

July 25, 2006

Mr. Lawrence W. Smith Chairman of Emerging Issues Task Force Financial Accounting Standards Board 401 Merritt 7 Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO.

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Re: Emerging Issues Task Force (EITF) Issue No. 06-4,

Dear Mr. Smith,

Columbia Bank appreciates the opportunity to comment on the draft Abstract of EITF Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Split-Dollar Life Insurance Arrangements". We further appreciate the EITF's efforts to strengthen the value and relevance of financial information reported to the users of financial statements. However, we have conceptual and practical concerns with the draft abstract and are not supportive of its issuance in its current form as it relates to endorsement split dollar life insurance policies.

- The fact that the split-dollar death benefit to a covered employee's beneficiary will be paid directly by the insurance company when the employee dies should create an obligation for the insurance company and not the bank. It doesn't appear practical for the bank to record a current liability that is only going to be reversed once the insurance company pays the beneficiary directly. The endorsement split-dollar life insurance policy obligates the insurance company to pay the employee's beneficiary, not the owner of the policy.
- If it is determined that the bank should record this liability, then the concurrent recognition of the contingent gain asset associated with the death benefits in excess of the bank's cash value should also be recorded by the bank to reflect the true nature and intent of the transaction.
- Banks are subject to stringent capital standards by their regulators and the ratification of this EITF in its current form could have a significant negative impact on capital and capital ratios for many institutions.

Columbia Bank appreciates your consideration of our views as you deliberate on EITF Issue No. 06-4. If you would like me to expand on the bank's position, I can be contacted at 201-794-5626.

Sincerely,

E. Thomas Allen Executive Vice President, Chief Financial Officer