



WILARY WINN LLC

Advice to Strengthen Financial Institutions

FAS ASC 310-30 Accounting for Purchased Loans with Deteriorated Credit Quality

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INTRODUCTION

Accounting for purchase loans with deteriorated credit quality is relatively complex, and this paper is for those who want to better understand its requirements and applications. We address the concepts behind FAS ASC 310-30, when it should be applied, how it should be applied, and provide best practices on implementation. Loan and pool level examples, including journal entries, are included to demonstrate the effects of the accounting quarter over quarter.

KEY TAKEAWAY

Wilary Winn provides complete ASC 310-30 accounting solutions, including scope determinations, expected cash flow estimates and the journal entries to be recorded each reporting period.

HOW CAN WE HELP YOU?

Founded in 2003, Wilary Winn LLC and its sister company, Wilary Winn Risk Management LLC, provide independent, objective, fee-based advice to nearly 600 financial institutions located across the country.

We provide the following services:

CECL & ALM

Holistic solutions to measure, monitor and mitigate interest rate, liquidity, and credit risk on an integrated basis.

MERGERS & ACQUISITIONS

Independent, fee-based determinations of fair value for mergers and acquisitions.

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Comprehensive and cost-effective valuations of servicing arising from the sale of residential mortgage, SBA 7(a), auto, home equity and commercial loans.

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Services to support our CECL, ALM, Fair Value and Loan Servicing product offerings.



FAS ASC 310-30 Accounting for Purchased Loans with Deteriorated Credit Quality

Accounting for Loans with Deteriorated Credit Quality

In December 2003, the AICPA issued Statement of Position 03-3 (SOP 03-3), *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. (The new codification reference is FAS ASC 310-30). Due to the recent downturn in the economy, many institutions have acquired loan portfolios with deteriorated credit quality and FAS ASC 310-30 accounting has thus become more widespread. In addition to being complex, the accounting can be difficult to implement. Most accounting systems cannot handle the required calculations, and therefore, it is common to keep track of these loans outside of the core system.

FAS ASC 310-30 Determination

Let us say your institution has just purchased a pool of loans at fair value through a merger or a bulk sale and you are now wondering what type of accounting rules relate to these loans. For example, how will you accrete any purchase discount back into income or amortize any purchase premium into expense? Loans can either be accounted for under FAS ASC 310-20 *Nonrefundable Fees and Other Costs* or FAS ASC 310-30 *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The determination of whether acquired loans are to be accounted for under FAS ASC 310-30 must be made at acquisition and loans cannot transition between FAS ASC 310-30 and FAS ASC 310-20 subsequent to the acquisition date. The questions to ask are:

1. Should I account for the loans based on their *contractual* cash flows, or
2. Should I account for the loans based on their *expected* cash flows?

CONTRACTUAL CASH FLOWS

If your institution expects to receive all of the contractually specified principal and interest payments from an acquired loan, then the loan should be accounted for in accordance with FAS ASC 310-20. Specifically, the purchase discount or premium (interest rate valuation allowance) should be amortized or accreted into income on a level yield over the expected life of the loan. In many cases, an institution can use the "FAS 91" field on its servicing system to calculate the monthly accretion amount

Wilary Winn believes that the acquiring institution can account for the acquired loans with the highest credit quality (FICOs over 720, reasonable LTVs) under FAS ASC 310-20. We note that our estimated credit losses for these types of loans are generally quite nominal and that we use an adjusted market discount rate to estimate fair value. The acquiring institution first combines the interest rate valuation allowance and the relatively modest credit valuation allowance and then amortizes the total into income over the expected life of the loan.

Because there is no initial credit valuation allowance recorded under this method, the acquiring institution establishes a *post-acquisition* allowance for loan losses to record credit losses which subsequently arise on the acquired loans.



EXPECTED CASH FLOWS

On the other hand, loans acquired with “deteriorated credit quality” must be accounted for under FAS ASC 310-30. To be accounted for under FAS ASC 310-30, the acquired loans should meet the following two requirements:

REQUIREMENT ONE – THE DETERIORATION IN CREDIT QUALITY OCCURRED SUBSEQUENT TO ORIGATION.

- At first glance, this determination appears simple. You can review the loan’s performance and underlying attributes to determine whether credit concerns exist. Factors to consider are the borrower’s credit score, sources and uses of cash, payment history, and debt-to- income levels. However, to qualify for accounting under FAS ASC 310-30, this deterioration in credit quality must have occurred subsequent to origination. Accordingly, a loan of lower credit quality from time of its origination may or may not fall into the FAS ASC 310-30 bucket. If the loan has continued to perform based on its contractual terms, then chances are good that deterioration in credit quality did not occur subsequent to origination.

To be eligible for FAS ASC 310-30, the credit conditions would have had to have worsened – the credit score fell, the loan to value ratio increased, etc.

REQUIREMENT TWO – IT IS PROBABLE THAT THE ACQUIRER WILL BE UNABLE TO COLLECT ALL CONTRACTUALLY REQUIRED PAYMENTS FROM THE BORROWER.

- Wilary Winn believes that if the fair value of the loan includes a more than nominal credit valuation allowance, it is clear that the acquirer will not receive all of the contractually required payments from the borrower. We further believe that high FICO/low loan-to-value loans, or loans with low risk ratings, will generally not have a significant credit valuation allowance, would thus fail this requirement and would be accounted for under FAS ASC 310-20.

We believe loans with more than nominal credit valuation allowances clearly meet Requirement Two but may not meet Requirement One. Fortunately, GAAP permits the acquiring institution to elect to account for the loans at the group level thus avoiding the tedious scope determination required under Requirement One¹.

Wilary Winn thus recommends that the acquiring institution make two accounting decision for loans which have **more than nominal credit valuation allowances**.

1. Elect to account for loans that are relatively homogenous (residential first lien, used auto, etc.) at the group level in accordance with FAS ASC 310-30.
2. Make the FAS ASC 310-30 determination for commercial loans at the loan level and account for them going forward at the loan level.

¹ AICPA Depository Institutions Expert Panel Letter to SEC December 18, 2009



We note that GAAP does not allow loans with revolving terms to be accounted for under FAS ASC 310-30 because of the uncertainty of future advances and repayments². (Loans that have their borrowing privileges eliminated prior to the acquisition date can be included). In our experience, the acquiring institution amortizes the discount rate valuation allowance *and* the credit valuation allowance of the revolving loans over the remaining term of the loan as of the acquisition date on a straight-line basis. If it becomes apparent over time that the present value of the cash flows is less than the book value of the loan, then the acquiring institution should increase its allowance for loan losses by the amount of the shortfall.

FAS ASC 310-30 Implementation

A loan accounted for under FAS ASC 310-30 is initially recorded at its purchase price (fair value). The amount of expected cash flows that exceed the initial investment in the loan represent the “*Accretable Yield*,” which is recognized as interest income on a level yield basis over the life of the loan. The excess of total contractual cash flows over the cash flows expected to be received at origination is deemed the “*Nonaccretable Difference*”. For a complete set of defined terms, see pages 11-12.

In order to simplify accounting for FAS ASC 310-30 loans, we recommend that an institution record the loan at its principal balance at acquisition and record a corresponding loan “*Contra Account*” to write down the loan’s balance to its fair value. The institution must then periodically adjust (roll forward) the value of the loan contra account in order to account for interest payments received and the amount of accretion income recognized. Interest received decreases the overall loan carrying value by increasing the contra account. The amount of computed accretable interest income increases the overall loan carrying value by decreasing the contra account. It is important to point out here that the interest collected from the borrower recorded as interest income on the core system must be manually reversed. The only interest income that should be recorded on the loans that fall under FAS ASC 310-30 is the accretable income.

We note that not only is it important to estimate the amount of the future cash flows, but it is also important to estimate the timing of the future cash flows. Changes to the actual or expected timing of cash flows can have a material impact on the amount and timing of accretable yield recognized as income. We provide examples of both situations later in this paper. The required FAS ASC 310-30 accounting has additional complexities.

NONACCRUAL

If the timing and amount of future cash flows cannot be reasonably projected, then FAS ASC 310-30 allows for the loan to be placed into a nonaccrual status and the loan can be accounted for under the cost-recovery method. Under this methodology, no accretion income is recognized, and income is only recognized after the carrying amount of the loan has been recovered.

ADDITIONAL REQUIREMENTS RELATED TO POOLS OF LOANS

Wilary Winn also notes that loans which are included in a pool of loans under FAS ASC 310-30 cannot be reported in nonaccrual status individually. Instead, these loans must be reported as delinquent in accordance with their contractual terms. When accrual of income on a pool of loans is no longer

² FAS ASC 310-30-15-2 (f)



appropriate due to the institution's inability to estimate future cash flows, then the entire pool must be placed in nonaccrual status.

As noted earlier, Wilarity Winn recommends that acquired loans with deteriorated credit quality which have common risk characteristics be pooled and accounted for at the group level. We note that once a pool of loans is established under FAS ASC 310-30, its integrity should be maintained throughout its life. Loans should not be added to the pool, nor removed absent events such as payoffs, foreclosures, write-offs, or sales of the loans. Furthermore, ASU 2010-18 states that troubled debt restructuring accounting should not be applied to a loan included in pool of loans under FAS ASC 310-30.

When removing a loan from a pool, its relative carrying value should be determined. The accretable yield percentage should not change as a result of the removal. We thus recommend solving for the "correct" carrying amount in order to keep the pool accretion rate the same after removal of the loan. Any gain or loss would be recognized as the difference between the "correct" carrying amount of the loan and the fair value of the collateral received.

CASH FLOW CALCULATION SUBTLETY

If loans are pooled for accounting purposes, the future cash flows can be calculated at the group level based on weighted average terms or the cash flows can be calculated at the loan level and then aggregated for the pool accounting. We recommend that future cash flows be calculated based on weighted averages only when the underlying loans have very similar terms and payment structures, such as for a group of auto loans. For loans within a pool that have varying lives and payments, such as residential mortgages, we recommend projecting the cash flow for each loan and then aggregating those cash flows into one pooled asset. This way the overall life of the pooled loans will still reflect the characteristics of the underlying loans, and the time period for the accretion will be correct.

Ongoing Accounting

The acquiring institution must periodically compare the actual cash flows received to the previously expected cash flows. In addition, it must re-estimate the remaining cash flows expected to be collected. If the new total expected cash flows exceed the previous estimate, then the acquiring institution should increase the rate of accretion. In essence, the fair value of the loan has increased, but the increase can only be recognized prospectively through an increased yield. If the expected cash flows have decreased, then the acquiring institution should record an allowance for loan losses.

We have prepared the following loan examples to illustrate the Day 1 and ongoing accounting. We begin with Day 1 in order to compare the expected cash flows to the contractual cash flows, and the principal balance of the loans to fair value. The Day 1 valuation summary is attached as Appendix A.

To calculate the **expected** cash flows, we begin with a loan's scheduled contractual payments. We reduce the contractual payments based on expected prepayments and credit losses. We use CRR (Conditional Repayment Rate) to estimate an annual percentage of expected prepayments. Our initial overall CRR for the loans in our example is 3.5%. We forecast credit losses by estimating the annual rate of default CDR (Conditional Default Rate) and the amount of the loss to be incurred on a default (Loss Severity). We are forecasting \$957,100 of principal losses over the life of the loans. In summary, we expect to collect \$4,889,305 of the \$6,367,359 of total contractual cash flow.

To determine the loan's initial fair value, we discount the **expected** cash flows at market adjusted interest rate which, in our example, is equal to 13.5% overall. The present value of the expected cash flows discounted using our 13.5% discount rate equals the fair value of \$3,413,210. The amount of income we need



to accrete is equal to \$1,476,095 (the difference between the total cash flows expected to be collected of \$4,889,305 and the carrying value of \$3,413,210).

Our Day 1 example shows a principal balance of \$5,000,000 and a fair value of \$3,413,210. The institution records \$5,000,000 of loans receivable and an overall contra account of \$1,586,790. As a result, the carrying value equals the fair value.

Appendix B shows a summary of the accounting at the initial valuation and the two quarters thereafter. In Appendices C – F, we show the detailed results if the election is made at the loan level or if the election is made at the pool level. Both examples show the same 19 loans over three time periods: Day 1, Quarter 1, and Quarter 2. We begin with a loan level example because we believe the results are easier to understand.

Quarter 1 Example – Loan Level

(Appendices C-I through C-IV)

The summaries begin with the Day 1 balances we discussed above. We start with the beginning contra account balance of \$1,586,790. We increase it by the \$63,112 of interest collected during the quarter thus decreasing the carrying amount. We decrease the contra account by the accretion income for the quarter of \$115,292, thus increasing the carrying value. We also need to adjust the contra account for loans that paid off or were charged off during the quarter. We did not have any payoffs or charge offs in our Quarter 1 example. Thus, the resulting ending balance of the contra account equals \$1,534,611.

Our ending carrying amount is equal to the beginning principal balance of \$5,000,000 reduced by the \$45,878 of principal received less the new contra account balance of \$1,534,611. The ending carrying amount balance is \$3,419,512.

Loan-by-loan details are presented in Appendix C-I.

To re-estimate the expected cash flows, we must redo our analysis using updated CRR, CDR and loss given default severity assumptions. In our Quarter 1 example, we have kept the expected lifetime losses and expected probability of prepayment the same as in the Day 1 valuation. The only thing that is different between the two valuations is that the loans have aged 3 months. A comparison of our assumptions at the end of the first quarter compared to the initial valuation is attached as Appendix C-II. Please note that to maintain the overall loss rates, we had to slightly revise our CDR assumptions. In addition, we have disclosed remaining term in months (WAM), the remaining amortization term, the coupon rate (WAC), and the accretion rate used during the quarter.

Appendix C-III shows the result of discounting the re-estimated cash flows at the rate of interest used to accrete income for the quarter - 13.5%. The present value of the new cash flows discounted at the rate of 13.5% is \$3,397,266. Since this amount is less than the carrying amount of \$3,419,512, we need to record a loan loss reserve of \$22,951 to reflect the shortfall.

Many of the loans show a present value less than the carrying value. How did the shortfalls arise when our lifetime loss estimates and discount rates have not changed? What else could cause the decreases in present value?

In general, we know that one or a combination of the following could cause the shortfall.

- We expect to receive less cash flow going forward, either due to increased defaults, increased loss severity or increased prepayments (which we know is not the case for this quarter).
- The actual cash flows were less than the cash flows projected for the quarter.



- We expect not receive cash flows as soon as we originally projected.

Appendix C-IV compares the actual cash flows for the quarter compared to the cash flows expected at the initial valuation. As you can see in column 18, we collected \$61,998 less in cash flow than we originally projected. You can also see the actual payments (scheduled loan principal and interest) are similar to the amounts originally forecast for most of the loans. However, we did not receive any payments on loans 9, 18, and 19. The variances are shown in columns 14 and 17. In addition, you can see that we projected \$43,804 (col 10) in prepayments for the quarter, whereas no loan actually paid off. Thus, while our loss estimates did not change, the timing of the cash flow slowed and we accreted too much income. We need to record a loan loss reserve on these loans to reflect the shortfall.

The final question is why do some loans require a reserve, but not others? It depends on the amount of cash flows collected and the amount of accretion income recognized. For the loans that required an additional loan loss reserve, the amount of accretion income recognized was, in most cases, greater than the amount of cash flows collected. By way of contrast, loans 6 through 8, and 17 did not require a reserve because the accretion income recognized was less than the amount of cash flows collected.

Finally, we note that in some cases the loan's present value exceeds the carrying value. This means that the cash flows have improved and we need to consider increasing the rate of accretion.

Quarter 1 Example – Pool Level

(Appendices D-I through D-IV)

We now present the same loans in another example, based on the same input assumptions, except this time we have now grouped the loans by product type. Because the loans are grouped, the initial accretion rate is now calculated based on the Internal Rate of Return (IRR) of the combined cash flows for each group. This results in a slightly different accretion rate than calculating at the loan level and is also slightly different than just the weighted average accretion rate for of all the loans within a group. Overall, we accreted \$111,547 of interest income at the pool level compared to \$115,292 at the loan level as summarized on Appendix B. Loan level details are shown on Appendix D-I.

All of our input assumptions remain the same as in the loan level example, but we are accreting at an overall rate of 13.1% at the pool level versus 13.5% at the loan level. The lower accretion rate results in a lower required reserve - \$20,168 in this case versus \$22,951 in our loan level example. See Appendix D-III for more detail.

Quarter 2 Example – Loan Level

(Appendices E-I through E-IV)

We now present activity for the same group of loans for the next quarter. In our Quarter 2 examples, we have changed assumptions and/or actual activity on four loans:

- Loan #2 – loan pays off early with no loss of principal
- Loan #9 – forecasted principal loss decreases
- Loan #12 – loan term is extended
- Loan #19 – loan is charged off with greater than expected loss

LOAN PAYS OFF EARLY WITH NO LOSS

- Loan #2 paid off in full and no future cash flows are expected. We thus reduce the principal balance of the loan of \$99,640 (Appendix E-IV, col 5) and the balance in the contra account of



\$26,848 (Appendix E-I, col 6) to zero. The offset to the contra account entry is interest income. We also need to release the additional loan loss reserve of \$1,044 that we recorded in Quarter 1. To do this, we debit the loss reserve and credit non-interest income (Appendix E-I, col 20). The effect of these adjustments is to reduce the carrying amount to zero. The \$27,892 increase in interest income is a result of not incurring the \$7,900 loss we forecast, combined with the fact we received the cash flows sooner than we expected.

FORECASTED LOSS DECREASES

- B. On Loan #9, we obtained a new collateral valuation and we determine we can reduce the expected credit mark by \$20,000 (Appendix E-II, col 3). Because we still believe the loan has the same chance of default, we reduce the expected credit mark by changing the loss severity percentage (Appendix E-II, col 8). The new assumption drives out higher expected gross future cash flows. As a result, the new present value of \$149,183 (Appendix E-I, col 17) is higher than the ending carrying amount of \$138,770 (Appendix E-I, col 16) by \$10,423. Our first step is to reverse the additional loan loss reserve of \$5,980 (Appendix E-I, col 19) that we recorded in Quarter 1 (Appendix E-I, col 23). We are still left with the new present value of the cash flows exceeding the carrying amount by \$4,434. Compare the \$149,183 (Appendix E-I, col 17) to the net carrying value of \$144,749 (Appendix E-I, col 25). In order to bring the carrying amount up to the new present value, we need to accrete additional income. Thus, we increase the accretion rate from 18.0% to 25.0% (Appendix E-II, col 26). This is the rate that will accrete the extra \$4,434 back into income over the remaining life of the loan. We note that the rate is relatively high because we expect the loan to have a relatively short average life of 1.1 years. See Appendix E-III.

LOAN EXTENDED AND EXPECTED CASH FLOWS TO BE RECEIVED LATER THAN FORECAST

- C. In this example, Loan #12 is reaching the end of its schedule term, and the financial institution elects to extend the loan to 10 years. Prior to the extension, the loan was scheduled to end in 67 months. The loan was originally valued using a discount rate of 12.5%. Based on the actual expected cash flows, we increased the accretion rate to 13.1% at the end of Quarter 1 (Appendix E-II, col 25). The loan has been extended 53 months (Appendix E-II, col 18) and despite the fact that the total amount of cash flows has increased, the present value has decreased. This is because the loan's interest rate of 5.5% (Appendix E-II, col 23) is less than the present value discount rate of 13.1%. This differential results in a new fair value of \$209,818 (Appendix E-I, col 17). The new fair value is less than the carrying value by \$27,701 and we must record a loan loss reserve for the shortfall (Appendix E-I, col 23). The loan loss reserve has the effect of lowering the overall carrying value so the loan can continue to earn accretion income at 13.1% over its new expected life.

Wilary Winn highly recommends that financial institutions consider the possibility of extensions when determining the loan's initial fair value. As you can see, extending a loan, a common loan management practice, can result in a negative effect on the income statement under FAS ASC 310-30.

