

**From:** [Day, Kevin](#)  
**To:** [Director - FASB](#)  
**Subject:** File Reference 2012-200  
**Date:** Monday, September 24, 2012 10:35:21 AM

---

## Disclosures about Liquidity Risk and Interest Rate Risk

### PLEASE STOP!

Florence Savings Bank is a \$1.1 million mutual bank in Massachusetts. We already produce financial statements with 53 pages of audited data, much of which, is of little value to anyone. This is particularly true of disclosures that require any level of subjectivity. Interest rate risk management involves an incredible amount of subjectivity tailored to each institution. To subject this process to uniformity will render the results virtually useless. I have to ask why producing useless information would be deemed valuable to anyone?

Much of what is already produced for liquidity and interest rate risk management is simply done to appease regulators and is not used in the day to day management of a bank. To now take it one step further and disclose all the data that we are not using to run the organization is pouring salt in an open wound. Gap management for interest rate risk was all the rage thirty years ago but it hasn't been a relevant tool for over twenty years. To make it a disclosure item is beyond silly.

Disclosure of liquidity information seems totally redundant to me. We already disclose fair value of all assets and liabilities, the makeup of all borrowing relationships, loans and investments as well as cash and cash equivalents. Any interested reader of financial statements as currently constructed can figure out if liquidity is a problem. Having lived through the 1980's bank failures, I can tell you no bank has a liquidity crisis when times are good and any bank, regardless of what was disclosed, can have a liquidity crisis overnight when economic problems hit. Therefore, disclosing information that is basically useless, again, seems silly to me.

The exposure draft asks many questions about whether we see issues with providing the suggested disclosure information. In short, yes there are significant issues. First, I don't believe the disclosures will provide any meaningful comparative information for readers of financial statements. The disclosures will likely raise more questions than answers. This information will not help the financial institution run any better so it will simply be another drain on resources. I estimate the cost of producing and auditing this information to be roughly \$25,000 - \$50,000 per year in hard costs and a similar figure in soft costs to prepare, monitor and defend the disclosures.

Detailed problems regarding the specifics of the exposure draft have been articulated much better than I could ever do in letters to the Board from ABA and Darling Consulting Group. Please refer to them for more specifics.

I worked as a CPA in the 70's and have been a CFO of various size banks for 30 years. The volume of disclosures and rules have expanded dramatically during that time but the amount of disclosures has not prevented or warned anyone of a pending problem. These rules simply make it harder for normal, honest, hard working people to actually run a business.

If you can't stop the rulemaking at least limit it to things that are actually being produced and used currently.

Thanks for your consideration of my comments.

Kevin R. Day, Treasurer and CFO

[Partners in Our Hometown](#)

**Florence Savings Bank**

Tel: (413) 587-1761

Fax: (413) 587-4715

Email: [kevin.day@florencebank.com](mailto:kevin.day@florencebank.com)

--

\*\*\* This message originates from Florence Savings Bank. \*\*\*

CONFIDENTIAL NOTICE: The material contained in or accompanying this electronic transmission contains confidential information which is the property of the sender and is privileged and confidential. The information is intended only for the individual or entity named above. If you are not the intended recipient, you are hereby notified that disclosing, distributing or taking any action in reliance on the contents of this e-mail is strictly prohibited. If you have received this information in error, please let me know immediately.

--