

Robert O. Bratton  
Group Executive Vice President

Letter of Comment No: 230  
File Reference: EITF03-1A

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

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:

Thank you for giving First Charter the opportunity to comment on EITF 03-01. First of all, we would like to thank you for delaying its implementation.

First Charter is a four plus billion dollar commercial bank located in Charlotte, North Carolina which has an investment portfolio that accounts for approximately 37% of our assets which are all held in the available for sale category. We have operated under the guidance of FASB 115 and believe that it has afforded us the opportunity to manage our investment portfolio in light of the external environment (i.e., changes in loan demand, deposit run off and changes in interest rates) while reflecting the change in market value in the equity account as interest rates have changed.

EITF 03-01 should be focused only on the credit impairment and not interest rate fluctuation. The proposed language "ability and intent to hold" is contra to the available for sale theory which financial institutions need in order to manage effectively given all the optionally on both sides of the balance sheet. Therefore, we recommend that the final rules exclude any income statement impact for changes in market value due to changes in interest rates. If you still deem it advisable to only mark a portion of the balance sheet to market, then continue the current process through other comprehensive income.

Principal based accounting policies maybe great in theory, however, the absence of bright lines increase the likelihood of differences in interpretation, which ultimately clouds your goal of transparent comparative statements. Making decisions based on economic drivers (liquidity, generating earnings and the formation of capital) is our concern and should be yours versus managing to an arbitrary set of rules. If you dampen liquidity, you have the potential to hinder economic growth.

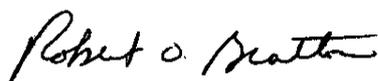
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The final pronouncement should include a minimum of a one-year delay before any rule becomes effective. This would give financial institutions the time to implement any system changes, and to document and test controls from a Sarbanes-Oxley perspective. Finally, if adopted, there should be a one-time window of opportunity to change asset categories (i.e., AFS to held to maturity) with no earnings impact similar to the one-time window when FASB 115 was adopted.

Again, we appreciate the opportunity to comment on this proposal. Thank you for considering our views. If you would like to discuss this letter in more detail, please feel free to contact me at your earliest convenience.

Sincerely,



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