LOSS IS CHARGED OFF WITH HIGHER LOSS THAN EXPECTED

- D. Loan #19 was liquidated and the loss was more than expected. The loan balance was \$270,000 and we received \$100,000 in principal (Appendix E-IV, col 6). The actual loss is \$170,000, whereas we forecast a total loss of \$133,800 (Appendix E-II, col 1). The beginning contra account was \$150,324 (Appendix E-I, col 1) at the start of the period. We accreted \$5,235 (Appendix E-I, col 2) during the period, no interest was collected (Appendix E-I, col 3), and the ending contra balance totaled \$145,089. We charge the full amount of the \$170,000 to the contra account balance of \$145,089, leaving an additional \$24,911 of loss. Next, we reduce any loan loss allowance established in prior periods. In this case, we established \$5,070 in Quarter 1. After reducing the



contra and loan loss accounts to zero (Appendix E-I, col 16), we are left with a remaining \$19,840 loss (Appendix E-I, col 15) which runs through the income statement.

The journal entry below reflects all of this activity:

DR	Cash	\$100,000	
DR	Contra Account	\$145,089	
DR	Loan Loss Reserve	\$5,070	
DR	Loss on Loan	\$19,840	
	CR	Loan Receivable	\$270,000

Quarter 2 Example – Pool Level

(Appendices F-I through F-IV)

We again present the results for the four loans listed above but show the results when the loans are accounted for at the pool level.

LOAN PAYS OFF EARLY WITH NO LOSS

- A. Loan #2 paid off in full. As in the loan-level example, the remaining amount in the contra account needs is released by debiting the contra account and crediting interest income (Appendix F-I, col 6). The additional loan loss reserve recorded in Quarter 1 also needs to be released and we accomplish this by debiting the loss reserve and crediting non-interest income (Appendix F-I, col 20).

The difference between the loan level and pool level example is the calculation of the amount to release from each of these accounts. We must calculate the amount to remove from the pool in order for the pool to continue to have an IRR equal to the current accretion rate which is 14.5% in this example. The carrying amount for this loan is \$70,823 (Appendix F-I, col 10). The amount of the reserve that we reverse is based on the carrying value of the loan removed to the carrying value of the entire pool before the loan is removed ($\$70,823 / \$320,031 = 22.13\%$). Applying the 22.13% to the overall reserve for the pool of \$3,126 results in an amount of \$692. To determine the contra account to be removed for this loan, we take the outstanding principal balance at payoff of \$99,640, subtract the carrying value of \$70,823, and back off a loan loss reserve of \$692. The remainder is \$23,894 and we reverse this amount out of the contra account (Appendix F-I, col 6). The new total carrying amount of \$245,077 (Appendix F-I, col 16) is allocated out to the remaining three loans in the pool based on their initial fair value percentages.

The overall result of the pool level accounting is that we recorded \$24,586 of interest income (\$23,894 plus \$692) versus \$27,892 in our loan level example. This difference allows us to maintain our accretion rate for the pool at 14.5% despite the fact that a loan with an accretion rate of 15.0% paid off early.

FORECASTED LOSS DECREASES

- B. On Loan #9, we obtain a new collateral valuation and we determine we can reduce the expected credit mark by \$20,000 (Appendix F-II, cols 1-3). Similar to the loan level example, the new fair value for the group of \$224,285 (Appendix F-I, col 17) is higher than the carrying value of \$211,934 (Appendix F-I, col 16). Thus, we reverse the full loan loss reserve of \$4,705 (Appendix F-I, col 19) for the pool directly into income (Appendix F-I, col 23). We also increase the accretion rate on the pool from 13.8% to 15.9% (Appendix F-II, cols 25-27).

In summary, the differences that arise from the pool accounting method versus loan level are that the amount of loan loss reversal is less (\$4,705 compared to \$5,980) and we increase the accretion rate for the pool to 15.9% compared to the 25.0% for the individual loan.



LOAN EXTENDED AND EXPECTED CASH FLOWS TO BE RECEIVED LATER THAN FORECAST

- C. Loan #12 is reaching the end of its schedule term, and the financial institution elects to extend the loan to 10 years. Prior to the extension, the loan was scheduled to end in 67 months. The result is a lower new fair value for the pool of \$373,607, and when compared to the carrying value of the pool, an additional reserve of \$23,169 (Appendix F-I, col 23) must be recorded.

The pool level accounting results in a lower reserve of \$23,169 versus \$27,701 under the loan method because the accretion rate on the pool is 12.4% compared with 13.1% for the loan itself.

LOSS IS CHARGED OFF WITH HIGHER LOSS THAN EXPECTED

- D. Loan #19 was liquidated and the loss was more than expected. The expected loss was \$133,800 while the actual loss was \$170,000. As in the loan level example, the contra account and loan loss reserve need to be reversed. Similar to the prepayment example for loan #2, the loan is removed from the pool based on the amount required to keep the accretion rate the same. The amount of contra account that needs to be reversed is \$124,796 (Appendix F-I, col 5). The result is that we will record a higher loss at the pool level \$33,381 than the \$19,480 we recorded at the loan level. Partially offsetting this higher loss is that we can use the full loan loss reserve for the pool of \$11,824 (Appendix F-I, col 21) compared with the \$5,070 we had available at the loan level.

Below is the journal entry:

DR	Cash	\$100,000	
DR	Contra Account	\$124,796	
DR	Loan Loss Reserve	\$11,824	
DR	Loss on Loan	\$33,381	
	CR	Loan Receivable	\$270,000

Under the pooling method, we remove a higher net carrying value (\$133,380 versus \$119,840) and record a higher loss (\$33,381 versus \$19,840) than under the loan method.

Because we removed a net carrying value for the loan under the pooling method our net carrying for the entire remaining pool of \$2,331,578 is slightly less when compared with \$2,352,063 at the loan level. We, therefore, still have more cushion to absorb future loan losses while maintaining the pool accretion rate of 13.0%.

Conclusion

Accounting for loans under FAS ASC 310-30 can be quite complex. In addition to the initial fair value determination, the loans must be reviewed periodically to account for the differences between actual cash flows versus the cash flows previously forecasted. The remaining expected cash flows must also be reforecast. Most core accounting systems cannot handle the required accounting for FAS ASC 310-30 and most calculations are therefore performed off-line. Any interest income recorded through the core system must be reserved and the calculated accretion income booked through a manual entry.

Fortunately, not all loans acquired in a purchase must be accounted for under FAS ASC 310-30. Acquirers should review all purchased loans to determine which loans are in scope of the accounting guidance. In addition, accounting for relatively homogenous loans at the group level can simplify the required accounting.



Both the timing and the amount of future cash flows can have significant effects on the fair value of the loans, and any changes to the initial valuation assumptions will have an effect on the income statement. If the expected cash flows improve, the positive impact is recognized over the life of the loan through an increase in the accretion rate. However, if the expected cash flows worsen, the negative effect is recognized immediately through booking a loan loss reserve.

Definition of FAS ASC 310-30 Terms

Accretable Yield	Gross Expected Cash Flows minus Net Carrying Value
Accretion Income	Monthly accretion income is calculated by multiplying the Net Carrying Value by the Accretion Rate divided by 12.
Accretion Rate	Internal rate of return needed to bring the Net Carrying Value up to the Present Value . The current accretion rate should always be the same rate or a higher rate than the accretion rate used in the previous valuation.
Carrying Value	Fair Value reduced for actual principal and interest collected and increased for Accretion Income recognized
Net Carrying Value	Carrying Value net of Required Loan Loss Reserve
Contra Account	Valuation account subtracted from the outstanding principal balance and Required Loan Loss Reserve of the loan in order to show the loan at its Net Carrying Value on the balance sheet.
Contractual Cash flows	Gross principal and interest expected based on the scheduled amortization of the loan. This is the "Contractually Required Payments Receivable".
Fair Value	Gross Expected Cash flows as of the initial valuation discounted at a market discount rate
Gross Expected Cash Flows	Contractual Cash flows net of lost principal and lost interest
Nonaccretable Difference	Contractual Cash flows minus Gross Expected Cash flows . This is the amount of principal and interest that will not be collected due to delinquency, default, and prepayment.
Purchase Credit Impaired (PCI) Loans	Loans to which the FAS ASC 310-30 accounting is applied.
Present Value	Gross Expected Cash flows discounted at the Accretion Rate used in the prior valuation



Required Loan Loss Reserve	Valuation allowance required if Present Value is less than Carrying Value . This reserve only reflects losses greater than expected originally and unexpected delays in the receipt of cash flows.
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Example Financial Institution
Loan Valuation as of Initial Valuation - ASC 310-30 Loans

Acct #	Loan Type	Principal Balance	# of Loans	WAC	Age	WAM	Amort Term	Avg Life	CPR %	CRR %	CDR %	Severity %	Future Loss %	Discount Rate	Fair Value %	Fair Value \$ (1)	Undiscounted Principal Losses	Carrying Value (2)	Contractual Cashflows (3)	Gross Expected Cashflows (4)	Required Loss Allowance (5)	Accretable Yield (6)	Non-Accretable Difference (7)	Loan Level Accretion Rate	Pool Level Accretion Rate
1	Firsts - Closed-end loans 1-4 family	90,000	1	6.9%	80	100	280	3.7	21.5%	15.0%	7.0%	0.0%	0.0%	9.0%	92.8%	83,552	-	83,552	137,245	111,790	-	28,237	25,456	9.0%	14.5%
2	Firsts - Closed-end loans 1-4 family	100,000	1	6.0%	30	150	330	4.1	21.6%	15.0%	7.0%	30.0%	7.9%	15.0%	71.0%	70,984	(7,900)	70,984	166,326	115,168	-	44,183	51,159	15.0%	14.5%
3	Firsts - Closed-end loans 1-4 family	120,000	1	6.0%	40	140	320	5.7	12.6%	8.0%	5.0%	35.0%	9.1%	15.0%	64.3%	77,192	(10,900)	77,192	194,535	148,823	-	71,632	45,712	15.0%	14.5%
4	Firsts - Closed-end loans 1-4 family	140,000	1	7.8%	60	120	300	6.4	8.6%	4.0%	5.0%	20.0%	5.9%	17.0%	63.6%	89,033	(8,200)	89,033	239,239	199,045	-	110,013	40,193	17.0%	14.5%
	Total Firsts - Closed-end loans 1-4 family	450,000	4	6.7%	52	128	308	5.2	15.1%	9.7%	5.8%	22.5%	6.0%	14.0%	71.3%	320,761	(27,000)	320,761	737,345	574,826	-	254,065	162,519	14.0%	14.5%
5	Juniors - Closed-end loans 1-4 family	20,000	1	5.5%	20	160	220	6.6	7.5%	6.0%	2.0%	80.0%	8.0%	9.0%	78.9%	15,775	(1,600)	15,775	30,687	25,565	-	9,790	5,122	9.0%	13.8%
6	Juniors - Closed-end loans 1-4 family	50,000	1	7.9%	90	90	150	4.0	15.1%	6.0%	9.0%	98.0%	34.4%	10.5%	66.1%	33,056	(17,200)	33,056	73,285	47,269	-	14,213	26,016	10.5%	13.8%
7	Juniors - Closed-end loans 1-4 family	20,000	1	6.5%	60	120	180	4.6	14.5%	4.0%	10.0%	98.0%	46.0%	10.5%	53.9%	10,776	(9,200)	10,776	29,811	16,276	-	5,500	13,535	10.5%	13.8%
8	Juniors - Closed-end loans 1-4 family	30,000	1	7.8%	40	140	200	5.3	12.5%	4.0%	9.0%	75.0%	33.3%	16.0%	54.9%	16,456	(10,000)	16,456	50,739	31,579	-	15,123	19,160	16.0%	13.8%
9	Juniors - Closed-end loans 1-4 family	220,000	1	7.1%	80	100	160	1.1	98.7%	4.0%	95.0%	30.0%	29.1%	18.0%	60.4%	132,790	(64,100)	132,790	320,433	160,457	-	27,667	159,976	18.0%	13.8%
	Total Juniors - Closed-end loans 1-4 family	340,000	5	7.1%	73	107	167	2.4	68.5%	4.4%	64.3%	39.9%	30.0%	15.6%	61.4%	208,853	(102,100)	208,853	504,954	281,146	-	72,293	223,808	15.6%	13.8%
10	Other - nonfarm nonresidential	130,000	1	6.8%	5	115	115	3.5	14.9%	10.0%	5.0%	52.0%	8.8%	12.0%	79.6%	103,443	(11,400)	103,443	176,902	148,132	-	44,689	28,770	12.0%	12.4%
11	Other - nonfarm nonresidential	80,000	1	6.8%	15	105	105	4.2	5.3%	2.0%	3.0%	52.0%	7.2%	12.5%	77.1%	61,703	(5,800)	61,703	106,156	96,491	-	34,788	9,665	12.5%	12.4%
12	Other - nonfarm nonresidential	320,000	1	5.5%	50	70	70	2.9	6.1%	2.0%	4.0%	52.0%	6.0%	12.5%	79.4%	253,967	(19,100)	253,967	374,800	349,432	-	95,465	25,368	12.5%	12.4%
	Total Other - nonfarm nonresidential	530,000	3	6.0%	34	86	86	3.2	8.1%	4.0%	4.1%	52.0%	6.8%	12.4%	79.1%	419,113	(36,300)	419,113	657,857	594,055	-	174,942	63,802	12.4%	12.4%
13	Owner-occupied - nonfarm nonresidential	780,000	1	6.0%	60	60	180	3.6	11.6%	4.0%	8.0%	55.0%	14.9%	9.5%	77.2%	602,156	(116,000)	602,156	987,796	823,679	-	221,523	164,117	9.5%	13.0%
14	Owner-occupied - nonfarm nonresidential	350,000	1	5.0%	30	30	210	2.2	12.4%	4.0%	8.0%	55.0%	10.1%	11.0%	79.4%	277,809	(35,500)	277,809	391,779	351,197	-	73,388	40,582	11.0%	13.0%
15	Owner-occupied - nonfarm nonresidential	430,000	1	6.0%	30	30	210	2.3	10.3%	2.0%	8.0%	55.0%	10.3%	14.0%	75.8%	325,869	(44,500)	325,869	491,851	441,207	-	115,338	50,644	14.0%	13.0%
16	Owner-occupied - nonfarm nonresidential	850,000	1	5.6%	60	60	180	3.6	12.4%	2.0%	10.0%	55.0%	20.2%	14.0%	62.3%	529,774	(171,500)	529,774	1,060,613	836,484	-	306,710	224,128	14.0%	13.0%
17	Owner-occupied - nonfarm nonresidential	580,000	1	7.8%	10	50	230	2.8	27.0%	2.0%	25.0%	55.0%	36.0%	16.0%	54.3%	314,824	(208,800)	314,824	757,590	472,083	-	157,259	285,507	16.0%	13.0%
18	Owner-occupied - nonfarm nonresidential	420,000	1	6.5%	60	12	180	1.0	36.1%	2.0%	34.0%	55.0%	19.4%	18.0%	71.3%	299,504	(81,600)	299,504	446,796	361,138	-	61,634	85,659	18.0%	13.0%
19	Owner-occupied - nonfarm nonresidential	270,000	1	6.0%	70	50	170	1.8	57.8%	2.0%	56.0%	55.0%	49.6%	18.0%	42.4%	114,546	(133,800)	114,546	330,779	153,491	-	38,945	177,287	18.0%	13.0%
	Total Owner-occupied - nonfarm nonresidential	3,680,000	7	6.1%	46	46	194	2.8	20.3%	2.6%	17.6%	55.0%	21.5%	13.5%	67.0%	2,464,483	(791,700)	2,464,483	4,467,203	3,439,279	-	974,796	1,027,924	13.5%	13.0%
	Total	5,000,000	19	6.2%	47	62	191	3.0	21.8%	3.5%	18.3%	50.8%	19.1%	13.5%	68.3%	3,413,210	(957,100)	3,413,210	6,367,359	4,889,305	-	1,476,096	1,478,054	13.5%	13.1%

- (1) Fair Value \$ = Gross Expected Cashflows (4) discounted at the market discount rate
- (2) Carrying Value = Fair Value at the Initial Valuation
- (3) Contractual Cashflows = Gross Principal and Interest on a scheduled amortization
- (4) Gross Expected Cashflows = Contractual Cashflows (3) net of losses and lost interest
- (5) Required Loan Loss Reserve: Reserve required for loans if Fair Value (1) is less than Carrying Value (2). The Initial Valuation always have a Loan Loss Reserve of zero.
- (6) Accretable Yield: Gross Expected Cashflows (4) minus Carrying Value (2) net of Required Loss Allowance (5)
- (7) Non-Accretable Difference: Contractual Cashflows (3) minus Gross Expected Cashflows (4)



	Loan Level				Pool Level			
	Loan Balance	Contra	Loan Loss Reserve	Carrying Value	Loan Balance	Contra	Loan Loss Reserve	Carrying Value
Day 1 to Quarter 1								
Day 1 Balance	5,000,000	(1,586,790)	-	3,413,210	5,000,000	(1,586,790)	-	3,413,210
Loan Principal collected Day 1 to Qtr 1	(45,878)			(45,878)	(45,878)			(45,878)
Charge-offs Qtr 1 to Qtr 2	-	-		-	-	-		-
Accretion recorded Qtr 1 to Qtr 2		115,292		115,292		111,547		111,547
Loan Interest collected Qtr 1 to Qtr 2		(63,112)		(63,112)		(63,112)		(63,112)
Quarter 1 Balance Prior to Adjustments	4,954,122	(1,534,611)	-	3,419,512	4,954,122	(1,538,356)	-	3,415,766
Reduce contra for payoffs		-		-		-		-
Loss on liquidation of loan	-			-	-			-
Reduce reserve for charge-offs	-		-	-	-		-	-
Reduce reserve for closed accounts			-	-			-	-
Release excess (book add'l) reserve			(22,951)	(22,951)			(20,168)	(20,168)
Total Quarter 1 Adjustments	-	-	(22,951)	(22,951)	-	-	(20,168)	(20,168)
Quarter 1 Balance - Post Adjustments	4,954,122	(1,534,611)	(22,951)	3,396,560	4,954,122	(1,538,356)	(20,168)	3,395,598
Quarter 1 to Quarter 2								
Quarter 1 Balance	4,954,122	(1,534,611)	(22,951)	3,396,560	4,954,122	(1,538,356)	(20,168)	3,395,598
Loan Principal collected Qtr 1 to Qtr 2	(245,841)			(245,841)	(245,841)			(245,841)
Charge-offs Qtr 1 to Qtr 2	(145,089)	145,089		-	(124,796)	124,796		-
Accretion recorded Qtr 1 to Qtr 2		115,608		115,608		104,868		104,868
Loan Interest collected Qtr 1 to Qtr 2		(62,423)		(62,423)		(60,465)		(60,465)
Quarter 2 Balance Prior to Adjustments	4,563,192	(1,336,337)	(22,951)	3,203,903	4,583,485	(1,369,158)	(20,168)	3,194,159
Reduce contra for payoffs		26,648		26,648		23,894		23,894
Loss on liquidation of loan	(19,840)			(19,840)	(33,381)			(33,381)
Reduce reserve for charge-offs	(5,070)		5,070	-	(11,824)		11,824	-
Reduce reserve for closed accounts			1,044	1,044			692	692
Release excess (book add'l) reserve			(22,458)	(22,458)			(16,030)	(16,030)
Total Quarter 2 Adjustments	(24,911)	26,648	(16,343)	(14,606)	(45,204)	23,894	(3,515)	(24,825)
Quarter 2 Balance - post adjustments	4,538,281	(1,309,689)	(39,294)	3,189,298	4,538,281	(1,345,264)	(23,683)	3,169,335

