



BANK of SMITHTOWN
Dedicated. To You.

One East Main Street
Post Office Box 456
Smithtown, New York 11787-2823
telephone: 631-360-9300
direct dial: 631-360-9304
direct fax: 631-360-9380

Bradley E. Rock
*Chairman of the Board, President
and Chief Executive Officer*

October 26, 2004

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

Letter of Comment No: 212
File Reference: EITF03-1A

Re: Proposed FASB Staff 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:

We are writing to comment upon the above-captioned proposed Staff Position.

Bank of Smithtown is a 95 year-old community bank with 11 offices in Suffolk County on Long Island. We are a publicly-held company, traded on NASDAQ, with approximately \$665 million in assets.

We appreciate the decision by FASB to delay the effective date of this proposal in order to take more time to consider views of the industry on these issues.

We firmly believe that if a bank has the ability to hold an "available for sale" security, then the bank should not be required to write-down changes in the market value of that security that are due solely to increases in interest rates. If banks were required to declare an "intent to hold" an AFS security in order to avoid write-downs through the income statement, such a requirement would be tantamount to declaring the security to be in the "hold to maturity" category. To require us to declare that we intend to "hold to maturity" an "available for sale" security would be inconsistent and unwise. We think that the focus should be placed on the bank's ability to hold the security and, if it can do so, then no write-down should be necessary.

Thank you for the opportunity to comment on this proposal.

Very truly yours,

Bradley E. Rock