

Depository Institutions Expert Panel

Highlights of the August 13, 2014, Conference Call



The Depository Institutions Expert Panel serves the needs of AICPA members on financial and business reporting and audit and attest matters. The expert panel protects the public interest by bringing together knowledgeable parties in the depository institutions industry to deliberate and come to agreement on key depository institutions issues.

The following are brief highlights of the conference call:

<u>Call participants</u>		<u>Absent</u>	
Sydney Garmong (chair)	Crowe	Lee Keel	Wells Fargo
Brad Davidson	Crowe	Todd Sprang	CLA
Robert Sledge	KPMG	Chip Currie	PwC
John Klinge	KPMG	Tom Canforatta	KPMG
Robert Kianos	PwC		
Dom Guiffrida	Ernst		
Hugh Guyler	Deloitte		
Tom Robinson	Deloitte		
Barry Pelagatti	BDO		
Mike Lundberg	McGladrey		
Randy Morse	AHPPLC		
John Rieger	US Bank		
Xihao Hu	TD Bank		
Greg Talbott	Kinecta		

Agenda topics:

1. **FASB’s Financial Instruments Project: Credit Impairment**
 - a. FASB staff Stephen McKinney provided an update on the project.
 - b. Discussion
 - i. Impairment will be discussed at the board meeting scheduled this afternoon – two main topics include
 1. The applicability of the CECL model for debt securities
 2. The roundtable and other outreach
 - ii. Issues left to address include implementation guidance, disclosures, transition and effective date.
 - iii. Stephen is returning to Deloitte this week. With Stephen’s departure, Jack Pollman, practice fellow from KPMG, will be leading project.
2. **Sales of HTM securities for BASEL 3 and tainting implications – discussion**
 - a. Questions on sales of HTM securities in contemplation of BASEL 3 are being posed

- b. Fundamental question was posed: Does the guidance in ASC 320.10.25.6 paragraph (f) trump all other guidance or do the facts and circumstances bear on the conclusion?
 - c. Need to continue to monitor and revisit
3. **Application of PCC alternatives for call reporting update and implementation issues – discussion**
- a. Banking regulators have informally signaled their intent to allow the use of the PCC alternatives for call reporting purposes.
 - b. Possible implementation issues
 - i. Will banks be allowed to retroactively adopt?
 - ii. A bank which does not meet the definition of a public business entity (PBE) elects a PCC alternative such a goodwill amortization. Several years later, the bank becomes a PBE because the bank has grown and has assets >\$500 million. [Most non-mutual, non-S-corporation banks over \$500M are considered to be a PBE.] What is the proper treatment at the point the bank is deemed to be a PBE?
 - 1. No impact, continue amortizing goodwill
 - 2. Restate
 - 3. Cease amortization and freeze the goodwill
 - 4. Other accounting
4. **Administrative – Setting a date for the fall Washington meeting**
- a. This fall meeting will be a transition meeting with both the incoming members and thanking the outgoing members for their time, dedication and great service.
 - b. Teresa Brennan (AICPA publications) had a baby boy!!!!

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