Day 1 to Quarter 1 - Loan Level Example



Quarter 1 ASC 310-30 Loans Valuation Summary

Acct #	Loan Type	Balance in Loan Contra Account at Day 1	Accretion Income Day 1 to Qtr 1	Loan Interest Collected Day 1 to Qtr 1	Remaining Balance in Loan Contra Account at Qtr 1 prior to adjustment	Contra Account Adjustment for Chargeoffs ¹	Adjusting Entry Required ²	Remaining Balance in Loan Contra Account at Qtr 1	Beginning Carrying Amount Day 1	Loan Loss Reserve Balance Day 1	Net Beginning Carrying Amount Day 1	Actual Cashflows Collected Day 1 to Qtr 1	Accretion Income Day 1 to Qtr 1	Day 1 to Qtr 1 Loan Loss Reserve Adjustment	Adjusting Entry Required ²	Adjusting Entry Required ³	Ending Carrying Amount Qtr 1 prior to adjustment	Recalculated Ending Carrying Amount (Present Value)	Total Shortage of Carrying Amount Qtr 1	Loan Loss Reserve Booked to Date through Qtr 1	Loan Loss Reserve Adjustment for Payoffs ⁴	Loan Loss Reserve Adjustment for Chargeoffs ⁵	Loan Loss Reserve Balance at Qtr 1 prior to adjustment	Adjusting Entry Required ⁶	Loan Loss Reserve Balance at Qtr 1	Ending Net Carrying Amount Qtr 1 after adjustments
1	Firsts - Closed-end loans 1-4 family	(6,448)	1,879	(1,550)	(6,118)	-	-	(6,118)	83,552	-	83,552	(1,943)	1,879	-	-	-	83,489	83,228	(261)	-	-	-	-	(261)	(261)	83,228
2	Firsts - Closed-end loans 1-4 family	(29,016)	2,672	(1,498)	(27,842)	-	-	(27,842)	70,984	-	70,984	(1,858)	2,672	-	-	-	71,798	70,754	(1,044)	-	-	-	-	(1,044)	(1,044)	70,754
3	Firsts - Closed-end loans 1-4 family	(42,808)	2,903	(1,798)	(41,703)	-	-	(41,703)	77,192	-	77,192	(2,258)	2,903	-	-	-	77,837	77,008	(829)	-	-	-	-	(829)	(829)	77,008
4	Firsts - Closed-end loans 1-4 family	(50,967)	3,793	(2,710)	(49,884)	-	-	(49,884)	89,033	-	89,033	(3,172)	3,793	-	-	-	89,653	89,032	(621)	-	-	-	-	(621)	(621)	89,032
	Total Firsts - Closed-end loans 1-4 family	(129,239)	11,247	(7,556)	(125,548)	-	-	(125,548)	320,761	-	320,761	(9,231)	11,247	-	-	-	322,777	320,022	(2,755)	-	-	-	-	(2,755)	(2,755)	320,022
5	Juniors - Closed-end loans 1-4 family	(4,225)	354	(274)	(4,145)	-	-	(4,145)	15,775	-	15,775	(434)	354	-	-	-	15,696	15,660	(36)	-	-	-	-	(36)	(36)	15,660
6	Juniors - Closed-end loans 1-4 family	(16,944)	862	(984)	(17,066)	-	-	(17,066)	33,056	-	33,056	(1,577)	862	-	-	-	32,341	32,486	-	-	-	-	-	-	-	32,341
7	Juniors - Closed-end loans 1-4 family	(9,224)	281	(324)	(9,267)	-	-	(9,267)	10,776	-	10,776	(523)	281	-	-	-	10,534	10,599	-	-	-	-	-	-	-	10,534
8	Juniors - Closed-end loans 1-4 family	(13,544)	656	(580)	(13,468)	-	-	(13,468)	16,456	-	16,456	(803)	656	-	-	-	16,309	16,316	-	-	-	-	-	-	-	16,309
9	Juniors - Closed-end loans 1-4 family	(87,210)	5,980	-	(81,230)	-	-	(81,230)	132,790	-	132,790	-	5,980	-	-	-	138,770	132,790	(5,980)	-	-	-	-	(5,980)	(5,980)	132,790
	Total Juniors - Closed-end loans 1-4 family	(131,147)	8,133	(2,162)	(125,176)	-	-	(125,176)	208,853	-	208,853	(3,336)	8,133	-	-	-	213,650	207,849	(6,016)	-	-	-	-	(6,016)	(6,016)	207,634
10	Other - nonfarm nonresidential	(26,557)	3,088	(2,180)	(25,649)	-	-	(25,649)	103,443	-	103,443	(4,615)	3,088	-	-	-	101,917	101,555	(362)	-	-	-	-	(362)	(362)	101,555
11	Other - nonfarm nonresidential	(18,297)	1,917	(1,341)	(17,721)	-	-	(17,721)	61,703	-	61,703	(3,033)	1,917	-	-	-	60,587	60,563	(24)	-	-	-	-	(24)	(24)	60,563
12	Other - nonfarm nonresidential	(66,033)	7,852	(4,346)	(62,527)	-	-	(62,527)	253,967	-	253,967	(16,063)	7,852	-	-	-	245,757	245,653	(103)	-	-	-	-	(103)	(103)	245,653
	Total Other - nonfarm nonresidential	(110,887)	12,857	(7,867)	(105,897)	-	-	(105,897)	419,113	-	419,113	(23,711)	12,857	-	-	-	408,260	407,771	(489)	-	-	-	-	(489)	(489)	407,771
13	Owner-occupied - nonfarm nonresidential	(177,844)	14,259	(11,660)	(175,245)	-	-	(175,245)	602,156	-	602,156	(19,746)	14,259	-	-	-	596,668	596,560	(108)	-	-	-	-	(108)	(108)	596,560
14	Owner-occupied - nonfarm nonresidential	(72,191)	7,641	(4,362)	(68,911)	-	-	(68,911)	277,809	-	277,809	(7,512)	7,641	-	-	-	277,938	277,617	(321)	-	-	-	-	(321)	(321)	277,617
15	Owner-occupied - nonfarm nonresidential	(104,131)	11,423	(6,433)	(99,141)	-	-	(99,141)	325,869	-	325,869	(9,936)	11,423	-	-	-	327,356	327,120	(236)	-	-	-	-	(236)	(236)	327,120
16	Owner-occupied - nonfarm nonresidential	(320,226)	18,515	(11,858)	(313,568)	-	-	(313,568)	529,774	-	529,774	(20,971)	18,515	-	-	-	527,318	526,757	(562)	-	-	-	-	(562)	(562)	526,757
17	Owner-occupied - nonfarm nonresidential	(265,176)	12,568	(11,216)	(263,823)	-	-	(263,823)	314,824	-	314,824	(14,547)	12,568	-	-	-	312,846	313,336	-	-	-	-	-	-	-	312,846
18	Owner-occupied - nonfarm nonresidential	(120,496)	13,519	-	(106,977)	-	-	(106,977)	299,504	-	299,504	-	13,519	-	-	-	313,023	305,629	(7,394)	-	-	-	-	(7,394)	(7,394)	305,629
19	Owner-occupied - nonfarm nonresidential	(155,454)	5,130	-	(150,324)	-	-	(150,324)	114,546	-	114,546	-	5,130	-	-	-	119,676	114,605	(5,070)	-	-	-	-	(5,070)	(5,070)	114,605
	Total Owner-occupied - nonfarm nonresidential	(1,215,517)	83,055	(45,528)	(1,177,990)	-	-	(1,177,990)	2,464,483	-	2,464,483	(72,713)	83,055	-	-	-	2,474,825	2,461,624	(13,691)	-	-	-	-	(13,691)	(13,691)	2,461,134
	Total Loans	(1,586,790)	115,292	(63,112)	(1,534,611)	-	-	(1,534,611)	3,413,210	-	3,413,210	(108,990)	115,292	-	-	-	3,419,512	3,397,266	(22,951)	-	-	-	-	(22,951)	(22,951)	3,396,560

DR Loan Contra Account
CR Loan Receivable

² Reduce Contra Account
DR Loan Contra Account
CR Interest Income

DR Loss on Loan
CR Loan Receivable

DR Loss Allowance
CR Non Int Income

⁵ Release ALLL on C/Os
DR Loss Allowance
CR Loan Receivable

DR Provision Expense
CR Loss Allowance

Appendix C-II

Day 1 to Quarter 1 - Loan Level Example



Quarter 1 ASC 310-30 Loans Valuation Summary

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27

Acct #	Loan Type	Day 1	Qtr 1	Day 1			Qtr 1			Day 1	Qtr 1	Day 1			Qtr 1			Day 1	Qtr 1	Day 1			Qtr 1					
		Credit Mark	Credit Mark	CDR%	CDR%	Variance	Severity%	Severity%	Variance	Lifetime Loss %	Lifetime Loss %	Variance	CRR%	CRR%	Variance	WAM	WAM	Variance	Rem Amort Term	Rem Amort Term	Variance	WAC	WAC	Variance	Accretion Rate %	Accretion Rate %	Variance	
1	Firsts - Closed-end loans 1-4 family	-	-	6.5%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	100	97	(3)	280	277	(3)	6.9%	6.9%	0.0%	9.0%	9.0%	0.0%		
2	Firsts - Closed-end loans 1-4 family	7,900	7,900	(0)	6.6%	6.7%	0.1%	30.0%	30.0%	0.0%	7.9%	7.9%	0.0%	15.0%	15.0%	0.0%	150	147	(3)	330	327	(3)	6.0%	6.0%	0.0%	15.0%	15.0%	0.0%
3	Firsts - Closed-end loans 1-4 family	10,900	10,900	(0)	4.6%	4.7%	0.1%	35.0%	35.0%	0.0%	9.1%	9.1%	0.0%	8.0%	8.0%	0.0%	140	137	(3)	320	317	(3)	6.0%	6.0%	0.0%	15.0%	15.0%	0.0%
4	Firsts - Closed-end loans 1-4 family	8,200	8,200	0	4.6%	4.7%	0.1%	20.0%	20.0%	0.0%	5.9%	5.9%	0.0%	4.0%	4.0%	0.0%	120	117	(3)	300	297	(3)	7.8%	7.8%	0.0%	17.0%	17.0%	0.0%
	Total Firsts - Closed-end loans 1-4 family	27,000	27,000	(0)	5.4%	5.5%	0.1%	22.5%	22.6%	0.1%	6.0%	6.0%	0.0%	9.7%	9.7%	0.0%	128	125	(3)	308	305	(3)	6.7%	6.7%	0.0%	14.0%	14.0%	0.0%
5	Juniors - Closed-end loans 1-4 family	1,600	1,600	(0)	1.5%	1.6%	0.0%	80.0%	80.0%	0.0%	8.0%	8.1%	0.1%	6.0%	6.0%	0.0%	160	157	(3)	220	217	(3)	5.5%	5.5%	0.0%	9.0%	9.0%	0.0%
6	Juniors - Closed-end loans 1-4 family	17,200	17,200	(0)	9.1%	9.5%	0.4%	98.0%	98.0%	0.0%	34.4%	34.8%	0.4%	6.0%	6.0%	0.0%	90	87	(3)	150	147	(3)	7.9%	7.9%	0.0%	10.5%	10.6%	0.1%
7	Juniors - Closed-end loans 1-4 family	9,200	9,200	(0)	10.5%	10.8%	0.3%	98.0%	98.0%	0.0%	46.0%	46.5%	0.5%	4.0%	4.0%	0.0%	120	117	(3)	180	177	(3)	6.5%	6.5%	0.0%	10.5%	10.7%	0.2%
8	Juniors - Closed-end loans 1-4 family	10,000	10,000	0	8.5%	8.7%	0.2%	75.0%	75.0%	0.0%	33.3%	33.6%	0.2%	4.0%	4.0%	0.0%	140	137	(3)	200	197	(3)	7.8%	7.8%	0.0%	16.0%	16.0%	0.0%
9	Juniors - Closed-end loans 1-4 family	64,100	64,100	(0)	94.7%	94.7%	0.0%	30.0%	30.0%	0.0%	29.1%	29.1%	0.0%	4.0%	4.0%	0.0%	100	97	(3)	160	160	(0)	7.1%	7.1%	0.0%	18.0%	18.0%	0.0%
	Total Juniors - Closed-end loans 1-4 family	102,100	102,100	(0)	64.1%	64.4%	0.3%	39.9%	39.9%	0.0%	30.0%	30.1%	0.1%	4.4%	4.4%	0.0%	107	104	(3)	167	166	(1)	7.1%	7.1%	0.0%	15.6%	15.6%	0.1%
10	Other - nonfarm nonresidential	11,400	11,400	0	4.9%	5.1%	0.2%	52.0%	52.0%	0.0%	8.8%	8.9%	0.2%	10.0%	10.0%	0.0%	115	112	(3)	115	112	(3)	6.8%	6.8%	0.0%	12.0%	12.1%	0.1%
11	Other - nonfarm nonresidential	5,800	5,800	0	3.3%	3.5%	0.2%	52.0%	52.0%	0.0%	7.2%	7.4%	0.2%	2.0%	2.0%	0.0%	105	102	(3)	105	102	(3)	6.8%	6.8%	0.0%	12.5%	12.8%	0.3%
12	Other - nonfarm nonresidential	19,100	19,100	0	4.1%	4.4%	0.3%	52.0%	52.0%	0.0%	6.0%	6.2%	0.2%	2.0%	2.0%	0.0%	70	67	(3)	70	67	(3)	5.5%	5.5%	0.0%	12.5%	13.1%	0.6%
	Total Other - nonfarm nonresidential	36,300	36,300	0	4.2%	4.4%	0.3%	52.0%	52.0%	0.0%	6.8%	7.1%	0.2%	4.0%	4.0%	0.0%	86	83	(3)	86	83	(3)	6.0%	6.0%	0.0%	12.4%	12.8%	0.4%
13	Owner-occupied - nonfarm nonresidential	116,000	116,000	(0)	7.6%	8.0%	0.4%	55.0%	55.0%	0.0%	14.9%	15.0%	0.2%	4.0%	4.0%	0.0%	60	57	(3)	180	177	(3)	6.0%	6.0%	0.0%	9.5%	9.5%	0.0%
14	Owner-occupied - nonfarm nonresidential	35,500	35,500	(0)	8.4%	9.2%	0.9%	55.0%	55.0%	0.0%	10.1%	10.2%	0.1%	4.0%	4.0%	0.0%	30	27	(3)	210	207	(3)	5.0%	5.0%	0.0%	11.0%	11.0%	0.0%
15	Owner-occupied - nonfarm nonresidential	44,500	44,500	(0)	8.3%	9.2%	0.9%	55.0%	55.0%	0.0%	10.3%	10.4%	0.1%	2.0%	2.0%	0.0%	30	27	(3)	210	207	(3)	6.0%	6.0%	0.0%	14.0%	14.0%	0.0%
16	Owner-occupied - nonfarm nonresidential	171,500	171,500	(0)	10.4%	11.0%	0.6%	55.0%	55.0%	0.0%	20.2%	20.4%	0.2%	2.0%	2.0%	0.0%	60	57	(3)	180	177	(3)	5.6%	5.6%	0.0%	14.0%	14.0%	0.0%
17	Owner-occupied - nonfarm nonresidential	208,800	208,800	0	25.0%	26.5%	1.4%	55.0%	55.0%	0.0%	36.0%	36.2%	0.2%	2.0%	2.0%	0.0%	50	47	(3)	230	227	(3)	7.8%	7.8%	0.0%	16.0%	16.1%	0.1%
18	Owner-occupied - nonfarm nonresidential	81,600	81,600	0	34.1%	41.6%	7.5%	55.0%	55.0%	0.0%	19.4%	19.4%	0.0%	2.0%	2.0%	0.0%	12	9	(3)	180	180	(0)	6.5%	6.5%	0.0%	18.0%	18.0%	0.0%
19	Owner-occupied - nonfarm nonresidential	133,800	133,800	0	55.8%	57.0%	1.2%	55.0%	55.0%	0.0%	49.6%	49.6%	0.0%	2.0%	2.0%	0.0%	50	47	(3)	170	170	(0)	6.0%	6.0%	0.0%	18.0%	18.0%	0.0%
	Total Owner-occupied - nonfarm nonresidential	791,700	791,700	0	17.7%	19.3%	1.6%	55.0%	55.0%	0.0%	21.5%	21.7%	0.2%	2.6%	2.6%	0.0%	46	43	(3)	194	191	(2)	6.1%	6.1%	0.0%	13.5%	13.5%	0.0%
	Total Loans	957,100	957,100	0	18.3%	19.6%	1.3%	50.8%	50.8%	0.0%	19.1%	19.3%	0.2%	3.5%	3.5%	0.0%	62	59	(3)	191	188	(2)	6.2%	6.3%	0.0%	13.5%	13.6%	0.1%



Appendix C-III
Quarter 1 - Loan-level

Example Financial Institution
Loan Valuation as of Quarter 1 Valuation - ASC 310-30 Loans

