



September 28, 2010

Mr. Russell Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

VIA E-mail: director@fasb.org

File Reference No.: 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

Wilmington Savings Fund Society, FSB (WSFS Bank) thanks you for the opportunity to comment on the Exposure Draft: *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities* (ED). WSFS Bank was chartered in 1832 and is a \$3.8 billion federally chartered thrift headquartered in Wilmington, Delaware.

Our letter is intended to express our opposition to the proposal for the classification and measurement of financial assets and liabilities.

Of particular concern to WSFS Bank is how fair value accounting is to be applied to long-term financial instruments held for collection; in our case these are primarily loans. In addition, we are concerned with the application of fair value accounting to liabilities held for payment; in our case these are primarily deposits. In addition to loans and deposits, we have other assets and liabilities that would be adversely affected by the ED.

We oppose the proposal that would require us to report loans at fair value when those loans have been originated with the intent to be held for collection of contractual cash flows. Reporting these loans at fair value is inconsistent with how our business is managed. In fact, such reporting would be actually be misleading to readers and



investors because it would send the message that we do not intend to hold our loans for collection or payments of contractual cash flows and it would misstate our real capital cushion. As such, it may also cause a change in the way we do business...to reduce pricing risk — which may affect our lending decisions and therefore impact the overall economy and our national competitiveness. This would be a very significant and very real unintended economic consequence resulting from a well-intended accounting pronouncement.

Further, we oppose the ED proposal for the remeasurement of core deposits. We strongly believe our investors would be better informed by providing financial statements which reflect the amount that can be demanded by our depositors at any point in time. Similarly, we believe the concepts of fair value articulated in the ED should not be applied to our financial liabilities because we settle these liabilities in accordance with their contractual terms rather than transfer them.

Most of the financial instruments impacted by the proposed ED would be considered "level 3" financial instruments. Fair values for such financial instruments are derived using significant unobservable inputs and assumptions, and are therefore highly subjective. As a result, we believe different financial institutions would likely report different values for similar, or even identical, assets under the proposed ED. This divergence in valuations would make comparisons by readers and investors nearly impossible.

In summary, like other financial institutions, we are very concerned with the potentially disastrous effect this ED would have on the entire banking industry and the economy if it were implemented as currently drafted. We strongly believe the fair value accounting proposed in this ED should not be adopted as proposed. We respectfully ask the Board to consider not only our opinion, but the opinions of the many experienced constituents who have responded in opposition to the ED.

Thank you for the opportunity to respond to these very important issues.

Sincerely,

President and CEO

Stephen A. Fowle

Executive Vice President and CFO