*__Question 1__: **Which types of VIEs will banking organizations have to consolidate onto their balance sheets due to the 2009 GAAP modifications, which types are not expected to be subject to consolidation, and why? Which types are likely to be restructured to avoid consolidation?***

World's Foremost Bank (WFB) will have to consolidate the Cabela's Master Credit Card Trust (the "Trust") a QSPE used to securitize our credit card loans.

*__Question 2__: **Are there features and characteristics of securitization transactions or other transactions with VIEs, other SPEs, or other entities that are more or less likely to elicit banking organizations' provision of non-contractual (implicit) support under stressed or other circumstances due to reputational risk, business model, or other reasons? Commenters should describe such features and characteristics and the methods of support that may be provided. The agencies are particularly interested in comments regarding credit card securitizations, structured investment vehicles, money market funds, hedge funds, and other entities that are likely beneficiaries of non-contractual support.***

Based upon the current features in our securitizations, our securitization would meet the definition of a true sale <u>excluding</u> paragraph 26a of FAS 166 as it relates to the consolidation requirement. Our consolidation requirement is a result of WFB (or its affiliates) being both the Transferor (right to receive benefits or obligation to absorb losses) and the Servicer (power to direct the activities). The current risk based capital calculation before FAS 166 and 167 allocates risk weighted assets based upon the risk maintained. Some characteristics of our transactions that limit the amount of control/risk WFB has included:

- the limitation on the ability to amend the documents without the consent of the certificate holders
- the transferor's certificate does not have any voting rights
- the removal of accounts is limited and allowed only to the extent that the removal does not materially change the performance of the assets
- the permitted activities of the Trust are limited to "brain-dead" activities
- changes to our credit card agreements or processes that may be materially adverse to the certificate holders requires their approval.

The most significant characteristic is investors have no recourse to WFB's assets for failure of debtors to pay other than for breaches of certain customary representations, warranties and covenants. These representations, warranties, covenants, and the related indemnities, do not protect the trust or the outside investors against credit-related losses on the loans.

*__Question 3__: **What effect will the 2009 GAAP modifications have on banking organizations' financial positions, lending, and activities? How will the modifications impact lending typically financed by securitization and lending in general? How may the modifications affect the financial markets? What proportion of the impact is related*** *to regulatory capital requirements? Commenters should provide specific responses and supporting data.*

WFB assets will increase approximately $2.2 billion, liabilities will increase approximately $2.3 billion, and approximately $120 million, after tax, will be recorded as a decrease to retained earnings and other comprehensive income if use the carrying balances. If the proposed rules become the final rules WFB will require $200 to $250 million of additional capital to continue to be "well capitalized". The proposed rules will require our parent, Cabela's Incorporated, to reallocate capital from their core business to meet the capital needs of WFB which may require them to raise additional debt or equity capital. If WFB fails to satisfy the requirements for the well-capitalized classification under the regulatory framework for prompt corrective action, our ability to issue certificates of deposit could be affected. With the proposed rules, the benefits of securitizing receivables no longer exists, thus many financial institutions will look for other forms of financing that are cheaper or will provide additional benefits.

In addition, if the FDIC rule 12 C.F.R. Section 360.6 "Treatment by the Federal Deposit Insurance Corporation as conservator or receiver of financial assets transferred in connection with a securitization or participation" on legal isolation is not modified our securitizations will no longer have the benefit of the current rule as they will not meet all of the conditions for sale accounting treatment under generally accepted accounting principles. This may limit our ability to continue to issue securitizations to fund our credit card receivables. The current rule as written will limit future securitizations and may change the ratings on many existing securitizations which may significantly affect the financial markets.

<u>Question 4:</u> As is generally the case with respect to changes in accounting rules, the 2009 GAAP modifications would immediately affect banking organizations' capital requirements. The agencies specifically request comment on the impact of immediate application of the 2009 GAAP modifications on the regulatory capital requirements of banking organizations that were not included in the SCAP. In light of the potential impact at this point in the economic cycle of the 2009 GAAP modifications on regulatory capital requirements, the agencies solicit comment on whether there are significant costs and burdens (or benefits) associated with immediate application of the 2009 GAAP modifications to regulatory capital requirements. If there are significant costs and burdens, or other relevant considerations, should the agencies consider a phase-in of the capital requirements that would result from the 2009 GAAP modifications? Commenters should provide specific and detailed rationales and supporting evidence and data to support their positions.

Additionally, if a phase-in of the impact of the GAAP modifications is appropriate, what type of phase-in should be considered? For example, would a phase-in over the course of a four-quarter period, as described below, for transactions entered into on or prior to December 31, 2009, reduce costs or burdens without reducing benefits?