Acct #	Loan Type	Principal Balance	# of Loans	WAC	Age	WAM	Amort Term	Avg Life	CPR %	CRR %	CDR %	Severity %	Future Loss %	Prev Val Accretion Rate	Present Value %	Present Value \$ (1)	Undiscounted Principal Losses	Carrying Value (2)	Contractual Cashflows (3)	Gross Expected Cashflows (4)	Required Loss Allowance (5)	Accretable Yield (6)	Non-Accretable Difference (7)	New Accretion Rate
1	Firsts - Closed-end loans 1-4 family	89,608	1	6.9%	83	97	277	3.7	21.5%	15.0%	7.0%	0.0%	0.0%	9.0%	92.9%	83,228	-	83,489	135,303	111,088	261	27,860	24,214	9.0%
2	Firsts - Closed-end loans 1-4 family	99,640	1	6.0%	33	147	327	4.0	21.7%	15.0%	7.0%	30.0%	7.9%	15.0%	71.0%	70,754	(7,900)	71,798	164,468	114,581	1,044	43,828	49,886	15.0%
3	Firsts - Closed-end loans 1-4 family	119,540	1	6.0%	43	137	317	5.7	12.7%	8.0%	5.0%	35.0%	9.1%	15.0%	64.4%	77,008	(10,900)	77,837	192,277	147,726	829	70,719	44,551	15.0%
4	Firsts - Closed-end loans 1-4 family	139,537	1	7.8%	63	117	297	6.3	8.7%	4.0%	5.0%	20.0%	5.9%	17.0%	63.8%	89,032	(8,200)	89,653	236,066	197,044	621	108,012	39,022	17.0%
	Total Firsts - Closed-end loans 1-4 family	448,325	4	6.7%	55	125	305	5.1	15.2%	9.7%	5.8%	22.6%	6.0%	14.0%	71.4%	320,022	(27,000)	322,777	728,114	570,440	2,755	250,419	157,673	14.0%
5	Juniors - Closed-end loans 1-4 family	19,841	1	5.5%	23	157	217	6.5	7.6%	6.0%	2.0%	80.0%	8.1%	9.0%	78.9%	15,660	(1,600)	15,696	30,253	25,257	36	9,598	4,996	9.0%
6	Juniors - Closed-end loans 1-4 family	49,407	1	7.9%	93	87	147	3.9	15.5%	6.0%	9.0%	98.0%	34.8%	10.5%	65.8%	32,486	(17,200)	32,341	71,708	46,110	-	13,770	25,598	10.6%
7	Juniors - Closed-end loans 1-4 family	19,801	1	6.5%	63	117	177	4.5	14.8%	4.0%	11.0%	98.0%	46.5%	10.5%	53.5%	10,599	(9,200)	10,534	29,288	15,893	-	5,358	13,395	10.7%
8	Juniors - Closed-end loans 1-4 family	29,777	1	7.8%	43	137	197	5.3	12.7%	4.0%	9.0%	75.0%	33.6%	16.0%	54.8%	16,316	(10,000)	16,309	49,936	31,042	-	14,733	18,894	16.0%
9	Juniors - Closed-end loans 1-4 family	220,000	1	7.1%	83	97	160	1.1	98.7%	4.0%	95.0%	30.0%	29.1%	18.0%	60.4%	132,790	(64,100)	138,770	318,474	160,457	5,980	27,667	158,018	18.0%
	Total Juniors - Closed-end loans 1-4 family	338,826	5	7.1%	76	104	166	2.4	68.8%	4.4%	64.5%	39.9%	30.1%	15.7%	61.3%	207,849	(102,100)	213,650	499,660	278,760	6,016	71,126	220,901	15.7%
10	Other - nonfarm nonresidential	127,565	1	6.8%	8	112	112	3.4	15.1%	10.0%	5.0%	52.0%	8.9%	12.0%	79.6%	101,555	(11,400)	101,917	172,287	144,482	362	43,315	27,805	12.1%
11	Other - nonfarm nonresidential	78,307	1	6.8%	18	102	102	4.1	5.5%	2.0%	3.0%	52.0%	7.4%	12.5%	77.3%	60,563	(5,800)	60,587	103,123	93,643	24	33,686	9,480	12.8%
12	Other - nonfarm nonresidential	308,284	1	5.5%	53	67	67	2.7	6.4%	2.0%	4.0%	52.0%	6.2%	12.5%	79.7%	245,653	(19,100)	245,757	358,737	333,792	103	91,518	24,945	13.1%
	Total Other - nonfarm nonresidential	514,156	3	6.0%	37	83	83	3.1	8.4%	4.0%	4.1%	52.0%	7.1%	12.4%	79.3%	407,771	(36,300)	408,260	634,147	571,917	489	168,519	62,229	12.8%
13	Owner-occupied - nonfarm nonresidential	771,913	1	6.0%	63	57	177	3.5	12.0%	4.0%	8.0%	55.0%	15.0%	9.5%	77.3%	596,560	(116,000)	596,668	968,050	807,236	108	210,676	160,814	9.5%
14	Owner-occupied - nonfarm nonresidential	346,850	1	5.0%	33	27	207	2.0	13.2%	4.0%	9.0%	55.0%	10.2%	11.0%	80.0%	277,617	(35,500)	277,938	384,266	344,467	321	66,850	39,800	11.0%
15	Owner-occupied - nonfarm nonresidential	426,496	1	6.0%	33	27	207	2.1	11.2%	2.0%	9.0%	55.0%	10.4%	14.0%	76.7%	327,120	(44,500)	327,356	481,914	432,164	236	105,043	49,751	14.0%
16	Owner-occupied - nonfarm nonresidential	840,886	1	5.6%	63	57	177	3.5	13.0%	2.0%	11.0%	55.0%	20.4%	14.0%	62.6%	526,757	(171,500)	527,318	1,039,641	818,560	562	291,804	221,081	14.0%
17	Owner-occupied - nonfarm nonresidential	576,669	1	7.8%	13	47	227	2.6	28.5%	2.0%	26.0%	55.0%	36.2%	16.0%	54.3%	313,336	(208,800)	312,846	743,043	462,380	-	149,534	280,663	16.1%
18	Owner-occupied - nonfarm nonresidential	420,000	1	6.5%	63	9	180	0.8	43.6%	2.0%	42.0%	55.0%	19.4%	18.0%	72.8%	305,629	(81,600)	313,023	440,202	355,959	7,394	50,330	84,243	18.0%
19	Owner-occupied - nonfarm nonresidential	270,000	1	6.0%	73	47	170	1.8	59.0%	2.0%	57.0%	55.0%	49.6%	18.0%	42.4%	114,605	(133,800)	119,676	327,549	152,910	5,070	38,305	174,639	18.0%
	Total Owner-occupied - nonfarm nonresidential	3,652,815	7	6.1%	49	43	191	2.6	21.9%	2.6%	19.3%	55.0%	21.7%	13.5%	67.4%	2,461,624	(791,700)	2,474,825	4,384,666	3,373,676	13,691	912,542	1,010,991	13.5%
	Total	4,954,122	19	6.3%	50	59	188	2.9	23.1%	3.5%	19.6%	50.8%	19.3%	13.5%	68.6%	3,397,266	(957,100)	3,419,512	6,246,587	4,794,793	22,951	1,402,605	1,451,794	13.6%

- (1) Present Value \$ = Gross Expected Cashflows (4) discounted at the original discount rate
- (2) Carrying Value = Fair value from initial valuation rolled forward to current valuation
- (3) Contractual Cashflows = Gross Principal and Interest on a scheduled amortization
- (4) Gross Expected Cashflows = Contractual Cashflows (3) net of losses and lost interest
- (5) Required Loan Loss Reserve: Reserve required if Present Value (1) is less than current Carrying Value (2)
- (6) Accretable Difference: Gross Expected Cashflows (4) minus Carrying Value (2) net of Required Loss Allowance (5)
- (7) Non-Accretable Difference: Contractual Cashflows (3) minus Gross Expected Cashflows (4)

Appendix C-IV

Day 1 to Quarter 1 - Loan Level Example



Quarter 1 ASC 310-30 Loans Valuation Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
					Actual Cashflows Collected Day 1 to Qtr 1					Expected Cashflows from Day 1 Valuation					Variance - Actual less Expected				
Acct #	Loan Type	Day 1 Loan Balance	Qtr 1 Loan Balance	Difference	Loan Prin Collected Day 1 to Qtr 1	Prepay Prin Collected Day 1 to Qtr 1	Recovery Prin Collected Day 1 to Qtr 1	Loan Interest Collected Day 1 to Qtr 1	Total Cashflows Collected Day 1 to Qtr 1	Scheduled Loan Prin Expected Day 1 to Qtr 1	Prepay Prin Expected Day 1 to Qtr 1	Recovery Prin Expected Day 1 to Qtr 1	Interest Expected Day 1 to Qtr 1	Total Expected Cashflows Day 1 to Qtr 1	Scheduled Loan Prin	Prepay Prin	Recovery Prin	Interest	Total Cashflows
1	Firsts - Closed-end loans 1-4 family	90,000	89,608	(392)	392	-	-	1,550	1,943	383	3,553	-	1,512	5,448	10	(3,553)	-	38	(3,506)
2	Firsts - Closed-end loans 1-4 family	100,000	99,640	(360)	360	-	-	1,498	1,858	351	3,949	-	1,461	5,762	9	(3,949)	-	37	(3,904)
3	Firsts - Closed-end loans 1-4 family	120,000	119,540	(460)	460	-	-	1,798	2,258	453	2,460	-	1,771	4,684	7	(2,460)	-	26	(2,427)
4	Firsts - Closed-end loans 1-4 family	140,000	139,537	(463)	463	-	-	2,710	3,172	458	1,413	-	2,679	4,550	5	(1,413)	-	30	(1,377)
	Total Firsts - Closed-end loans 1-4 family	450,000	448,325	(1,675)	1,675	-	-	7,556	9,231	1,645	11,375	-	7,424	20,444	30	(11,375)	-	131	(11,213)
5	Juniors - Closed-end loans 1-4 family	20,000	19,841	(159)	159	-	-	274	434	158	305	-	272	735	1	(305)	-	2	(302)
6	Juniors - Closed-end loans 1-4 family	50,000	49,407	(593)	593	-	-	984	1,577	581	755	-	963	2,299	12	(755)	-	20	(723)
7	Juniors - Closed-end loans 1-4 family	20,000	19,801	(199)	199	-	-	324	523	194	200	-	317	711	4	(200)	-	7	(189)
8	Juniors - Closed-end loans 1-4 family	30,000	29,777	(223)	223	-	-	580	803	219	301	-	569	1,089	4	(301)	-	10	(286)
9	Juniors - Closed-end loans 1-4 family	220,000	220,000	-	-	-	-	-	-	1,557	1,771	-	2,425	5,752	(1,557)	(1,771)	-	(2,425)	(5,752)
	Total Juniors - Closed-end loans 1-4 family	340,000	338,826	(1,174)	1,174	-	-	2,162	3,336	2,709	3,332	-	4,546	10,587	(1,535)	(3,332)	-	(2,385)	(7,252)
10	Other - nonfarm nonresidential	130,000	127,565	(2,435)	2,435	-	-	2,180	4,615	2,393	3,324	-	2,143	7,860	41	(3,324)	-	37	(3,245)
11	Other - nonfarm nonresidential	80,000	78,307	(1,693)	1,693	-	-	1,341	3,033	1,680	396	-	1,331	3,407	12	(396)	-	10	(374)
12	Other - nonfarm nonresidential	320,000	308,284	(11,716)	11,716	-	-	4,346	16,063	11,616	1,567	-	4,309	17,493	101	(1,567)	-	37	(1,430)
	Total Other - nonfarm nonresidential	530,000	514,156	(15,844)	15,844	-	-	7,867	23,711	15,689	5,287	-	7,783	28,760	154	(5,287)	-	84	(5,049)
13	Owner-occupied - nonfarm nonresidential	780,000	771,913	(8,087)	8,087	-	-	11,660	19,746	7,954	7,814	-	11,469	27,236	133	(7,814)	-	191	(7,490)
14	Owner-occupied - nonfarm nonresidential	350,000	346,850	(3,150)	3,150	-	-	4,362	7,512	3,094	3,507	-	4,284	10,885	56	(3,507)	-	78	(3,373)
15	Owner-occupied - nonfarm nonresidential	430,000	426,496	(3,504)	3,504	-	-	6,433	9,936	3,447	2,139	-	6,330	11,916	56	(2,139)	-	103	(1,980)
16	Owner-occupied - nonfarm nonresidential	850,000	840,886	(9,114)	9,114	-	-	11,858	20,971	8,933	4,213	-	11,623	24,769	181	(4,213)	-	234	(3,798)
17	Owner-occupied - nonfarm nonresidential	580,000	576,669	(3,331)	3,331	-	-	11,216	14,547	3,169	2,842	-	10,674	16,686	161	(2,842)	-	542	(2,139)
18	Owner-occupied - nonfarm nonresidential	420,000	420,000	-	-	-	-	-	-	3,888	2,031	-	6,338	12,257	(3,888)	(2,031)	-	(6,338)	(12,257)
19	Owner-occupied - nonfarm nonresidential	270,000	270,000	-	-	-	-	-	-	2,661	1,263	-	3,522	7,446	(2,661)	(1,263)	-	(3,522)	(7,446)
	Total Owner-occupied - nonfarm nonresidential	3,680,000	3,652,815	(27,185)	27,185	-	-	45,528	72,713	33,146	23,810	-	54,240	111,196	(5,961)	(23,810)	-	(8,712)	(38,483)
	Total Loans	5,000,000	4,954,122	(45,878)	45,878	-	-	63,112	108,990	53,189	43,804	-	73,994	170,988	(7,311)	(43,804)	-	(10,882)	(61,998)

Appendix D-I

Day 1 to Quarter 1 - Pool Level Example



Quarter 1 ASC 310-30 Loans Valuation Summary

Acct #	Loan Type	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
		Balance in Loan Contra Account at Day 1	Accretion Income Day 1 to Qtr 1	Loan Interest Collected Day 1 to Qtr 1	Remaining Balance in Loan Contra Account at Qtr 1 prior to adjustment	Contra Account Adjustment for Chargeoffs ¹	Adjusting Entry Required ²	Remaining Balance in Loan Contra Account at Qtr 1	Beginning Carrying Amount Day 1	Loan Loss Reserve Balance Day 1	Net Beginning Carrying Amount Day 1	Actual Cashflows Collected Day 1 to Qtr 1	Accretion Income Day 1 to Qtr 1	Day 1 to Qtr 1 Loan Loss Reserve Adjustment	Adjusting Entry Required ²	Adjusting Entry Required ³	Ending Carrying Amount Qtr 1 prior to adjustment	Recalculated Ending Carrying Amount (Present Value) Qtr 1	Total Shortage of Carrying Amount Qtr 1	Loan Loss Reserve Booked to Date through Qtr 1	Loan Loss Reserve Adjustment for Payoffs ⁴	Loan Loss Reserve Adjustment for Chargeoffs ⁵	Loan Loss Reserve Balance at Qtr 1 prior to Adjustment	Adjusting Entry Required ⁶	Loan Loss Reserve Balance at Qtr 1	Ending Net Carrying Amount Qtr 1 after adjustments
1	Firsts - Closed-end loans 1-4 family	(6,448)	-	-	(5,431)	-	-	(5,431)	83,552	-	83,552	-	-	-	-	-	84,177	71,496	-	-	-	-	-	(814)	(814)	83,362
2	Firsts - Closed-end loans 1-4 family	(29,016)	-	-	(28,125)	-	-	(28,125)	70,984	-	70,984	-	-	-	-	-	71,514	71,770	-	-	-	-	-	(692)	(692)	70,823
3	Firsts - Closed-end loans 1-4 family	(42,808)	-	-	(41,772)	-	-	(41,772)	77,192	-	77,192	-	-	-	-	-	77,768	78,473	-	-	-	-	-	(752)	(752)	77,016
4	Firsts - Closed-end loans 1-4 family	(50,967)	-	-	(49,839)	-	-	(49,839)	89,033	-	89,033	-	-	-	-	-	89,698	98,292	-	-	-	-	-	(868)	(868)	88,830
	Total Firsts - Closed-end loans 1-4 family	(129,239)	11,627	(7,556)	(125,168)	-	-	(125,168)	320,761	-	320,761	(9,231)	11,627	-	-	-	323,157	320,031	(3,126)	-	-	-	-	(3,126)	(3,126)	320,031
5	Juniors - Closed-end loans 1-4 family	(4,225)	-	-	(3,775)	-	-	(3,775)	15,775	-	15,775	-	-	-	-	-	16,066	12,754	-	-	-	-	-	(355)	(355)	15,711
6	Juniors - Closed-end loans 1-4 family	(16,944)	-	-	(15,742)	-	-	(15,742)	33,056	-	33,056	-	-	-	-	-	33,665	29,488	-	-	-	-	-	(745)	(745)	32,921
7	Juniors - Closed-end loans 1-4 family	(9,224)	-	-	(8,826)	-	-	(8,826)	10,776	-	10,776	-	-	-	-	-	10,975	9,521	-	-	-	-	-	(243)	(243)	10,732
8	Juniors - Closed-end loans 1-4 family	(13,544)	-	-	(13,018)	-	-	(13,018)	16,456	-	16,456	-	-	-	-	-	16,759	17,547	-	-	-	-	-	(371)	(371)	16,389
9	Juniors - Closed-end loans 1-4 family	(87,210)	-	-	(84,762)	-	-	(84,762)	132,790	-	132,790	-	-	-	-	-	135,238	138,689	-	-	-	-	-	(2,992)	(2,992)	132,247
	Total Juniors - Closed-end loans 1-4 family	(131,147)	7,187	(2,162)	(126,122)	-	-	(126,122)	208,853	-	208,853	(3,336)	7,187	-	-	-	212,704	207,999	(4,705)	-	-	-	-	(4,705)	(4,705)	207,999
10	Other - nonfarm nonresidential	(26,557)	-	-	(26,802)	-	-	(26,802)	103,443	-	103,443	-	-	-	-	-	100,763	100,568	-	-	-	-	-	(127)	(127)	100,637
11	Other - nonfarm nonresidential	(18,297)	-	-	(18,203)	-	-	(18,203)	61,703	-	61,703	-	-	-	-	-	60,104	60,805	-	-	-	-	-	(76)	(76)	60,029
12	Other - nonfarm nonresidential	(66,033)	-	-	(60,895)	-	-	(60,895)	253,967	-	253,967	-	-	-	-	-	247,388	246,370	-	-	-	-	-	(311)	(311)	247,077
	Total Other - nonfarm nonresidential	(110,887)	12,854	(7,867)	(105,900)	-	-	(105,900)	419,113	-	419,113	(23,711)	12,854	-	-	-	408,256	407,743	(514)	-	-	-	-	(514)	(514)	407,743
13	Owner-occupied - nonfarm nonresidential	(177,844)	-	-	(168,007)	-	-	(168,007)	602,156	-	602,156	-	-	-	-	-	603,907	537,668	-	-	-	-	-	(2,889)	(2,889)	601,018
14	Owner-occupied - nonfarm nonresidential	(72,191)	-	-	(68,233)	-	-	(68,233)	277,809	-	277,809	-	-	-	-	-	278,617	267,237	-	-	-	-	-	(1,333)	(1,333)	277,284
15	Owner-occupied - nonfarm nonresidential	(104,131)	-	-	(99,680)	-	-	(99,680)	325,869	-	325,869	-	-	-	-	-	326,816	333,683	-	-	-	-	-	(1,563)	(1,563)	325,253
16	Owner-occupied - nonfarm nonresidential	(320,226)	-	-	(309,572)	-	-	(309,572)	529,774	-	529,774	-	-	-	-	-	531,315	542,822	-	-	-	-	-	(2,542)	(2,542)	528,773
17	Owner-occupied - nonfarm nonresidential	(265,176)	-	-	(260,930)	-	-	(260,930)	314,824	-	314,824	-	-	-	-	-	315,740	335,885	-	-	-	-	-	(1,510)	(1,510)	314,229
18	Owner-occupied - nonfarm nonresidential	(120,496)	-	-	(119,625)	-	-	(119,625)	299,504	-	299,504	-	-	-	-	-	300,375	318,770	-	-	-	-	-	(1,437)	(1,437)	298,938
19	Owner-occupied - nonfarm nonresidential	(155,454)	-	-	(155,121)	-	-	(155,121)	114,546	-	114,546	-	-	-	-	-	114,879	123,760	-	-	-	-	-	(550)	(550)	114,330
	Total Owner-occupied - nonfarm nonresidential	(1,215,517)	79,879	(45,528)	(1,181,166)	-	-	(1,181,166)	2,464,483	-	2,464,483	(72,713)	79,879	-	-	-	2,471,649	2,459,825	(11,824)	-	-	-	-	(11,824)	(11,824)	2,459,825
	Total Loans	(1,586,790)	111,547	(63,112)	(1,538,356)	-	-	(1,538,356)	3,413,210	-	3,413,210	(108,990)	111,547	-	-	-	3,415,766	3,395,598	(20,168)	-	-	-	-	(20,168)	(20,168)	3,395,598
Pool																										
1	Firsts - Closed-end loans 1-4 family	(129,239)	11,627	(7,556)	(125,168)	-	-	(125,168)	320,761	-	320,761	(9,231)	11,627	-	-	-	323,157	320,031	(3,126)	-	-	-	-	(3,126)	(3,126)	320,031
2	Juniors - Closed-end loans 1-4 family	(131,147)	7,187	(2,162)	(126,122)	-	-	(126,122)	208,853	-	208,853	(3,336)	7,187	-	-	-	212,704	207,999	(4,705)	-	-	-	-	(4,705)	(4,705)	207,999
3	Other - nonfarm nonresidential	(110,887)	12,854	(7,867)	(105,900)	-	-	(105,900)	419,113	-	419,113	(23,711)	12,854	-	-	-	408,256	407,743	(514)	-	-	-	-	(514)	(514)	407,743
4	Owner-occupied - nonfarm nonresidential	(1,215,517)	79,879	(45,528)	(1,181,166)	-	-	(1,181,166)	2,464,483	-	2,464,483	(72,713)	79,879	-	-	-	2,471,649	2,459,825	(11,824)	-	-	-	-	(11,824)	(11,824)	2,459,825
	Total Pool	(1,586,790)	111,547	(63,112)	(1,538,356)	-	-	(1,538,356)	3,413,210	-	3,413,210	(108,990)	111,547	-	-	-	3,415,766	3,395,598	(20,168)	-	-	-	-	(20,168)	(20,168)	3,395,598

