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FOR IMMEDIATE RELEASE

FASB Issues Exposure Draft on Accounting for Financial Instruments
Additional, Related Proposal Addresses Proposed Changes
to Comprehensive Income

Norwalk, CT, May 26, 2010—The Financial Accounting Standards Board (FASB) has issued an Exposure Draft (ED) of a proposed Accounting Standards Update (ASU) intended to improve accounting for financial instruments. Among other changes, the proposed ASU would seek to bring more transparency into financial statements by incorporating both amortized cost and fair value information about financial instruments held for collection or payment of cash flows. The proposal is available at www.fasb.org.

The proposal also aims at providing more timely information on anticipated credit losses to financial statement users by removing the “probable” threshold for recognizing credit losses. It seeks to better portray the results of asset-liability management activities at financial institutions. In the proposal, non-public entities with less than \$1 billion in total consolidated assets would be allowed a four year deferral beyond the effective date from certain requirements relating to loans and core deposits.

Other potential improvements addressed by the ASU include:

- A single credit impairment model for both loans and debt securities.
- The criteria for hedge accounting would be simplified in order to improve the consistency in the reporting of the economic impacts of hedging activities.

FASB Chairman Robert Herz stated:

“The changes we are proposing are aimed at improving the accounting for financial instruments in a number of ways. The proposal would impact the reporting by financial institutions and all other entities that have financial instruments as the goal of greater transparency in financial statements is pursued. We encourage all interested parties to carefully review the proposal and provide us with your comments. Through its due process, the FASB will ensure that it obtains and considers a broad range of input on this important proposal.”

The comment period for the proposed ASU extends through September 30, 2010. The FASB will also hold additional public roundtable meetings immediately following in October to collect further input. Details will be announced later.

The FASB also issued for public comment a separate, but integral proposed ASU that would require total comprehensive income and its components in two parts—net income and other comprehensive income—be displayed in a continuous statement of financial performance.

The ED's for both financial instruments and comprehensive income are available at www.fasb.org.

A briefing document about the financial instruments proposal entitled *FASB In Focus* is also available at the website, along with a “podcast” featuring an in-depth audio interview with FASB Chairman Robert Herz about financial instruments. The FASB will also be hosting a live webcast on the financial instruments proposal on June 30, 2010.

About the Financial Accounting Standards Board

Since 1973, the Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors, and others rely on credible, transparent, and comparable financial information. For more information about the FASB, visit our website at www.fasb.org.

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