] FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* (March 2008), as codified in Topic 815 of the *FASB Accounting Standards Codification*®.

[xviii] FASB Staff Position FAS 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161* (September 2008), as codified in Topics 815 and 460 of the *FASB Accounting Standards Codification*®.

[xix] FASB Statement No. 163, *Accounting for Financial Guarantee Insurance Contracts—an interpretation of FASB Statement No. 60* (May 2008), as codified in Topic 944 of the *FASB Accounting Standards Codification*®.