DR Loan Contra Account
CR Loan Receivable

² Reduce Contra Account
DR Loan Contra Account
CR Interest Income

DR Loss on Loan
CR Loan Receivable

DR Loss Allowance
CR Non Int Income

DR Provision Expense
CR Loss Allowance

⁵ Release ALLL on C/Os
DR Loss Allowance
CR Loan Receivable

Appendix D-II

Day 1 to Quarter 1 - Pool Level Example



Quarter 1 ASC 310-30 Loans Valuation Summary

Acct #	Loan Type	Day 1 Credit Mark	Qtr 1 Credit Mark	Variance	Day 1 CDR%	Qtr 1 CDR%	Variance	Day 1 Severity%	Qtr 1 Severity%	Variance	Day 1 Lifetime Loss %	Qtr 1 Lifetime Loss %	Variance	Day 1 CRR%	Qtr 1 CRR%	Variance	Day 1 WAM	Qtr 1 WAM	Variance	Day 1 Rem Amort Term	Qtr 1 Rem Amort Term	Variance	Day 1 WAC	Qtr 1 WAC	Variance	Day 1 Accretion Rate %	Qtr 1 Accretion Rate %	Variance
1	Firsts - Closed-end loans 1-4 family	-	-	-	6.5%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	100	97	(3)	280	277	(3)	6.9%	6.9%	0.0%	14.5%	14.5%	0.0%
2	Firsts - Closed-end loans 1-4 family	7,900	7,900	(0)	6.6%	6.7%	0.1%	30.0%	30.0%	0.0%	7.9%	7.9%	0.0%	15.0%	15.0%	0.0%	150	147	(3)	330	327	(3)	6.0%	6.0%	0.0%	14.5%	14.5%	0.0%
3	Firsts - Closed-end loans 1-4 family	10,900	10,900	(0)	4.6%	4.7%	0.1%	35.0%	35.0%	0.0%	9.1%	9.1%	0.0%	8.0%	8.0%	0.0%	140	137	(3)	320	317	(3)	6.0%	6.0%	0.0%	14.5%	14.5%	0.0%
4	Firsts - Closed-end loans 1-4 family	8,200	8,200	0	4.6%	4.7%	0.1%	20.0%	20.0%	0.0%	5.9%	5.9%	0.0%	4.0%	4.0%	0.0%	120	117	(3)	300	297	(3)	7.8%	7.8%	0.0%	14.5%	14.5%	0.0%
	Total Firsts - Closed-end loans 1-4 family	27,000	27,000	(0)	5.4%	5.5%	0.1%	22.2%	22.2%	0.0%	6.0%	6.0%	0.0%	9.7%	9.7%	0.0%	128	125	(3)	308	305	(3)	6.7%	6.7%	0.0%	14.5%	14.5%	0.0%
5	Juniors - Closed-end loans 1-4 family	1,600	1,600	(0)	1.5%	1.6%	0.0%	80.0%	80.0%	0.0%	8.0%	8.1%	0.1%	6.0%	6.0%	0.0%	160	157	(3)	220	217	(3)	5.5%	5.5%	0.0%	13.8%	13.8%	0.0%
6	Juniors - Closed-end loans 1-4 family	17,200	17,200	(0)	9.1%	9.5%	0.4%	98.0%	98.0%	0.0%	34.4%	34.8%	0.4%	6.0%	6.0%	0.0%	90	87	(3)	150	147	(3)	7.9%	7.9%	0.0%	13.8%	13.8%	0.0%
7	Juniors - Closed-end loans 1-4 family	9,200	9,200	(0)	10.5%	10.8%	0.3%	98.0%	98.0%	0.0%	46.0%	46.5%	0.5%	4.0%	4.0%	0.0%	120	117	(3)	180	177	(3)	6.5%	6.5%	0.0%	13.8%	13.8%	0.0%
8	Juniors - Closed-end loans 1-4 family	10,000	10,000	0	8.5%	8.7%	0.2%	75.0%	75.0%	0.0%	33.3%	33.6%	0.2%	4.0%	4.0%	0.0%	140	137	(3)	200	197	(3)	7.8%	7.8%	0.0%	13.8%	13.8%	0.0%
9	Juniors - Closed-end loans 1-4 family	64,100	64,100	(0)	94.7%	94.7%	0.0%	30.0%	30.0%	0.0%	29.1%	29.1%	0.0%	4.0%	4.0%	0.0%	100	97	(3)	160	160	(0)	7.1%	7.1%	0.0%	13.8%	13.8%	0.0%
	Total Juniors - Closed-end loans 1-4 family	102,100	102,100	(0)	64.1%	64.4%	0.3%	50.9%	50.8%	-0.1%	30.0%	30.1%	0.1%	4.4%	4.4%	0.0%	107	104	(3)	167	166	(1)	7.1%	7.1%	0.0%	13.8%	13.8%	0.0%
10	Other - nonfarm nonresidential	11,400	11,400	0	4.9%	5.1%	0.2%	52.0%	52.0%	0.0%	8.8%	8.9%	0.2%	10.0%	10.0%	0.0%	115	112	(3)	115	112	(3)	6.8%	6.8%	0.0%	12.4%	12.4%	0.0%
11	Other - nonfarm nonresidential	5,800	5,800	0	3.3%	3.5%	0.2%	52.0%	52.0%	0.0%	7.2%	7.4%	0.2%	2.0%	2.0%	0.0%	105	102	(3)	105	102	(3)	6.8%	6.8%	0.0%	12.4%	12.4%	0.0%
12	Other - nonfarm nonresidential	19,100	19,100	0	4.1%	4.4%	0.3%	52.0%	52.0%	0.0%	6.0%	6.2%	0.2%	2.0%	2.0%	0.0%	70	67	(3)	70	67	(3)	5.5%	5.5%	0.0%	12.4%	12.4%	0.0%
	Total Other - nonfarm nonresidential	36,300	36,300	0	4.2%	4.4%	0.3%	52.0%	52.0%	0.0%	6.8%	7.1%	0.2%	4.0%	4.0%	0.0%	86	83	(3)	86	83	(3)	6.0%	6.0%	0.0%	12.4%	12.4%	0.0%
13	Owner-occupied - nonfarm nonresidential	116,000	116,000	(0)	7.6%	8.0%	0.4%	55.0%	55.0%	0.0%	14.9%	15.0%	0.2%	4.0%	4.0%	0.0%	60	57	(3)	180	177	(3)	6.0%	6.0%	0.0%	13.0%	13.0%	0.0%
14	Owner-occupied - nonfarm nonresidential	35,500	35,500	(0)	8.4%	9.2%	0.9%	55.0%	55.0%	0.0%	10.1%	10.2%	0.1%	4.0%	4.0%	0.0%	30	27	(3)	210	207	(3)	5.0%	5.0%	0.0%	13.0%	13.0%	0.0%
15	Owner-occupied - nonfarm nonresidential	44,500	44,500	(0)	8.3%	9.2%	0.9%	55.0%	55.0%	0.0%	10.3%	10.4%	0.1%	2.0%	2.0%	0.0%	30	27	(3)	210	207	(3)	6.0%	6.0%	0.0%	13.0%	13.0%	0.0%
16	Owner-occupied - nonfarm nonresidential	171,500	171,500	(0)	10.4%	11.0%	0.6%	55.0%	55.0%	0.0%	20.2%	20.4%	0.2%	2.0%	2.0%	0.0%	60	57	(3)	180	177	(3)	5.6%	5.6%	0.0%	13.0%	13.0%	0.0%
17	Owner-occupied - nonfarm nonresidential	208,800	208,800	0	25.0%	26.5%	1.4%	55.0%	55.0%	0.0%	36.0%	36.2%	0.2%	2.0%	2.0%	0.0%	50	47	(3)	230	227	(3)	7.8%	7.8%	0.0%	13.0%	13.0%	0.0%
18	Owner-occupied - nonfarm nonresidential	81,600	81,600	0	34.1%	41.6%	7.5%	55.0%	55.0%	0.0%	19.4%	19.4%	0.0%	2.0%	2.0%	0.0%	12	9	(3)	180	180	(0)	6.5%	6.5%	0.0%	13.0%	13.0%	0.0%
19	Owner-occupied - nonfarm nonresidential	133,800	133,800	0	55.8%	57.0%	1.2%	55.0%	55.0%	0.0%	49.6%	49.6%	0.0%	2.0%	2.0%	0.0%	50	47	(3)	170	170	(0)	6.0%	6.0%	0.0%	13.0%	13.0%	0.0%
	Total Owner-occupied - nonfarm nonresidential	791,700	791,700	0	17.7%	19.3%	1.6%	55.0%	55.0%	0.0%	21.5%	21.7%	0.2%	2.6%	2.6%	0.0%	46	43	(3)	194	191	(2)	6.1%	6.1%	0.0%	13.0%	13.0%	0.0%
	Total Loans	957,100	957,100	0	18.3%	19.6%	1.3%	51.5%	51.4%	0.0%	19.1%	19.3%	0.2%	3.5%	3.5%	0.0%	62	59	(3)	191	188	(2)	6.2%	6.3%	0.0%	13.1%	13.1%	0.0%
	Pool																											
1	Firsts - Closed-end loans 1-4 family	27,000	27,000	(0)	5.4%	5.5%	0.1%	22.2%	22.2%	0.0%	6.0%	6.0%	0.0%	9.7%	9.7%	0.0%	128	125	(3)	308	305	(3)	6.7%	6.7%	0.0%	14.5%	14.5%	0.0%
2	Juniors - Closed-end loans 1-4 family	102,100	102,100	(0)	64.1%	64.4%	0.3%	50.9%	50.8%	-0.1%	30.0%	30.1%	0.1%	4.4%	4.4%	0.0%	107	104	(3)	167	166	(1)	7.1%	7.1%	0.0%	13.8%	13.8%	0.0%
3	Other - nonfarm nonresidential	36,300	36,300	0	4.2%	4.4%	0.3%	52.0%	52.0%	0.0%	6.8%	7.1%	0.2%	4.0%	4.0%	0.0%	86	83	(3)	86	83	(3)	6.0%	6.0%	0.0%	12.4%	12.4%	0.0%
4	Owner-occupied - nonfarm nonresidential	791,700	791,700	0	17.7%	19.3%	1.6%	55.0%	55.0%	0.0%	21.5%	21.7%	0.2%	2.6%	2.6%	0.0%	46	43	(3)	194	191	(2)	6.1%	6.1%	0.0%	13.0%	13.0%	0.0%
	Total	957,100	957,100	0	18.3%	19.6%	1.3%	51.5%	51.4%	0.0%	19.1%	19.3%	0.2%	3.5%	3.5%	0.0%	62	59	(3)	191	188	(2)	6.2%	6.3%	0.0%	13.1%	13.1%	0.0%



Example Financial Institution
Loan Valuation as of Quarter 1 Valuation - ASC 310-30 Loans

Acct #	Loan Type	Principal Balance	# of Loans	WAC	Age	WAM	Amort Term	Avg Life	CPR %	CRR %	CDR %	Severity%	Future Loss %	Prev Val Accretion Rate	Present Value %	Present Value \$ (1)	Undiscounted Principal Losses	Carrying Value (2)	Contractual Cashflows (3)	Gross Expected Cashflows (4)	Required Loss Allowance (5)	Accretable Yield (6)	Non-Accretable Difference (7)	New Accretion Rate
1	Firsts - Closed-end loans 1-4 family	89,608	1	6.9%	83	97	277	3.7	21.5%	15.0%	7.0%	0.0%	0.0%	14.5%	79.8%	71,496	-	84,177	135,303	111,088				14.5%
2	Firsts - Closed-end loans 1-4 family	99,640	1	6.0%	33	147	327	4.0	21.7%	15.0%	7.0%	30.0%	7.9%	14.5%	72.0%	71,770	(7,900)	71,514	164,468	114,581				14.5%
3	Firsts - Closed-end loans 1-4 family	119,540	1	6.0%	43	137	317	5.7	12.7%	8.0%	5.0%	35.0%	9.1%	14.5%	65.6%	78,473	(10,900)	77,768	192,277	147,726				14.5%
4	Firsts - Closed-end loans 1-4 family	139,537	1	7.8%	63	117	297	6.3	8.7%	4.0%	5.0%	20.0%	5.9%	14.5%	70.4%	98,292	(8,200)	89,698	236,066	197,044				14.5%
	Total Firsts - Closed-end loans 1-4 family	448,325	4	6.7%	55	125	305	5.1	15.2%	9.7%	5.8%	22.6%	6.0%	14.5%	71.4%	320,031	(27,000)	323,157	728,114	570,440	3,126	250,409	157,673	14.5%
5	Juniors - Closed-end loans 1-4 family	19,841	1	5.5%	23	157	217	6.5	7.6%	6.0%	2.0%	80.0%	8.1%	13.8%	64.3%	12,754	(1,600)	16,066	30,253	25,257				13.8%
6	Juniors - Closed-end loans 1-4 family	49,407	1	7.9%	93	87	147	3.9	15.5%	6.0%	9.0%	98.0%	34.8%	13.8%	59.7%	29,488	(17,200)	33,665	71,708	46,110				13.8%
7	Juniors - Closed-end loans 1-4 family	19,801	1	6.5%	63	117	177	4.5	14.8%	4.0%	11.0%	98.0%	46.5%	13.8%	48.1%	9,521	(9,200)	10,975	29,288	15,893				13.8%
8	Juniors - Closed-end loans 1-4 family	29,777	1	7.8%	43	137	197	5.3	12.7%	4.0%	9.0%	75.0%	33.6%	13.8%	58.9%	17,547	(10,000)	16,759	49,936	31,042				13.8%
9	Juniors - Closed-end loans 1-4 family	220,000	1	7.1%	83	97	160	1.1	98.7%	4.0%	95.0%	30.0%	29.1%	13.8%	63.0%	138,689	(64,100)	135,238	318,474	160,457				13.8%
	Total Juniors - Closed-end loans 1-4 family	338,826	5	7.1%	76	104	166	2.4	68.8%	4.4%	64.5%	39.9%	30.1%	13.8%	61.4%	207,999	(102,100)	212,704	499,660	278,760	4,705	70,761	220,901	13.8%
10	Other - nonfarm nonresidential	127,565	1	6.8%	8	112	112	3.4	15.1%	10.0%	5.0%	52.0%	8.9%	12.4%	78.8%	100,568	(11,400)	100,763	172,287	144,482				12.4%
11	Other - nonfarm nonresidential	78,307	1	6.8%	18	102	102	4.1	5.5%	2.0%	3.0%	52.0%	7.4%	12.4%	77.6%	60,805	(5,800)	60,104	103,123	93,643				12.4%
12	Other - nonfarm nonresidential	308,284	1	5.5%	53	67	67	2.7	6.4%	2.0%	4.0%	52.0%	6.2%	12.4%	79.9%	246,370	(19,100)	247,388	358,737	333,792				12.4%
	Total Other - nonfarm nonresidential	514,156	3	6.0%	37	83	83	3.1	8.4%	4.0%	4.1%	52.0%	7.1%	12.4%	79.3%	407,743	(36,300)	408,256	634,147	571,917	514	164,175	62,229	12.4%
13	Owner-occupied - nonfarm nonresidential	771,913	1	6.0%	63	57	177	3.5	12.0%	4.0%	8.0%	55.0%	15.0%	13.0%	69.7%	537,668	(116,000)	603,907	968,050	807,236				13.0%
14	Owner-occupied - nonfarm nonresidential	346,850	1	5.0%	33	27	207	2.0	13.2%	4.0%	9.0%	55.0%	10.2%	13.0%	77.0%	267,237	(35,500)	278,617	384,266	344,467				13.0%
15	Owner-occupied - nonfarm nonresidential	426,496	1	6.0%	33	27	207	2.1	11.2%	2.0%	9.0%	55.0%	10.4%	13.0%	78.2%	333,683	(44,500)	326,816	481,914	432,164				13.0%
16	Owner-occupied - nonfarm nonresidential	840,886	1	5.6%	63	57	177	3.5	13.0%	2.0%	11.0%	55.0%	20.4%	13.0%	64.6%	542,822	(171,500)	531,315	1,039,641	818,560				13.0%
17	Owner-occupied - nonfarm nonresidential	576,669	1	7.8%	13	47	227	2.6	28.5%	2.0%	26.0%	55.0%	36.2%	13.0%	58.2%	335,885	(208,800)	315,740	743,043	462,380				13.0%
18	Owner-occupied - nonfarm nonresidential	420,000	1	6.5%	63	9	180	0.8	43.6%	2.0%	42.0%	55.0%	19.4%	13.0%	75.9%	318,770	(81,600)	300,375	440,202	355,959				13.0%
19	Owner-occupied - nonfarm nonresidential	270,000	1	6.0%	73	47	170	1.8	59.0%	2.0%	57.0%	55.0%	49.6%	13.0%	45.8%	123,760	(133,800)	114,879	327,549	152,910				13.0%
	Total Owner-occupied - nonfarm nonresidential	3,652,815	7	6.1%	49	43	191	2.6	21.9%	2.6%	19.3%	55.0%	21.7%	13.0%	67.3%	2,459,825	(791,700)	2,471,649	4,384,666	3,373,676	11,824	913,851	1,010,991	13.0%
	Total	4,954,122	19	6.3%	50	59	188	2.9	23.1%	3.5%	19.6%	50.8%	19.3%	13.1%	68.5%	3,395,598	(957,100)	3,415,766	6,246,587	4,794,793	20,168	1,399,195	1,451,794	13.1%

- (1) Present Value \$ = Gross Expected Cashflows (4) discounted at the original discount rate
- (2) Carrying Value = Fair value from initial valuation rolled forward to current valuation
- (3) Contractual Cashflows = Gross Principal and Interest on a scheduled amortization
- (4) Gross Expected Cashflows = Contractual Cashflows (3) net of losses and lost interest
- (5) Required Loan Loss Reserve: Reserve required if Present Value (1) is less than current Carrying Value (2) at the group level.
- (6) Accretable Difference: Gross Expected Cashflows (4) minus Carrying Value (2) net of Required Loss Allowance (5)
- (7) Non-Accretable Difference: Contractual Cashflows (3) minus Gross Expected Cashflows (4)

