

Letter of Comment No: 192
File Reference: EITF03-1A

October 29, 2004

Mr. Lawrence Smith
Director and Chairman of the Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856

Re: Proposed FASB Position, EITF Issue 03-1-a, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"

Dear Mr. Smith:

M C Bank appreciates the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP 03-1-a). M C Bank is a Community Bank located in southeastern Louisiana in a community of approximately 15,000 and a trade area of around 40,000. We are approximately \$185 million in assets and, due to rather low loan demand in our area, with a large securities portfolio. I want to express my appreciation for delaying the effective date and taking more time to consider the views of the industry—particularly Community Banks.

We use our securities portfolio for both balance sheet management and liquidity management. With the adoption of SFAS 115 the issue of Available-for-Sale securities was well defined and all banks currently adhere to those policies as adopted. I am somewhat confused as to why, when a decline in value is due to interest rates only, and the overall intention of the strategy is to keep them until maturity, FASB is considering a change. It appears to me that this issue should be left out of EITF 03-1. The results of writing down these securities at this time when the intent is to keep them until maturity would cause a misstatement of income in the both periods.

I appreciate the opportunity to comment and thank you for considering my views. If M C Bank can provide any further information or explanation please feel free to contact me or my C.F.O. John Ortis who manages the securities portfolio for the bank.

Sincerely,

Larry J. Callais
President and C.E.O.
M C Bank
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