

From: SLIPE, JOHN [john.slipe@provident
Sent: Tuesday, October 26, 2004 9:47 AM
To: Larry Smith
Cc: Director - FASB
Subject: EITF 03-1

Letter of Comment No: 57
File Reference: EITF03-1A

Dear Mr. Smith,

I am the Asset/Liability Manager at the Provident Bank in Jersey City, New Jersey. I am writing this letter in response to EITF 03-01 entirely on my own and I do not intend for this to be taken as a statement from the Bank as a whole.

I have worked in the Treasury area of several Banks in the NY NJ metropolitan area since the early 1980's. I have seen it all. I would like to make a very short but important and basic point concerning this rule.

It is just not fair. If a Bank would be forced to write down its investment portfolio through the income statement, it should be able to write-up a similar position of fixed rate borrowings, for example, that it has on its books. Also, if the value of an investment rises, then it would only be fair to write up the investment.

I believed that FAS 115 got it right. If a debt security's value is impaired due to a credit issue, then of course it must be written down. But if a debt instrument has a stated maturity date, and there isn't an issue with credit, doesn't that imply that any reduction in market value due to the level of interest rates is temporary?

I fail to understand what the rationale behind this ruling is. If fair value accounting is the eventual desire of the FASB, that's fine.

Just make it fair.

Sincerely,

John F. Slipe
A/L Manager
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Jersey City, NJ 07306

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