If the proposed rules become the final rules WFB will require $200 to $250 million of additional capital to continue to be "well capitalized". The proposed rules will require our parent, Cabela's Incorporated, to reallocate capital from their core business to meet the capital needs of WFB which may require them to raise additional debt or equity capital. Cabela's Incorporated will be required to obtain a waiver or renegotiate its current credit agreements due to a limitation in the amount of capital they may provide WFB which will bear the following costs and burdens: legal fees and a waiver fee or if the credit agreement is renegotiated, increased borrowing costs.

The phase-in option over a four-quarter period would not provide any reduction of costs or burdens. If the phase-in period was over a four-year period, WFB would be able to increase our capital with our earnings and would not require a large capital infusion by our parent.

<u>Question 5</u>: The agencies request comment on all aspects of this proposed rule, including the proposal to remove the exclusion of consolidated ABCP program assets from risk-weighted assets under the risk-based capital rules, the proposed reservation of authority provisions, and the regulatory capital treatment that would result from the 2009 GAAP modifications absent changes to the agencies' regulatory capital requirements.

The consolidation of ABCP programs will significantly change the economics of those types of transactions as the conduit providers will limit the amount of credit available and impose higher fees as a result of the increase in required capital.

<u>Question 6</u>: Does this proposal raise competitive equity concerns with respect to accounting and regulatory capital treatments in other jurisdictions or with respect to international accounting standards?

N/A to WFB.

<u>Question 7</u>: Among the structures that likely will be consolidated under the 2009 GAAP modifications, for which types, if any, should the agencies consider assessing a different risk-based capital requirement than the capital treatment that will result from the implementation of the modifications? How are commenters' views influenced by proposals for reforming the securitization markets that require securitizers to retain a percentage of the credit risk on any asset that is transferred, sold or conveyed through a securitization? Commenters should provide a detailed explanation and supporting empirical analysis of why the features and characteristics of these structure types merit an alternative treatment, how the risks of the structures should be measured, and what an appropriate alternative capital treatment would be. Responses should also discuss in detail with supporting evidence how such different capital treatment may or may not give rise to capital arbitrage opportunities.

The current risk based capital calculation before FAS 166 and 167 allocates risk weighted assets based upon the risk to the transferor. If non-contractual (implicit) support is provided, WFB believes the additional risk accepted by the financial institution providing the support warrants the addition of the VIE or other SPE for regulatory capital calculations. However, requiring additional capital as a result of the consolidation does not necessarily align the true risk of that financial institution. Here are a couple of examples of why that may not be the case:

1. We are required to consolidate our Trust due to WFB being (or its affiliates) both the Transferor (right t o receive benefits or obligation to absorb losses) and the Servicer (power to direct the activities). However, a transaction structured exactly like ours but with the Servicing maintained by an outside party will not be required to consolidate. How is the risk any different between the two financial institutions? The regulatory capital should be based upon the risk of the transaction/entity.
2. A financial institution that provides non-contractual (implicit) support may not be required to consolidate under FAS 167; however, their actions convey the acceptance of additional risk. They should be required to maintain additional capital as a result of their actual risk.

Consolidating the Trust does not change the risk to the bank. Our views are not influenced by the proposed reform of securitizations as our securitizations require us to maintain a percentage of the credit risk.

<u>Question 8:</u> Servicers of securitized residential mortgages who participate in the Treasury's Making Home Affordable Program (MHAP) receive certain incentive payments in connection with loans modified under the program. If a structure must be consolidated solely due to loan modifications under MHAP, should these assets be included in the leverage and risk-based capital requirements? Commenters should specify the rationale for an alternative treatment and what an appropriate alternative capital requirement would be.

N/A to WFB.

<u>Question 9</u>: Which features and characteristics of transactions that may not be subject to consolidation after the 2009 GAAP modifications become effective should be subject to risk-based capital requirements as if consolidated in order to more appropriately reflect risk?

See our answer to question 7. The risk based capital requirements should be based upon the risk of the transaction and not whether or not the VIE is consolidated.

<u>Question 10:</u> Will securitized loans that remain on the balance sheet be subjected to the same ALLL provisioning process, including applicable loss rates, as similar loans that are not securitized? If the answer is no, please explain. If the answer is yes, how would banking organizations reflect the benefits of risk sharing if investors in securitized, on-balance sheet loans absorb realized credit losses? Commenters should provide quantification of such benefits, and any other effects of loss sharing, wherever possible. Additionally, are there policy alternatives to address any unique challenges the pending change in accounting standards present with regard to the ALLL provisioning process including, for example, the current constraint on the amount of provisions that are includible in tier 2 capital? Commenters should provide quantification of the effects of the current limits on the includibility of provisions in tier 2 capital and the extent to which the 2009 GAAP modifications and the changes in regulatory capital requirements proposed in this NPR effect those limits.

The allowance added as a result of the consolidation of the trust will be calculated in the same manor as our allowance for our on-book loans. WFB does not believe that the current guidance for allowance calculations allows for changes to the methodology as a result of the risk sharing if investors absorb realized credit losses. With the consolidation of our Trust, WFB's allowance includible for Tier 2 capital will be limited to approximately 20% of the projected allowance.