



Agenda and Table of Contents

WELCOME AND INTRODUCTORY REMARKS
Supervision and Risk Management Senior Officer

PROPOSED FASB STANDARD ON FINANCIAL INSTRUMENTS* 5
Steven Merriett, Chief Accountant, Federal Reserve Board
Topics will include classification and measurement, credit impairment, and derivatives / hedging. The group will discuss the potential impact on community and regional banks in the District.

ALLOWANCE FOR LOAN AND LEASE LOSSES – TRENDS, CHALLENGES AND THE FUTURE* 21
Carol Gross, Senior Examiner
The discussion will involve current ALLL levels and trends, methodology issues seen during our examinations, and future considerations as banking conditions improve.

OTHER REAL ESTATE – EXAMINATION ISSUES AND FREQUENTLY ASKED QUESTIONS* 33
Anita Feemster, Manager
In today’s environment, many financial institutions are experiencing a significant number of foreclosed properties. We will discuss practical issues involving the acquisition and disposition of other real estate.

CHALLENGES WITH TROUBLED DEBT RESTRUCTURING: ACCOUNTING AND REPORTING* 41
Joanne Wakim, Senior Accounting Policy Analyst, Federal Reserve Board
The discussion will cover TDR identification, accrual and reporting issues. Documentation expectations and practical examples will be covered.

OTHER MISCELLANEOUS TOPICS*

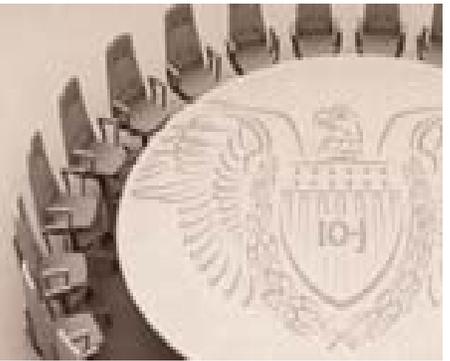
CLOSING REMARKS
Supervision and Risk Management Senior Officer

REFERENCE MATERIALS..... 55

*Opportunity to earn continuing professional education credits by attending these sessions.

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BIOGRAPHIES

ANITA FEEMSTER

Manager, Federal Reserve Bank of Kansas City – Oklahoma City Branch

Anita is Manager in the Examinations and Inspections Department at the Oklahoma City Branch of the Federal Reserve Bank of Kansas City. She began her Reserve Bank career in 1988 as an examiner. Anita also has managerial responsibility for operational risk supervision for the 10th Federal Reserve District and is the region's accounting policy and auditing specialist. She is a frequent speaker to various professional groups on these matters and formerly served as the chairperson of the Federal Reserve System's network of accounting and auditing experts.

Anita is involved in a number of staff development initiatives. She is an instructor and developer of international training programs involving operational risk sponsored by the Federal Reserve Board or a multinational agency for foreign banking supervisory entities. Anita received a Bachelor of Science degree in accounting and a Master of Business Administration degree from the University of Central Oklahoma in Edmond and is a certified public accountant.

CAROL GROSS

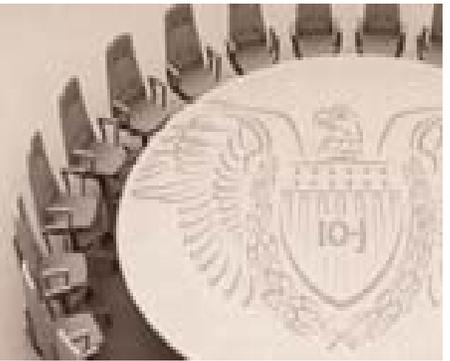
Senior Examiner, Federal Reserve Bank of Kansas City – Denver Branch

Carol is a Senior Examiner in the Examinations and Inspections Department at the Denver Branch of the Federal Reserve Bank of Kansas City. Her responsibilities include conducting bank examinations and holding company reviews with a focus on accounting and auditing. She advises district colleagues on accounting matters and is an active member of the Federal Reserve System's network of accounting and auditing experts. Carol is an instructor and developer of training workshops on a variety of accounting topics sponsored by the Federal Reserve Board or individual Reserve Banks.

Prior to her Denver transfer, she managed the Bank Holding Company/Foreign Report Unit at the Federal Reserve Bank of Chicago. Before joining the Federal Reserve System, her work experience included positions in the banking and computer industries. Ms. Gross graduated with a Business Administration degree in accounting from North Central College in Naperville, Illinois. She is also a certified public accountant.

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BIOGRAPHIES

STEVEN P. MERRIETT

Assistant Director and Chief Accountant-Supervision, Board of Governors of the Federal Reserve System, Washington, DC

Steven P. Merriett is the Chief Accountant of the Federal Reserve Board's Division of Banking Supervision and Regulation. His principal responsibilities include advising the Federal Reserve Governors and senior Board staff on the implications of key accounting, auditing and reporting issues facing the banking industry. Steve is the senior Federal Reserve Board official responsible for the development of policy positions on domestic and international accounting, auditing, reporting, disclosure, and related internal control issues affecting the banking industry. He also represents the Federal Reserve Board on the Basel Committee on Banking Supervision's Accounting Task Force.

Prior to joining the Federal Reserve Board, Steve worked at the Federal Reserve Bank of Chicago and served as executive director for a community development corporation. Steve's other experience includes participating in the accounting standard-setting process while working at the Financial Accounting Standards Board and managing financial and IT audits while working at Ernst & Young, LLP.

Steve is a CFA charterholder, a certified public accountant and member of the AICPA as well as a Certified Information Systems Auditor and member of the ISACA. He has a Bachelor of Science in Business Administration from The Ohio State University, June 1991, and a Master of Public Policy from the University of Chicago, June 2001.

JOANNE WAKIM

Accounting Policy & Disclosure Section, Federal Reserve Board, Washington, DC

Joanne is a Senior Accounting Policy Analyst for the Federal Reserve Board's Division of Banking Supervision and Regulation. Her responsibilities include monitoring and formulating positions on major domestic and international proposals affecting the banking industry. In this capacity, Joanne interacts with domestic and international accounting standard setters and supports a variety of policy projects related to banking supervision. She also advises Federal Reserve System colleagues on financial accounting and reporting issues.

Prior to joining the Federal Reserve Board, Joanne worked at the former Office of Thrift Supervision as a regional accountant. Prior to employment with the OTS, Joanne worked at Ernst & Young, LLP in Atlanta, Georgia and at the Financial Accounting Standards Board as a postgraduate intern. Joanne is a certified public accountant and holds a Bachelor degree in accounting from Clemson University.

