

October 29, 2004

Financial Accounting Standards Board Attention: Director, TA&1-FSP 401 Merritt 7 Norwalk, Connecticut 06856-5116 Letter of Comment No: / File Reference: EITF03-1A

Re: FSP EITF Issue 03-1

Ladies and Gentlemen;

Delay of the effective date of EITF Issue 03-1 to allow further comment by practitioners is not only appreciated but also vital to the integrity of the accounting promulgations process and the industry.

As a member of the financial services industry, acceptable practice for the management of bank investments has been provided by guidance of the bank regulators and their concerns regarding credit and interest rate risk as well as the guidelines of FASB 115. Under this guidance at our institution, the available for sale securities (AFS) classification is selected for all investment securities which are a significant portion of bank assets and exceeded the Loan portfolio for many years. While this category provides flexibility to manage liquidity and complement the risk profile of the Loan portfolio, it distorts the results of the balance sheet mix by pricing this category of assets at market and all other assets and liabilities at cost.

The management of interest rate risk of all financial instruments through the inevitable changes in rate environments is measured and managed for rate sensitivity and market value through the economic value of equity, which is the ultimate indicator of the appropriateness of holdings through the entirety of the Balance Sheet. To add another layer of differentiation and uneven application of rules to the management of the investment portfolio will not only further bias the reporting of results by focusing on only one segment, but also weaken the utilization of the investment portfolio to balance risk and provide a meaningful return for earnings. Further compounding the uneven accounting treatment for securities is the lack of specific guidance for securities adjusted to lower of cost or market and the subsequent recovery of market value due to changes in interest rates.

Accurate, comparable and fair reporting is the goal for FASB and the financial industry; however, it should be pursued with the assumption that it will be consumed by an informed reader. Current practice already provides disclosure of rate volatility and further burdensome and uneven application of financial instruments is not a positive alteration for the accounting industry or the financial industry.

Very truly yours.

Helen A. Jeffords, CPA Executive Vice President & Chief Financial Officer

Allen a. Jeffords