Washington Trust Bank

Jack Heath President and Chief Operating Officer

December 29, 2008

Technical Director Financial Accounting Standards Board 301 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Via email: director@fasb.org

File Reference: Proposed FSP EITF 99-20-a (Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20)

Dear Technical Director:

Our bank appreciates the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary impairment" (OTTI). Washington Trust Bank is a privately owned bank based in Spokane, Washington. We have been in business for 106 years. These are the most unique financial markets we have seen in our history.

We support the FASB's Proposed FASB FSP EITF 99-20-a, Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20, which would amend EITF Issue No. 99-20 (Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets). We urge you to issue the proposal in final form, to be effective for December 31, 2008 financial reporting.

We support the proposal as a first step toward improving the application of OTTI, and we appreciate the FASB's recent decision to examine additional problems relating to OTTI. We agree with the letter from the American Bankers Association to the FASB on the proposal, dated December 28, 2008, which supports the proposal and requests that additional OTTI concerns be addressed for year-end 2008 reporting.

OTTI has been controversial for many years, and we believe it would be more meaningful to use a model based on credit impairment rather than on market values. Even though the markets are not functioning normally, we are still required to base our accounting on "exit" prices, information based on market participants' views, indicative



prices, and screen prices that can not be transacted upon. We believe that utilizing dysfunctional market prices to record OTTI in the income statement, as opposed to "other comprehensive income" (OCI) is very misleading and inaccurate. It is also illogical that recording OTTI results in permanently recognizing losses in income without the ability to reverse those losses if the amount of OTTI recognized improves (which is not the case with OCI). Losses are being required to be reported, even though there is a minimal amount of credit loss related to an investment.

Because of the significance of the problems with the application of OTTI in the current market environment, we believe changes to these practices are critical for year-end 2008 financial reporting.

Thank you for your attention to these matters and for considering our views.

Sincerely,

John E. (Jack) Heath President, COO