Appendix D-IV

Day 1 to Quarter 1 - Pool Level Example



Quarter 1 ASC 310-30 Loans Valuation Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		Actual Cashflows Collected Day 1 to Qtr 1					Expected Cashflows from Day 1 Valuation					Variance - Actual less Expected							
Acct #	Loan Type	Day 1 Loan Balance	Qtr 1 Loan Balance	Difference	Loan Prin Collected Day 1 to Qtr 1	Prepay Prin Collected Day 1 to Qtr 1	Recovery Prin Collected Day 1 to Qtr 1	Loan Interest Collected Day 1 to Qtr 1	Total Cashflows Collected Day 1 to Qtr 1	Scheduled Loan Prin Expected Day 1 to Qtr 1	Prepay Prin Expected Day 1 to Qtr 1	Recovery Prin Expected Day 1 to Qtr 1	Interest Expected Day 1 to Qtr 1	Total Expected Cashflows Day 1 to Qtr 1	Scheduled Loan Prin	Prepay Prin	Recovery Prin	Interest	Total Cashflows
1	Firsts - Closed-end loans 1-4 family	90,000	89,608	(392)	392	-	-	1,550	1,943	383	3,553	-	1,512	5,448	10	(3,553)	-	38	(3,506)
2	Firsts - Closed-end loans 1-4 family	100,000	99,640	(360)	360	-	-	1,498	1,858	351	3,949	-	1,461	5,762	9	(3,949)	-	37	(3,904)
3	Firsts - Closed-end loans 1-4 family	120,000	119,540	(460)	460	-	-	1,798	2,258	453	2,460	-	1,771	4,684	7	(2,460)	-	26	(2,427)
4	Firsts - Closed-end loans 1-4 family	140,000	139,537	(463)	463	-	-	2,710	3,172	458	1,413	-	2,679	4,550	5	(1,413)	-	30	(1,377)
	Total Firsts - Closed-end loans 1-4 family	450,000	448,325	(1,675)	1,675	-	-	7,556	9,231	1,645	11,375	-	7,424	20,444	30	(11,375)	-	131	(11,213)
5	Juniors - Closed-end loans 1-4 family	20,000	19,841	(159)	159	-	-	274	434	158	305	-	272	735	1	(305)	-	2	(302)
6	Juniors - Closed-end loans 1-4 family	50,000	49,407	(593)	593	-	-	984	1,577	581	755	-	963	2,299	12	(755)	-	20	(723)
7	Juniors - Closed-end loans 1-4 family	20,000	19,801	(199)	199	-	-	324	523	194	200	-	317	711	4	(200)	-	7	(189)
8	Juniors - Closed-end loans 1-4 family	30,000	29,777	(223)	223	-	-	580	803	219	301	-	569	1,089	4	(301)	-	10	(286)
9	Juniors - Closed-end loans 1-4 family	220,000	220,000	-	-	-	-	-	-	1,557	1,771	-	2,425	5,752	(1,557)	(1,771)	-	(2,425)	(5,752)
	Total Juniors - Closed-end loans 1-4 family	340,000	338,826	(1,174)	1,174	-	-	2,162	3,336	2,709	3,332	-	4,546	10,587	(1,535)	(3,332)	-	(2,385)	(7,252)
10	Other - nonfarm nonresidential	130,000	127,565	(2,435)	2,435	-	-	2,180	4,615	2,393	3,324	-	2,143	7,860	41	(3,324)	-	37	(3,245)
11	Other - nonfarm nonresidential	80,000	78,307	(1,693)	1,693	-	-	1,341	3,033	1,680	396	-	1,331	3,407	12	(396)	-	10	(374)
12	Other - nonfarm nonresidential	320,000	308,284	(11,716)	11,716	-	-	4,346	16,063	11,616	1,567	-	4,309	17,493	101	(1,567)	-	37	(1,430)
	Total Other - nonfarm nonresidential	530,000	514,156	(15,844)	15,844	-	-	7,867	23,711	15,689	5,287	-	7,783	28,760	154	(5,287)	-	84	(5,049)
13	Owner-occupied - nonfarm nonresidential	780,000	771,913	(8,087)	8,087	-	-	11,660	19,746	7,954	7,814	-	11,469	27,236	133	(7,814)	-	191	(7,490)
14	Owner-occupied - nonfarm nonresidential	350,000	346,850	(3,150)	3,150	-	-	4,362	7,512	3,094	3,507	-	4,284	10,885	56	(3,507)	-	78	(3,373)
15	Owner-occupied - nonfarm nonresidential	430,000	426,496	(3,504)	3,504	-	-	6,433	9,936	3,447	2,139	-	6,330	11,916	56	(2,139)	-	103	(1,980)
16	Owner-occupied - nonfarm nonresidential	850,000	840,886	(9,114)	9,114	-	-	11,858	20,971	8,933	4,213	-	11,623	24,769	181	(4,213)	-	234	(3,798)
17	Owner-occupied - nonfarm nonresidential	580,000	576,669	(3,331)	3,331	-	-	11,216	14,547	3,169	2,842	-	10,674	16,686	161	(2,842)	-	542	(2,139)
18	Owner-occupied - nonfarm nonresidential	420,000	420,000	-	-	-	-	-	-	3,888	2,031	-	6,338	12,257	(3,888)	(2,031)	-	(6,338)	(12,257)
19	Owner-occupied - nonfarm nonresidential	270,000	270,000	-	-	-	-	-	-	2,661	1,263	-	3,522	7,446	(2,661)	(1,263)	-	(3,522)	(7,446)
	Total Owner-occupied - nonfarm nonresidential	3,680,000	3,652,815	(27,185)	27,185	-	-	45,528	72,713	33,146	23,810	-	54,240	111,196	(5,961)	(23,810)	-	(8,712)	(38,483)
	Total Loans	5,000,000	4,954,122	(45,878)	45,878	-	-	63,112	108,990	53,189	43,804	-	73,994	170,988	(7,311)	(43,804)	-	(10,882)	(61,998)
Pool																			
1	Firsts - Closed-end loans 1-4 family	450,000	448,325	(1,675)	1,675	-	-	7,556	9,231	1,645	11,375	-	7,424	20,444	30	(11,375)	-	131	(11,213)
2	Juniors - Closed-end loans 1-4 family	340,000	338,826	(1,174)	1,174	-	-	2,162	3,336	2,709	3,332	-	4,546	10,587	(1,535)	(3,332)	-	(2,385)	(7,252)
3	Other - nonfarm nonresidential	530,000	514,156	(15,844)	15,844	-	-	7,867	23,711	15,689	5,287	-	7,783	28,760	154	(5,287)	-	84	(5,049)
4	Owner-occupied - nonfarm nonresidential	3,680,000	3,652,815	(27,185)	27,185	-	-	45,528	72,713	33,146	23,810	-	54,240	111,196	(5,961)	(23,810)	-	(8,712)	(38,483)
	Total Pool	5,000,000	4,954,122	(45,878)	45,878	-	-	63,112	108,990	53,189	43,804	-	73,994	170,988	(7,311)	(43,804)	-	(10,882)	(61,998)

Appendix E-I

Quarter 1 to Quarter 2 - Loan Level Example



Quarter 2 ASC 310-30 Loans Valuation Summary

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	Balance in Loan Contra Account at Qtr 1	Accretion Income Qtr 1 to Qtr 2	Loan Interest Collected Qtr 1 to Qtr 2	Remaining Balance in Loan Contra Account at Qtr 2 prior to adjustment	Contra Account Adjustment for Chargeoffs ¹	Adjusting Entry Required ²	Remaining Balance in Loan Contra Account at Qtr 2	Beginning Carrying Amount Qtr 1	Loan Loss Reserve Balance Qtr 1	Net Beginning Carrying Amount Qtr 1	Actual Cashflows Collected Qtr 1 to Qtr 2	Accretion Income Qtr 1 to Qtr 2	Qtr 1 to Qtr 2 Loan Loss Reserve Adjustment	Adjusting Entry Required ²	Adjusting Entry Required ³	Ending Carrying Amount Qtr 2 prior to adjustment	Recalculated Ending Carrying Amount (Present Value) Qtr 2	Total Shortage of Carrying Amount Qtr 2	Loan Loss Reserve Booked to Date through Qtr 2	Loan Loss Reserve Adjustment for Payoffs ⁴	Loan Loss Reserve Adjustment for Chargeoffs ⁵	Loan Loss Reserve Balance at Qtr 2 prior to adjustment	Adjusting Entry Required ⁶	Loan Loss Reserve Balance at Qtr 2	Ending Net Carrying Amount Qtr 2 after adjustments
1	Firsts - Closed-end loans 1-4 family	(6,118)	1,872	(1,543)	(5,790)	-	(5,790)	83,489	(261)	83,228	(1,943)	1,872	-	-	-	83,158	82,900	(257)	(261)	-	-	(261)	4	(257)	83,161
2	Firsts - Closed-end loans 1-4 family	(27,842)	2,687	(1,493)	(26,648)	-	(26,648)	71,798	(1,044)	70,754	(101,133)	2,687	1,044	26,648	-	0	-	-	(1,044)	1,044	-	-	-	-	0
3	Firsts - Closed-end loans 1-4 family	(41,703)	2,896	(1,791)	(40,598)	-	(40,598)	77,837	(829)	77,008	(2,258)	2,896	-	-	-	77,646	76,824	(822)	(829)	-	-	(829)	7	(822)	77,653
4	Firsts - Closed-end loans 1-4 family	(49,884)	3,793	(2,700)	(48,792)	-	(48,792)	89,653	(621)	89,032	(3,172)	3,793	-	-	-	89,652	89,036	(616)	(621)	-	-	(621)	5	(616)	89,657
	Total Firsts - Closed-end loans 1-4 family	(125,548)	11,247	(7,527)	(121,829)	-	(121,829)	322,777	(2,755)	320,022	(108,505)	11,247	1,044	26,648	-	250,456	248,760	(1,696)	(2,755)	1,044	-	(1,711)	15	(1,696)	250,471
5	Juniors - Closed-end loans 1-4 family	(4,145)	352	(272)	(4,065)	-	(4,065)	15,696	(36)	15,660	(434)	352	-	-	-	15,578	15,542	(36)	(36)	-	-	(36)	1	(36)	15,579
6	Juniors - Closed-end loans 1-4 family	(17,066)	855	(972)	(17,184)	-	(17,184)	32,341	-	32,341	(1,577)	855	-	-	-	31,618	31,763	-	-	-	-	-	-	-	31,618
7	Juniors - Closed-end loans 1-4 family	(9,267)	279	(321)	(9,308)	-	(9,308)	10,534	-	10,534	(523)	279	-	-	-	10,291	10,356	-	-	-	-	-	-	-	10,291
8	Juniors - Closed-end loans 1-4 family	(13,468)	651	(575)	(13,392)	-	(13,392)	16,309	-	16,309	(803)	651	-	-	-	16,157	16,166	-	-	-	-	-	-	-	16,157
9	Juniors - Closed-end loans 1-4 family	(81,230)	5,980	-	(75,251)	-	(75,251)	138,770	(5,980)	132,790	-	5,980	-	-	-	138,770	149,183	-	(5,980)	-	-	(5,980)	5,980	-	144,749
	Total Juniors - Closed-end loans 1-4 family	(125,176)	8,116	(2,140)	(119,200)	-	(119,200)	213,650	(6,016)	207,634	(3,336)	8,116	-	-	-	212,414	223,009	(36)	(6,016)	-	-	(6,016)	5,980	(36)	218,394
10	Other - nonfarm nonresidential	(25,649)	3,068	(2,139)	(24,719)	-	(24,719)	101,917	(362)	101,555	(4,615)	3,068	-	-	-	100,008	99,252	(756)	(362)	-	-	(362)	(394)	(756)	99,614
11	Other - nonfarm nonresidential	(17,721)	1,930	(1,312)	(17,103)	-	(17,103)	60,587	(24)	60,563	(3,033)	1,930	-	-	-	59,460	58,810	(649)	(24)	-	-	(24)	(626)	(649)	58,834
12	Other - nonfarm nonresidential	(62,527)	8,032	(4,185)	(58,680)	-	(58,680)	245,757	(103)	245,653	(16,063)	8,032	-	-	-	237,623	209,818	(27,804)	(103)	-	-	(103)	(27,701)	(27,804)	209,921
	Total Other - nonfarm nonresidential	(105,897)	13,030	(7,635)	(100,502)	-	(100,502)	408,260	(489)	407,771	(23,711)	13,030	-	-	-	397,090	367,880	(29,210)	(489)	-	-	(489)	(28,721)	(29,210)	368,369
13	Owner-occupied - nonfarm nonresidential	(175,245)	14,125	(11,538)	(172,658)	-	(172,658)	596,668	(108)	596,560	(19,746)	14,125	-	-	-	590,939	590,865	(73)	(108)	-	-	(108)	35	(73)	590,974
14	Owner-occupied - nonfarm nonresidential	(68,911)	7,636	(4,322)	(65,598)	-	(65,598)	277,938	(321)	277,617	(7,512)	7,636	-	-	-	277,741	277,453	(287)	(321)	-	-	(321)	34	(287)	277,775
15	Owner-occupied - nonfarm nonresidential	(99,141)	11,467	(6,380)	(94,053)	-	(94,053)	327,356	(236)	327,120	(9,936)	11,467	-	-	-	328,652	328,442	(209)	(236)	-	-	(236)	26	(209)	328,678
16	Owner-occupied - nonfarm nonresidential	(313,568)	18,408	(11,729)	(306,889)	-	(306,889)	527,318	(562)	526,757	(20,971)	18,408	-	-	-	524,194	523,669	(524)	(562)	-	-	(562)	37	(524)	524,231
17	Owner-occupied - nonfarm nonresidential	(263,823)	12,543	(11,151)	(262,432)	-	(262,432)	312,846	-	312,846	(14,547)	12,543	-	-	-	310,842	311,343	-	-	-	-	-	-	-	310,842
18	Owner-occupied - nonfarm nonresidential	(106,977)	13,800	-	(93,177)	-	(93,177)	313,023	(7,394)	305,629	-	13,800	-	-	-	319,429	312,170	(7,259)	(7,394)	-	-	(7,394)	135	(7,259)	319,564
19	Owner-occupied - nonfarm nonresidential	(150,324)	5,235	-	(145,089)	145,089	-	119,676	(5,070)	114,605	(100,000)	5,235	-	-	(19,840)	-	-	-	(5,070)	-	5,070	-	-	-	-
	Total Owner-occupied - nonfarm nonresidential	(1,177,990)	83,215	(45,120)	(1,139,896)	145,089	(994,806)	2,474,825	(13,691)	2,461,134	(172,713)	83,215	-	-	(19,840)	2,351,796	2,343,943	(8,354)	(13,691)	-	5,070	(8,621)	267	(8,354)	2,352,063
	Total Loans	(1,534,611)	115,608	(62,423)	(1,481,426)	145,089	(1,309,689)	3,419,512	(22,951)	3,396,560	(308,264)	115,608	1,044	26,648	(19,840)	3,211,756	3,183,593	(39,294)	(22,951)	1,044	5,070	(16,837)	(22,458)	(39,294)	3,189,298

DR Loan Contra Account
CR Loan Receivable

² Reduce Contra Account
DR Loan Contra Account
CR Interest Income

DR Loss on Loan
CR Loan Receivable

DR Loss Allowance
CR Non Int Income

⁵ Release ALLL on C/Os
DR Loss Allowance
CR Loan Receivable

DR Provision Expense
CR Loss Allowance

Appendix E-II

Quarter 1 to Quarter 2 - Loan Level Example



Quarter 2 ASC 310-30 Loans Valuation Summary

Acct #	Loan Type	Qtr 1 Credit Mark	Qtr 2 Credit Mark	Variance	Qtr 1 CDR%	Qtr 2 CDR%	Variance	Qtr 1 Severity%	Qtr 2 Severity%	Variance	Qtr 1 Lifetime Loss %	Qtr 2 Lifetime Loss %	Variance	Qtr 1 CRR%	Qtr 2 CRR%	Variance	Qtr 1 WAM	Qtr 2 WAM	Variance	Qtr 1 Rem Amort Term	Qtr 2 Rem Amort Term	Variance	Qtr 1 WAC	Qtr 2 WAC	Variance	Qtr 1 Accretion Rate %	Qtr 2 Accretion Rate %	Variance
1	Firsts - Closed-end loans 1-4 family	-	-	-	6.5%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	97	94	(3)	277	274	(3)	6.9%	6.9%	0.0%	9.0%	9.0%	0.0%
2	Firsts - Closed-end loans 1-4 family	7,900	-	(7,900)	6.7%	0.0%	-6.7%	30.0%	30.0%	0.0%	7.9%	0.0%	-7.9%	15.0%	0.0%	-15.0%	147	-	(147)	327	-	(327)	6.0%	0.0%	-6.0%	15.0%	0.0%	-15.0%
3	Firsts - Closed-end loans 1-4 family	10,900	10,900	0	4.7%	4.7%	0.1%	35.0%	35.0%	0.0%	9.1%	9.2%	0.0%	8.0%	8.0%	0.0%	137	134	(3)	317	314	(3)	6.0%	6.0%	0.0%	15.0%	15.0%	0.0%
4	Firsts - Closed-end loans 1-4 family	8,200	8,200	0	4.7%	4.8%	0.1%	20.0%	20.0%	0.0%	5.9%	5.9%	0.0%	4.0%	4.0%	0.0%	117	114	(3)	297	294	(3)	7.8%	7.8%	0.0%	17.0%	17.0%	0.0%
	Total Firsts - Closed-end loans 1-4 family	27,000	19,100	(7,900)	5.5%	5.2%	-0.3%	22.6%	20.6%	-2.0%	6.0%	5.5%	-0.5%	9.7%	8.2%	-1.5%	125	116	(9)	305	296	(9)	6.7%	6.9%	0.2%	14.0%	13.7%	-0.3%
5	Juniors - Closed-end loans 1-4 family	1,600	1,600	(0)	1.6%	1.6%	0.0%	80.0%	80.0%	0.0%	8.1%	8.1%	0.1%	6.0%	6.0%	0.0%	157	154	(3)	217	214	(3)	5.5%	5.5%	0.0%	9.0%	9.0%	0.0%
6	Juniors - Closed-end loans 1-4 family	17,200	17,200	(0)	9.5%	9.8%	0.4%	98.0%	98.0%	0.0%	34.8%	35.2%	0.4%	6.0%	6.0%	0.0%	87	84	(3)	147	144	(3)	7.9%	7.9%	0.0%	10.6%	10.8%	0.2%
7	Juniors - Closed-end loans 1-4 family	9,200	9,200	(0)	10.8%	11.2%	0.4%	98.0%	98.0%	0.0%	46.5%	46.9%	0.5%	4.0%	4.0%	0.0%	117	114	(3)	177	174	(3)	6.5%	6.5%	0.0%	10.7%	10.9%	0.2%
8	Juniors - Closed-end loans 1-4 family	10,000	10,000	0	8.7%	9.0%	0.2%	75.0%	75.0%	0.0%	33.6%	33.8%	0.3%	4.0%	4.0%	0.0%	137	134	(3)	197	194	(3)	7.8%	7.8%	0.0%	16.0%	16.0%	0.0%
9	Juniors - Closed-end loans 1-4 family	64,100	44,100	(20,000)	94.7%	94.7%	0.0%	30.0%	20.6%	-9.4%	29.1%	20.0%	-9.1%	4.0%	4.0%	0.0%	97	94	(3)	160	160	-	7.1%	7.1%	0.0%	18.0%	25.0%	7.0%
	Total Juniors - Closed-end loans 1-4 family	102,100	82,100	(20,000)	64.4%	64.7%	0.3%	39.9%	32.1%	-7.8%	30.1%	24.3%	-5.8%	4.4%	4.4%	0.0%	104	101	(3)	166	165	(1)	7.1%	7.1%	0.0%	15.7%	20.5%	4.8%
10	Other - nonfarm nonresidential	11,400	11,400	(0)	5.1%	5.3%	0.2%	52.0%	52.0%	0.0%	8.9%	9.1%	0.2%	10.0%	10.0%	0.0%	112	109	(3)	112	109	(3)	6.8%	6.8%	0.0%	12.1%	12.1%	0.0%
11	Other - nonfarm nonresidential	5,800	5,800	(0)	3.5%	3.7%	0.2%	52.0%	52.0%	0.0%	7.4%	7.6%	0.2%	2.0%	2.0%	0.0%	102	99	(3)	102	99	(3)	6.8%	6.8%	0.0%	12.8%	12.9%	0.1%
12	Other - nonfarm nonresidential	19,100	19,100	(0)	4.4%	2.6%	-1.8%	52.0%	52.0%	0.0%	6.2%	6.4%	0.2%	2.0%	2.0%	0.0%	67	120	53	67	120	53	5.5%	5.5%	0.0%	13.1%	13.1%	0.0%
	Total Other - nonfarm nonresidential	36,300	36,300	(0)	4.4%	3.4%	-1.0%	52.0%	52.0%	0.0%	7.1%	7.3%	0.2%	4.0%	4.0%	0.0%	83	114	31	83	114	31	6.0%	6.0%	0.0%	12.8%	12.8%	0.0%
13	Owner-occupied - nonfarm nonresidential	116,000	116,000	(0)	8.0%	8.4%	0.4%	55.0%	55.0%	0.0%	15.0%	15.2%	0.2%	4.0%	4.0%	0.0%	57	54	(3)	177	174	(3)	6.0%	6.0%	0.0%	9.5%	9.5%	0.0%
14	Owner-occupied - nonfarm nonresidential	35,500	35,500	(0)	9.2%	10.3%	1.1%	55.0%	55.0%	0.0%	10.2%	10.3%	0.1%	4.0%	4.0%	0.0%	27	24	(3)	207	204	(3)	5.0%	5.0%	0.0%	11.0%	11.0%	0.0%
15	Owner-occupied - nonfarm nonresidential	44,500	44,500	(0)	9.2%	10.3%	1.1%	55.0%	55.0%	0.0%	10.4%	10.5%	0.1%	2.0%	2.0%	0.0%	27	24	(3)	207	204	(3)	6.0%	6.0%	0.0%	14.0%	14.0%	0.0%
16	Owner-occupied - nonfarm nonresidential	171,500	171,500	(0)	11.0%	11.6%	0.6%	55.0%	55.0%	0.0%	20.4%	20.6%	0.2%	2.0%	2.0%	0.0%	57	54	(3)	177	174	(3)	5.6%	5.6%	0.0%	14.0%	14.0%	0.0%
17	Owner-occupied - nonfarm nonresidential	208,800	208,800	0	26.5%	28.0%	1.6%	55.0%	55.0%	0.0%	36.2%	36.4%	0.2%	2.0%	2.0%	0.0%	47	44	(3)	227	224	(3)	7.8%	7.8%	0.0%	16.1%	16.1%	0.1%
18	Owner-occupied - nonfarm nonresidential	81,600	81,600	(0)	41.6%	53.3%	11.7%	55.0%	55.0%	0.0%	19.4%	19.4%	0.0%	2.0%	2.0%	0.0%	9	6	(3)	180	180	-	6.5%	6.5%	0.0%	18.0%	18.0%	0.0%
19	Owner-occupied - nonfarm nonresidential	133,800	-	(133,800)	57.0%	0.0%	-57.0%	55.0%	55.0%	0.0%	49.6%	0.0%	-49.6%	2.0%	0.0%	-2.0%	47	-	(47)	170	-	(170)	6.0%	0.0%	-6.0%	18.0%	0.0%	-18.0%
	Total Owner-occupied - nonfarm nonresidential	791,700	657,900	(133,800)	19.3%	18.6%	-0.7%	55.0%	55.0%	0.0%	21.7%	19.6%	-2.1%	2.6%	2.7%	0.0%	43	39	(3)	191	190	(1)	6.1%	6.2%	0.0%	13.5%	13.3%	-0.2%
	Total Loans	957,100	795,400	(161,700)	19.6%	19.3%	-0.3%	50.8%	49.3%	-1.5%	19.3%	17.5%	-1.8%	3.5%	3.4%	-0.2%	59	58	(1)	188	188	(1)	6.3%	6.3%	0.0%	13.6%	13.8%	0.2%



