

October 18, 2004

Letter of Comment No: /7
File Reference: EITF03-1A

Mr. Lawrence W. Smith, Chairman EITF Financial Accounting Standards Board PO Box 5116 Norwalk, CT 06856-5166

Re:

Proposed FSP EITF Issue 03-1-a, which provides guidance for the application of paragraph 16 of EITF Issue 03-1 to debt securities that are impaired because of interest rate and/or sector spread increases.

Dear Mr. Herz,

Implementing 3-1 as currently interpreted will certainly cause increased income and capital volatility, reduce or severely discourage sound long-term asset management and will directly impact this bank.

This standard could easily force us to make decisions based on an accounting treatment, but not necessarily on the best long-term interest of the bank. It could also force an operationally profitable bank out of business for lack of capital by marking investments to market.

I request an immediate postponement of the application of EITF 03-1, and we request that a conference be convened including representatives of the banking industry, banking regulators, FASB, the SEC, and others to discuss guidance which may accomplish the aim of EITF 03-1 without problems which are now evident.

Thank yo

John Gilliam

Chief Executive Officer