January 7, 2016

Mr. Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT  06856-5116

Re: Your letter dated December 22, 2015

Dear Mr. Golden:

I am in receipt of your letter to the Executive Committee of the Independent Community Bankers of America (ICBA)\(^1\) dated December 22, 2015, and would like to thank you for your quick response and clarification of your comments on the impact of the recent financial crisis on community banks across the United States. We continue to disagree with your view that the relatively small number of community bank failures resulting from the crisis were caused by the limitations of the current existing credit loss model. Additionally, we disagree that the current expected credit loss model (CECL) is a workable solution to more effectively recognize expected losses for community banks.

FASB is to be commended for meeting with community banks and their prudential regulators during the standard-setting process. ICBA met on a number of occasions with selected board members and staff in an effort to educate the Board on the community bank business model and the impact that CECL would have on bank regulatory capital, retained earnings, effective recognition of expected credit losses and lending capacity. Clearly FASB continues to maintain a lack of understanding for the way community banks manage customer relationships and originate loans in their communities. More importantly, FASB continues to disregard a community bank’s inability to view those loans as standardized financial products that can be efficiently modeled for expected losses using the complex resources that would be required.

\(^1\)The Independent Community Bankers of America\(^\circledR\), the nation’s voice for more than 6,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

With 52,000 locations nationwide, community banks employ 700,000 Americans, hold $3.6 trillion in assets, $2.9 trillion in deposits, and $2.4 trillion in loans to consumers, small businesses, and the agricultural community. For more information, visit ICBA’s website at [www.icba.org](http://www.icba.org).

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**The Nation’s Voice for Community Banks.**

[Address Information]
Although FASB outreach on CECL has been ongoing, it has not been effective. The most critical aspects of community bank risk management unfortunately have been omitted from the Board’s discussion. To remedy this failure and to work toward a more favorable solution for supporting sound generally accepted accounting principles, ICBA proposes that the FASB convene a meeting of the entire Board to hear directly from the community banks that will be most adversely impacted by CECL. A meeting of the full Board and only the full Board to hear directly from community bankers is now crucial for board members to fully comprehend the failure of CECL as it is currently proposed. ICBA urges you to schedule such a meeting as soon as possible. Additionally, the Board should pause the impairment standard-setting process until community bank concerns have been fully explored and remedied.

Please contact me at your earliest convenience so that we may proceed with such a meeting in a timely manner.

Sincerely,

Camden R. Fine
President and CEO