Example Financial Institution
Loan Valuation as of Quarter 2 Valuation - ASC 310-30 Loans

Acct #	Loan Type	LTV Range	Principal Balance	# of Loans	WAC	Age	WAM	Amort Term	Avg Life	CPR %	CRR %	CDR %	Severity %	Future Loss %	Prev Val Accretion Rate	Present Value %	Present Value \$ (1)	Undiscounted Principal Losses	Carrying Value (2)	Contractual Cashflows (3)	Gross Expected Cashflows (4)	Required Loss Allowance (5)	Accretible Yield (6)	Non-Accretible Difference (7)	New Accretion Rate
1	Firsts - Closed-end loans 1-4 family	under 50%	89,209	1	6.9%	86	94	274	3.6	21.5%	15.0%	7.0%	0.0%	0.0%	9.0%	92.9%	82,900	-	83,158	133,360	110,369	257	27,469	22,991	9.0%
2	Firsts - Closed-end loans 1-4 family	under 50%	-	-	0.0%	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	0	-	-	0	-	-	0.0%
3	Firsts - Closed-end loans 1-4 family	under 50%	119,073	1	6.0%	46	134	314	5.6	12.7%	8.0%	5.0%	35.0%	9.2%	15.0%	64.5%	76,824	(10,900)	77,646	190,020	146,615	822	69,791	43,405	15.0%
4	Firsts - Closed-end loans 1-4 family	under 50%	139,065	1	7.8%	66	114	294	6.2	8.8%	4.0%	5.0%	20.0%	5.9%	17.0%	64.0%	89,036	(8,200)	89,652	232,894	195,025	616	105,989	37,869	17.0%
	Total Firsts - Closed-end loans 1-4 family		347,347	3	6.9%	64	116	296	5.3	13.4%	8.2%	5.5%	20.6%	5.5%	13.7%	71.6%	248,760	(19,100)	250,456	556,273	452,009	1,696	203,249	104,264	13.7%
5	Juniors - Closed-end loans 1-4 family	75% - 100%	19,679	1	5.5%	26	154	214	6.4	7.6%	6.0%	2.0%	80.0%	8.1%	9.0%	79.0%	15,542	(1,600)	15,578	29,820	24,947	36	9,405	4,873	9.0%
6	Juniors - Closed-end loans 1-4 family	75% - 100%	48,802	1	7.9%	96	84	144	3.8	15.8%	6.0%	10.0%	98.0%	35.2%	10.6%	65.1%	31,763	(17,200)	31,618	70,132	44,942	-	13,324	25,189	10.8%
7	Juniors - Closed-end loans 1-4 family	75% - 100%	19,599	1	6.5%	66	114	174	4.4	15.2%	4.0%	11.0%	98.0%	46.9%	10.7%	52.8%	10,356	(9,200)	10,291	28,765	15,507	-	5,216	13,258	10.9%
8	Juniors - Closed-end loans 1-4 family	75% - 100%	29,550	1	7.8%	46	134	194	5.2	13.0%	4.0%	9.0%	75.0%	33.8%	16.0%	54.7%	16,166	(10,000)	16,157	49,133	30,502	-	14,345	18,631	16.0%
9	Juniors - Closed-end loans 1-4 family	75% - 100%	220,000	1	7.1%	86	94	160	1.1	98.7%	4.0%	95.0%	20.6%	20.0%	18.0%	67.8%	149,183	(44,100)	138,760	316,439	180,457	-	41,696	135,982	25.0%
	Total Juniors - Closed-end loans 1-4 family		337,630	5	7.1%	79	101	165	2.3	69.1%	4.4%	64.9%	32.1%	24.3%	15.7%	66.1%	223,009	(82,100)	212,405	494,289	296,356	36	83,986	197,933	20.4%
10	Other - nonfarm nonresidential	50% - 75%	125,089	1	6.8%	11	109	109	3.4	15.3%	10.0%	5.0%	52.0%	9.1%	12.1%	79.3%	99,252	(11,400)	99,479	167,672	140,799	227	41,547	26,873	12.1%
11	Other - nonfarm nonresidential	under 50%	76,586	1	6.8%	21	99	99	4.0	5.7%	2.0%	4.0%	52.0%	7.6%	12.8%	76.8%	58,810	(5,800)	58,689	100,090	90,789	-	32,100	9,300	12.9%
12	Other - nonfarm nonresidential	75% - 100%	296,405	1	5.5%	-	120	120	4.8	4.6%	2.0%	3.0%	52.0%	6.4%	13.1%	70.8%	209,818	(19,100)	233,818	386,013	353,899	24,000	144,080	32,115	13.1%
	Total Other - nonfarm nonresidential		498,081	3	6.0%	6	114	114	4.3	7.5%	4.0%	3.7%	52.0%	7.3%	12.8%	73.9%	367,880	(36,300)	391,986	653,775	585,486	24,227	217,727	68,288	12.8%
13	Owner-occupied - nonfarm nonresidential	75% - 100%	763,705	1	6.0%	66	54	174	3.3	12.4%	4.0%	8.0%	55.0%	15.2%	9.5%	77.4%	590,865	(116,000)	590,939	948,303	790,704	73	199,839	157,599	9.5%
14	Owner-occupied - nonfarm nonresidential	under 50%	343,660	1	5.0%	36	24	204	1.9	14.3%	4.0%	10.0%	55.0%	10.3%	11.0%	80.7%	277,453	(35,500)	277,741	376,754	337,698	287	60,245	39,056	11.0%
15	Owner-occupied - nonfarm nonresidential	75% - 100%	422,940	1	6.0%	36	24	204	1.9	12.3%	2.0%	10.0%	55.0%	10.5%	14.0%	77.7%	328,442	(44,500)	328,652	471,978	423,093	209	94,651	48,885	14.0%
16	Owner-occupied - nonfarm nonresidential	50% - 75%	831,645	1	5.6%	66	54	174	3.3	13.6%	2.0%	12.0%	55.0%	20.6%	14.0%	63.0%	523,669	(171,500)	524,194	1,018,670	800,594	524	276,924	218,077	14.0%
17	Owner-occupied - nonfarm nonresidential	under 50%	573,274	1	7.8%	16	44	224	2.5	30.0%	2.0%	28.0%	55.0%	36.4%	16.1%	54.3%	311,343	(208,800)	310,842	728,497	452,646	-	141,804	275,851	16.1%
18	Owner-occupied - nonfarm nonresidential	75% - 100%	420,000	1	6.5%	66	6	180	0.6	55.3%	2.0%	53.0%	55.0%	19.4%	18.0%	74.3%	312,170	(81,600)	319,429	433,537	350,685	7,259	38,515	82,852	18.0%
19	Owner-occupied - nonfarm nonresidential	under 50%	-	-	0.0%	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	0.0%
	Total Owner-occupied - nonfarm nonresidential		3,355,223	6	6.2%	51	39	190	2.5	21.3%	2.7%	18.5%	55.0%	19.6%	13.3%	69.9%	2,343,943	(657,900)	2,351,796	3,977,739	3,155,420	8,354	811,978	822,319	13.3%
	Total		4,538,281	17	6.3%	49	58	188	2.9	22.7%	3.4%	19.3%	49.3%	17.5%	13.5%	70.1%	3,183,593	(795,400)	3,206,643	5,682,076	4,489,271	34,312	1,316,940	1,192,805	13.8%

- (1) Present Value \$ = Gross Expected Cashflows (4) discounted at the original discount rate
- (2) Carrying Value = Fair value from initial valuation rolled forward to current valuation
- (3) Contractual Cashflows = Gross Principal and Interest on a scheduled amortization
- (4) Gross Expected Cashflows = Contractual Cashflows (3) net of losses and lost interest
- (5) Required Loan Loss Reserve: Reserve required if Present Value (1) is less than current Carrying Value (2)
- (6) Accretible Difference: Gross Expected Cashflows (4) minus Carrying Value (2) net of Required Loss Allowance (5)
- (7) Non-Accretible Difference: Contractual Cashflows (3) minus Gross Expected Cashflows (4)

Appendix E-IV

Quarter 1 to Quarter 2 - Loan Level Example



Quarter 2 ASC 310-30 Loans Valuation Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
					Actual Cashflows Collected Qtr 1 to Qtr 2					Expected Cashflows from Qtr 1 Valuation					Variance - Actual less Expected				
Acct #	Loan Type	Qtr 1 Loan Balance	Qtr 2 Loan Balance	Difference	Loan Prin Collected Qtr 1 to Qtr 2	Prepay Prin Collected Qtr 1 to Qtr 2	Recovery Prin Collected Qtr 1 to Qtr 2	Loan Interest Collected Qtr 1 to Qtr 2	Total Cashflows Collected Qtr 1 to Qtr 2	Scheduled Loan Prin Expected Qtr 1 to Qtr 2	Prepay Prin Expected Qtr 1 to Qtr 2	Recovery Prin Expected Qtr 1 to Qtr 2	Interest Expected Qtr 1 to Qtr 2	Total Expected Cashflows Qtr 1 to Qtr 2	Scheduled Loan Prin	Prepay Prin	Recovery Prin	Interest	Total Cashflows
2	Firsts - Closed-end loans 1-4 family	99,640	-	(99,640)	-	99,640	-	1,493	101,133	357	3,935	-	1,456	5,747	(357)	95,705	-	37	95,385
3	Firsts - Closed-end loans 1-4 family	119,540	119,073	(467)	467	-	-	1,791	2,258	460	2,450	-	1,764	4,674	7	(2,450)	-	26	(2,417)
4	Firsts - Closed-end loans 1-4 family	139,537	139,065	(472)	472	-	-	2,700	3,172	467	1,408	-	2,670	4,544	5	(1,408)	-	31	(1,372)
	Total Firsts - Closed-end loans 1-4 family	448,325	347,347	(100,978)	1,338	99,640	-	7,527	108,505	1,672	11,330	-	7,396	20,398	(334)	88,310	-	132	88,107
5	Juniors - Closed-end loans 1-4 family	19,841	19,679	(161)	161	-	-	272	434	160	303	-	270	733	1	(303)	-	2	(299)
6	Juniors - Closed-end loans 1-4 family	49,407	48,802	(605)	605	-	-	972	1,577	592	746	-	951	2,289	13	(746)	-	21	(712)
7	Juniors - Closed-end loans 1-4 family	19,801	19,599	(202)	202	-	-	321	523	197	198	-	314	709	5	(198)	-	7	(186)
8	Juniors - Closed-end loans 1-4 family	29,777	29,550	(227)	227	-	-	575	803	223	299	-	565	1,087	4	(299)	-	11	(284)
9	Juniors - Closed-end loans 1-4 family	220,000	220,000	-	-	-	-	-	-	1,557	1,771	-	2,425	5,752	(1,557)	(1,771)	-	(2,425)	(5,752)
	Total Juniors - Closed-end loans 1-4 family	338,826	337,630	(1,196)	1,196	-	-	2,140	3,336	2,730	3,316	-	4,524	10,569	(1,534)	(3,316)	-	(2,384)	(7,234)
10	Other - nonfarm nonresidential	127,565	125,089	(2,476)	2,476	-	-	2,139	4,615	2,433	3,259	-	2,102	7,794	43	(3,259)	-	37	(3,180)
11	Other - nonfarm nonresidential	78,307	76,586	(1,721)	1,721	-	-	1,312	3,033	1,708	388	-	1,302	3,398	13	(388)	-	10	(365)
12	Other - nonfarm nonresidential	308,284	296,405	(11,878)	11,878	-	-	4,185	16,063	11,769	1,508	-	4,146	17,423	109	(1,508)	-	38	(1,360)
	Total Other - nonfarm nonresidential	514,156	498,081	(16,075)	16,075	-	-	7,635	23,711	15,910	5,155	-	7,550	28,615	165	(5,155)	-	85	(4,904)
13	Owner-occupied - nonfarm nonresidential	771,913	763,705	(8,208)	8,208	-	-	11,538	19,746	8,068	7,729	-	11,340	27,137	141	(7,729)	-	197	(7,390)
14	Owner-occupied - nonfarm nonresidential	346,850	343,660	(3,190)	3,190	-	-	4,322	7,512	3,128	3,472	-	4,239	10,839	62	(3,472)	-	84	(3,327)
15	Owner-occupied - nonfarm nonresidential	426,496	422,940	(3,556)	3,556	-	-	6,380	9,936	3,494	2,120	-	6,268	11,881	63	(2,120)	-	112	(1,945)
16	Owner-occupied - nonfarm nonresidential	840,886	831,645	(9,242)	9,242	-	-	11,729	20,971	9,049	4,165	-	11,485	24,699	193	(4,165)	-	244	(3,728)
17	Owner-occupied - nonfarm nonresidential	576,669	573,274	(3,396)	3,396	-	-	11,151	14,547	3,221	2,821	-	10,579	16,621	175	(2,821)	-	572	(2,075)
18	Owner-occupied - nonfarm nonresidential	420,000	420,000	-	-	-	-	-	-	3,812	2,011	-	6,214	12,037	(3,812)	(2,011)	-	(6,214)	(12,037)
19	Owner-occupied - nonfarm nonresidential	270,000	-	(270,000)	-	-	100,000	-	100,000	2,649	1,261	-	3,506	7,416	(2,649)	(1,261)	100,000	(3,506)	92,584
	Total Owner-occupied - nonfarm nonresidential	3,652,815	3,355,223	(297,592)	27,592	-	100,000	45,120	172,713	33,420	23,579	-	53,632	110,630	(5,827)	(23,579)	100,000	(8,511)	62,083
	Total Loans	4,954,122	4,538,281	(415,841)	46,201	99,640	100,000	62,423	308,264	53,732	43,379	-	73,102	170,213	(7,531)	56,260	100,000	(10,678)	138,051

Quarter 1 to Quarter 2 - Pool Level Example



Quarter 2 ASC 310-30 Loans Valuation Summary

Acct #	Loan Type	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
		Balance in Loan Contra Account at Qtr 1	Accretion Income Qtr 1 to Qtr 2	Interest Collected Qtr 1 to Qtr 2	Remaining Balance in Loan Contra Account at Qtr 2 prior to adjustment	Contra Account Adjustment for Chargeoffs ¹	Adjusting Entry Required ²	Remaining Balance in Loan Contra Account at Qtr 2	Beginning Carrying Amount Qtr 1	Loan Loss Reserve Balance Qtr 1	Net Carrying Amount Qtr 1	Actual Cashflows Collected Qtr 1 to Qtr 2	Accretion Income Qtr 1 to Qtr 2	Qtr 1 to Qtr 2 Loan Loss Reserve Adjustment	Adjusting Entry Required ²	Adjusting Entry Required ³	Ending Carrying Amount Qtr 2 prior to adjustment	Recalculated Ending Carrying Amount (Present Value) Qtr 2	Total Shortage of Carrying Amount Qtr 2	Loan Loss Reserve Booked to Date through Qtr 2	Loan Loss Reserve Adjustment for Payoffs ⁴	Loan Loss Reserve Adjustment for Chargeoffs ⁵	Loan Loss Reserve Balance at Qtr 2 prior to Adjustment	Adjusting Entry Required ⁶	Loan Loss Reserve Balance at Qtr 2	Ending Net Carrying Amount Qtr 2 after adjustments	
1	Firsts - Closed-end loans 1-4 family	(5,431)	-	-	(6,414)	-	-	(6,414)	84,177	(814)	83,362	-	-	-	-	-	81,980	71,270	-	(814)	-	-	(814)	814	-	-	82,795
2	Firsts - Closed-end loans 1-4 family	(28,125)	-	-	(23,894)	-	23,894	71,514	(692)	70,823	-	-	-	692	23,894	-	-	692	-	-	692	-	-	-	-	-	-
3	Firsts - Closed-end loans 1-4 family	(41,772)	-	-	(42,582)	-	-	77,768	(752)	77,016	-	-	-	-	-	-	75,739	78,280	-	(752)	-	-	(752)	752	-	-	76,492
4	Firsts - Closed-end loans 1-4 family	(49,839)	-	-	(50,840)	-	-	89,698	(868)	88,830	-	-	-	-	-	-	87,358	98,220	-	(868)	-	-	(868)	868	-	-	88,225
	Total Firsts - Closed-end loans 1-4 family	(125,168)	8,965	(7,527)	(123,730)	-	23,894	(99,836)	323,157	(3,126)	320,031	(108,505)	8,965	692	23,894	-	245,077	247,770	-	(3,126)	692	-	(2,434)	2,434	-	-	247,511
5	Juniors - Closed-end loans 1-4 family	(3,775)	-	-	(3,316)	-	-	(3,316)	16,066	(355)	15,711	-	-	-	-	-	16,008	12,675	-	(355)	-	-	(355)	355	-	-	16,363
6	Juniors - Closed-end loans 1-4 family	(15,742)	-	-	(14,514)	-	-	(14,514)	33,665	(745)	32,921	-	-	-	-	-	33,543	29,007	-	(745)	-	-	(745)	745	-	-	34,288
7	Juniors - Closed-end loans 1-4 family	(8,826)	-	-	(8,421)	-	-	(8,421)	10,975	(243)	10,732	-	-	-	-	-	10,935	9,373	-	(243)	-	-	(243)	243	-	-	11,178
8	Juniors - Closed-end loans 1-4 family	(13,018)	-	-	(12,480)	-	-	(12,480)	16,759	(371)	16,389	-	-	-	-	-	16,699	17,380	-	(371)	-	-	(371)	371	-	-	17,069
9	Juniors - Closed-end loans 1-4 family	(84,762)	-	-	(82,260)	-	-	(82,260)	135,238	(2,992)	132,247	-	-	-	-	-	134,749	155,850	-	(2,992)	-	-	(2,992)	2,992	-	-	137,740
	Total Juniors - Closed-end loans 1-4 family	(126,122)	7,271	(2,140)	(120,991)	-	-	(120,991)	212,704	(4,705)	207,999	(3,336)	7,271	-	-	-	211,934	224,285	-	(4,705)	-	-	(4,705)	4,705	-	-	216,639
10	Other - nonfarm nonresidential	(26,802)	-	-	(27,033)	-	-	(27,033)	100,763	(127)	100,637	-	-	-	-	-	97,930	98,673	-	(127)	-	-	(127)	(5,718)	(5,845)	-	92,211
11	Other - nonfarm nonresidential	(18,203)	-	-	(18,096)	-	-	(18,096)	60,104	(76)	60,029	-	-	-	-	-	58,414	59,623	-	(76)	-	-	(76)	(3,411)	(3,487)	-	55,003
12	Other - nonfarm nonresidential	(60,895)	-	-	(55,662)	-	-	(55,662)	247,388	(311)	247,077	-	-	-	-	-	240,432	215,311	-	(311)	-	-	(311)	(14,040)	(14,351)	-	226,392
	Total Other - nonfarm nonresidential	(105,900)	10,786	(5,677)	(100,791)	-	-	(100,791)	408,256	(514)	407,743	(21,753)	10,786	-	-	-	396,776	373,607	(23,169)	(514)	-	-	(514)	(23,169)	(23,683)	-	373,607
13	Owner-occupied - nonfarm nonresidential	(168,007)	-	-	(166,254)	-	-	(166,254)	603,907	(2,889)	601,018	-	-	-	-	-	597,451	534,331	-	(2,889)	-	-	(2,889)	-	-	-	597,451
14	Owner-occupied - nonfarm nonresidential	(68,233)	-	-	(68,021)	-	-	(68,021)	278,617	(1,333)	277,284	-	-	-	-	-	275,639	267,963	-	(1,333)	-	-	(1,333)	-	-	-	275,639
15	Owner-occupied - nonfarm nonresidential	(99,680)	-	-	(99,617)	-	-	(99,617)	326,816	(1,563)	325,253	-	-	-	-	-	323,323	334,444	-	(1,563)	-	-	(1,563)	-	-	-	323,323
16	Owner-occupied - nonfarm nonresidential	(309,572)	-	-	(306,009)	-	-	(306,009)	531,315	(2,542)	528,773	-	-	-	-	-	525,636	539,111	-	(2,542)	-	-	(2,542)	-	-	-	525,636
17	Owner-occupied - nonfarm nonresidential	(260,930)	-	-	(260,909)	-	-	(260,909)	315,740	(1,510)	314,229	-	-	-	-	-	312,365	333,375	-	(1,510)	-	-	(1,510)	-	-	-	312,365
18	Owner-occupied - nonfarm nonresidential	(119,625)	-	-	(122,836)	-	-	(122,836)	300,375	(1,437)	298,938	-	-	-	-	-	297,164	322,353	-	(1,437)	-	-	(1,437)	-	-	-	297,164
19	Owner-occupied - nonfarm nonresidential	(155,121)	-	-	(124,796)	124,796	-	-	114,879	(550)	114,330	-	-	-	-	(33,381)	-	2,331,578	-	(550)	-	11,824	11,274	-	-	-	-
	Total Owner-occupied - nonfarm nonresidential	(1,181,166)	77,846	(45,120)	(1,148,441)	124,796	-	(1,023,645)	2,471,649	(11,824)	2,459,825	(172,713)	77,846	-	-	(33,381)	2,331,578	2,331,578	(23,169)	(11,824)	-	11,824	-	-	-	-	2,331,578
	Total Loans	(1,538,356)	104,868	(60,465)	(1,493,954)	124,796	23,894	(1,345,264)	3,415,766	(20,168)	3,395,598	(306,306)	104,868	692	23,894	(33,381)	3,185,364	3,177,240	(23,169)	(20,168)	692	11,824	(7,653)	(16,030)	(23,683)	-	3,169,335
Pool																											
1	Firsts - Closed-end loans 1-4 family	(125,168)	8,965	(7,527)	(123,730)	-	23,894	(99,836)	323,157	(3,126)	320,031	(108,505)	8,965	692	23,894	-	245,077	247,770	-	(3,126)	692	-	(2,434)	2,434	-	-	247,511
2	Juniors - Closed-end loans 1-4 family	(126,122)	7,271	(2,140)	(120,991)	-	-	(120,991)	212,704	(4,705)	207,999	(3,336)	7,271	-	-	-	211,934	224,285	-	(4,705)	-	-	(4,705)	4,705	-	-	216,639
3	Other - nonfarm nonresidential	(105,900)	10,786	(5,677)	(100,791)	-	-	(100,791)	408,256	(514)	407,743	(21,753)	10,786	-	-	-	396,776	373,607	(23,169)	(514)	-	-	(514)	(23,169)	(23,683)	-	373,607
4	Owner-occupied - nonfarm nonresidential	(1,181,166)	77,846	(45,120)	(1,148,441)	124,796	-	(1,023,645)	2,471,649	(11,824)	2,459,825	(172,713)	77,846	-	-	(33,381)	2,331,578	2,331,578	(23,169)	(11,824)	-	11,824	-	-	-	-	2,331,578
	Total	(1,538,356)	104,868	(60,465)	(1,493,954)	124,796	23,894	(1,345,264)	3,415,766	(20,168)	3,395,598	(306,306)	104,868	692	23,894	(33,381)	3,185,364	3,177,240	(23,169)	(20,168)	692	11,824	(7,653)	(16,030)	(23,683)	-	3,169,335

DR Loan Contra Account
CR Loan Receivable

² Reduce Contra Account
DR Loan Contra Account
CR Interest Income

DR Loss on Loan
CR Loan Receivable

DR Loss Allowance
CR Non Int Income

DR Provision Expense
CR Loss Allowance

⁵ Release ALLL on C/Os
DR Loss Allowance
CR Loan Receivable



Example Financial Institution
Loan Valuation as of Quarter 2 Valuation - ASC 310-30 Loans

Acct #	Loan Type	LTV Range	Principal Balance	# of Loans	WAC	Age	WAM	Amort Term	Avg Life	CPR %	CRR %	CDR %	Severity%	Future Loss %	Prev Val Accretion Rate	Present Value %	Present Value \$ (1)	Undiscounted Principal Losses	Carrying Value (2)	Contractual Cashflows (3)	Gross Expected Cashflows (4)	Required Loss Allowance (5)	Accretible Yield (6)	Non-Accretible Difference (7)	New Accretion Rate	
1	Firsts - Closed-end loans 1-4 family	under 50%	89,209	1	6.9%	86	94	274	3.6	21.5%	15.0%	7.0%	0.0%	0.0%	14.5%	79.9%	71,270	-	81,980	133,360	110,369	-	-	-	14.5%	
2	Firsts - Closed-end loans 1-4 family	under 50%	-	-	0.0%	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	14.5%
3	Firsts - Closed-end loans 1-4 family	under 50%	119,073	1	6.0%	46	134	314	5.6	12.7%	8.0%	5.0%	35.0%	9.2%	14.5%	65.7%	78,280	(10,900)	75,739	190,020	146,615	-	-	-	14.5%	
4	Firsts - Closed-end loans 1-4 family	under 50%	139,065	1	7.8%	66	114	294	6.2	8.8%	4.0%	5.0%	20.0%	5.9%	14.5%	70.6%	98,220	(8,200)	87,358	232,894	195,025	-	-	-	14.5%	
Total Firsts - Closed-end loans 1-4 family			347,347	3	6.9%	64	116	296	5.3	13.4%	8.2%	5.5%	20.6%	5.5%	14.5%	71.3%	247,770	(19,100)	245,077	556,273	452,009	-	206,932	104,264	14.5%	
5	Juniors - Closed-end loans 1-4 family	75% - 100%	19,679	1	5.5%	26	154	214	6.4	7.6%	6.0%	2.0%	80.0%	8.1%	13.8%	64.4%	12,675	(1,600)	16,008	29,820	24,947	-	-	-	15.9%	
6	Juniors - Closed-end loans 1-4 family	75% - 100%	48,802	1	7.9%	96	84	144	3.8	15.8%	6.0%	10.0%	98.0%	35.2%	13.8%	59.4%	29,007	(17,200)	33,543	70,132	44,942	-	-	-	15.9%	
7	Juniors - Closed-end loans 1-4 family	75% - 100%	19,599	1	6.5%	66	114	174	4.4	15.2%	4.0%	11.0%	98.0%	46.9%	13.8%	47.8%	9,373	(9,200)	10,935	28,765	15,507	-	-	-	15.9%	
8	Juniors - Closed-end loans 1-4 family	75% - 100%	29,550	1	7.8%	46	134	194	5.2	13.0%	4.0%	9.0%	75.0%	33.8%	13.8%	58.8%	17,380	(10,000)	16,699	49,133	30,502	-	-	-	15.9%	
9	Juniors - Closed-end loans 1-4 family	75% - 100%	220,000	1	7.1%	86	94	160	1.1	98.7%	4.0%	95.0%	20.6%	20.0%	13.8%	70.8%	155,850	(44,100)	134,749	316,439	180,457	-	-	-	15.9%	
Total Juniors - Closed-end loans 1-4 family			337,630	5	7.1%	79	101	165	2.3	69.1%	4.4%	64.9%	32.1%	24.3%	13.8%	66.4%	224,285	(82,100)	211,934	494,289	296,356	-	84,422	197,933	15.9%	
10	Other - nonfarm nonresidential	50% - 75%	125,089	1	6.8%	11	109	109	3.4	15.3%	10.0%	5.0%	52.0%	9.1%	12.4%	78.9%	98,673	(11,400)	97,930	167,672	140,799	-	-	-	12.4%	
11	Other - nonfarm nonresidential	under 50%	76,586	1	6.8%	21	99	99	4.0	5.7%	2.0%	4.0%	52.0%	7.6%	12.4%	77.9%	59,623	(5,800)	58,414	100,090	90,789	-	-	-	12.4%	
12	Other - nonfarm nonresidential	75% - 100%	296,405	1	5.5%	-	120	120	4.8	4.6%	2.0%	3.0%	52.0%	6.4%	12.4%	72.6%	215,311	(19,100)	240,432	386,013	353,899	-	-	-	12.4%	
Total Other - nonfarm nonresidential			498,081	3	6.0%	6	114	114	4.3	7.5%	4.0%	3.7%	52.0%	7.3%	12.4%	75.0%	373,607	(36,300)	396,776	653,775	585,486	23,169	211,880	68,288	12.4%	
13	Owner-occupied - nonfarm nonresidential	75% - 100%	763,705	1	6.0%	66	54	174	3.3	12.4%	4.0%	8.0%	55.0%	15.2%	13.0%	70.0%	534,331	(116,000)	594,599	948,303	790,704	-	-	-	13.0%	
14	Owner-occupied - nonfarm nonresidential	under 50%	343,660	1	5.0%	36	24	204	1.9	14.3%	4.0%	10.0%	55.0%	10.3%	13.0%	78.0%	267,963	(35,500)	274,323	376,754	337,698	-	-	-	13.0%	
15	Owner-occupied - nonfarm nonresidential	75% - 100%	422,940	1	6.0%	36	24	204	1.9	12.3%	2.0%	10.0%	55.0%	10.5%	13.0%	79.1%	334,444	(44,500)	321,779	471,978	423,093	-	-	-	13.0%	
16	Owner-occupied - nonfarm nonresidential	50% - 75%	831,645	1	5.6%	66	54	174	3.3	13.6%	2.0%	12.0%	55.0%	20.6%	13.0%	64.8%	539,111	(171,500)	523,126	1,018,670	800,594	-	-	-	13.0%	
17	Owner-occupied - nonfarm nonresidential	under 50%	573,274	1	7.8%	16	44	224	2.5	30.0%	2.0%	28.0%	55.0%	36.4%	13.0%	58.2%	333,375	(208,800)	310,873	728,497	452,646	-	-	-	13.0%	
18	Owner-occupied - nonfarm nonresidential	75% - 100%	420,000	1	6.5%	66	6	180	0.6	55.3%	2.0%	53.0%	55.0%	19.4%	13.0%	76.8%	322,353	(81,600)	295,745	433,537	350,685	-	-	-	13.0%	
19	Owner-occupied - nonfarm nonresidential	under 50%	-	-	0.0%	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	13.0%
Total Owner-occupied - nonfarm nonresidential			3,355,223	6	6.2%	51	39	190	2.5	21.3%	2.7%	18.5%	55.0%	19.6%	13.0%	69.5%	2,331,578	(657,900)	2,320,445	3,977,739	3,155,420	-	834,975	822,319	13.0%	
Total			4,538,281	17	6.3%	49	58	188	2.9	22.7%	3.4%	19.3%	49.3%	17.5%	13.1%	70.0%	3,177,240	(795,400)	3,174,232	5,682,076	4,489,271	23,169	1,338,208	1,192,805	13.2%	

(1) Present Value \$ = Gross Expected Cashflows (4) discounted at the original discount rate
(2) Carrying Value = Fair value from initial valuation rolled forward to current valuation
(3) Contractual Cashflows = Gross Principal and Interest on a scheduled amortization
(4) Gross Expected Cashflows = Contractual Cashflows (3) net of losses and lost interest
(5) Required Loan Loss Reserve: Reserve required if Present Value (1) is less than current Carrying Value (2) at the group level
(6) Accretible Difference: Gross Expected Cashflows (4) minus Carrying Value (2) net of Required Loss Allowance (5)
(7) Non-Accretible Difference: Contractual Cashflows (3) minus Gross Expected Cashflows (4)

Appendix F-IV

Quarter 1 to Quarter 2 - Pool Level Example



Quarter 2 ASC 310-30 Loans Valuation Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
					Actual Cashflows Collected Qtr 1 to Qtr 2					Expected Cashflows from Qtr 1 Valuation					Variance - Actual less Expected				
Acct #	Loan Type	Qtr 1 Loan Balance	Qtr 2 Loan Balance	Difference	Loan Prin Collected Qtr 1 to Qtr 2	Prepay Prin Collected Qtr 1 to Qtr 2	Recovery Prin Collected Qtr 1 to Qtr 2	Loan Interest Collected Qtr 1 to Qtr 2	Total Cashflows Collected Qtr 1 to Qtr 2	Scheduled Loan Prin Expected Qtr 1 to Qtr 2	Prepay Prin Expected Qtr 1 to Qtr 2	Recovery Prin Expected Qtr 1 to Qtr 2	Interest Expected Qtr 1 to Qtr 2	Total Expected Cashflows Qtr 1 to Qtr 2	Scheduled Loan Prin	Prepay Prin	Recovery Prin	Interest	Total Cashflows
1	Firsts - Closed-end loans 1-4 family	89,608	89,209	(399)	399	-	-	1,543	1,943	389	3,537	-	1,506	5,433	10	(3,537)	-	38	(3,490)
2	Firsts - Closed-end loans 1-4 family	99,640	-	(99,640)	-	99,640	-	1,493	101,133	357	3,935	-	1,456	5,747	(357)	95,705	-	37	95,385
3	Firsts - Closed-end loans 1-4 family	119,540	119,073	(467)	467	-	-	1,791	2,258	460	2,450	-	1,764	4,674	7	(2,450)	-	26	(2,417)
4	Firsts - Closed-end loans 1-4 family	139,537	139,065	(472)	472	-	-	2,700	3,172	467	1,408	-	2,670	4,544	5	(1,408)	-	31	(1,372)
	Total Firsts - Closed-end loans 1-4 family	448,325	347,347	(100,978)	1,338	99,640	-	7,527	108,505	1,672	11,330	-	7,396	20,398	(334)	88,310	-	132	88,107
5	Juniors - Closed-end loans 1-4 family	19,841	19,679	(161)	161	-	-	272	434	160	303	-	270	733	1	(303)	-	2	(299)
6	Juniors - Closed-end loans 1-4 family	49,407	48,802	(605)	605	-	-	972	1,577	592	746	-	951	2,289	13	(746)	-	21	(712)
7	Juniors - Closed-end loans 1-4 family	19,801	19,599	(202)	202	-	-	321	523	197	198	-	314	709	5	(198)	-	7	(186)
8	Juniors - Closed-end loans 1-4 family	29,777	29,550	(227)	227	-	-	575	803	223	299	-	565	1,087	4	(299)	-	11	(284)
9	Juniors - Closed-end loans 1-4 family	220,000	220,000	-	-	-	-	-	-	1,557	1,771	-	2,425	5,752	(1,557)	(1,771)	-	(2,425)	(5,752)
	Total Juniors - Closed-end loans 1-4 family	338,826	337,630	(1,196)	1,196	-	-	2,140	3,336	2,730	3,316	-	4,524	10,569	(1,534)	(3,316)	-	(2,384)	(7,234)
10	Other - nonfarm nonresidential	127,565	125,089	(2,476)	2,476	-	-	1,922	4,398	11,751	3,259	-	2,102	17,112	(9,275)	(3,259)	-	(180)	(12,714)
11	Other - nonfarm nonresidential	78,307	76,586	(1,721)	1,721	-	-	1,092	2,813	11,152	388	-	1,302	12,841	(9,430)	(388)	-	(210)	(10,028)
12	Other - nonfarm nonresidential	308,284	296,405	(11,878)	11,878	-	-	2,663	14,542	87,354	1,508	-	4,146	93,008	(75,476)	(1,508)	-	(1,483)	(78,466)
	Total Other - nonfarm nonresidential	514,156	498,081	(16,075)	16,075	-	-	5,677	21,753	110,257	5,155	-	7,550	122,962	(94,181)	(5,155)	-	(1,873)	(101,209)
13	Owner-occupied - nonfarm nonresidential	771,913	763,705	(8,208)	8,208	-	-	11,538	19,746	8,068	7,729	-	11,340	27,137	141	(7,729)	-	197	(7,390)
14	Owner-occupied - nonfarm nonresidential	346,850	343,660	(3,190)	3,190	-	-	4,322	7,512	3,128	3,472	-	4,239	10,839	62	(3,472)	-	84	(3,327)
15	Owner-occupied - nonfarm nonresidential	426,496	422,940	(3,556)	3,556	-	-	6,380	9,936	3,494	2,120	-	6,268	11,881	63	(2,120)	-	112	(1,945)
16	Owner-occupied - nonfarm nonresidential	840,886	831,645	(9,242)	9,242	-	-	11,729	20,971	9,049	4,165	-	11,485	24,699	193	(4,165)	-	244	(3,728)
17	Owner-occupied - nonfarm nonresidential	576,669	573,274	(3,396)	3,396	-	-	11,151	14,547	3,221	2,821	-	10,579	16,621	175	(2,821)	-	572	(2,075)
18	Owner-occupied - nonfarm nonresidential	420,000	420,000	-	-	-	-	-	-	3,812	2,011	-	6,214	12,037	(3,812)	(2,011)	-	(6,214)	(12,037)
19	Owner-occupied - nonfarm nonresidential	270,000	-	(270,000)	-	-	100,000	-	100,000	2,649	1,261	-	3,506	7,416	(2,649)	(1,261)	100,000	(3,506)	92,584
	Total Owner-occupied - nonfarm nonresidential	3,652,815	3,355,223	(297,592)	27,592	-	100,000	45,120	172,713	33,420	23,579	-	53,632	110,630	(5,827)	(23,579)	100,000	(8,511)	62,083
	Total Loans	4,954,122	4,538,281	(415,841)	46,201	99,640	100,000	60,465	306,306	148,078	43,379	-	73,102	264,559	(101,877)	56,260	100,000	(12,636)	41,747
Pool																			
1	Firsts - Closed-end loans 1-4 family	448,325	347,347	(100,978)	1,338	99,640	-	7,527	108,505	1,672	11,330	-	7,396	20,398	(334)	88,310	-	132	88,107
2	Juniors - Closed-end loans 1-4 family	338,826	337,630	(1,196)	1,196	-	-	2,140	3,336	2,730	3,316	-	4,524	10,569	(1,534)	(3,316)	-	(2,384)	(7,234)
3	Other - nonfarm nonresidential	514,156	498,081	(16,075)	16,075	-	-	5,677	21,753	110,257	5,155	-	7,550	122,962	(94,181)	(5,155)	-	(1,873)	(101,209)
4	Owner-occupied - nonfarm nonresidential	3,652,815	3,355,223	(297,592)	27,592	-	100,000	45,120	172,713	33,420	23,579	-	53,632	110,630	(5,827)	(23,579)	100,000	(8,511)	62,083
	Total	4,954,122	4,538,281	(415,841)	46,201	99,640	100,000	60,465	306,306	148,078	43,379	-	73,102	264,559	(101,877)	56,260	100,000	(12,636)	41,747