

March 2, 2009

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



LETTER OF COMMENT NO. 31

**File Reference: Proposed FSP FAS 107-b and APB 28-a**

Dear Mr. Golden:

First Commonwealth appreciates the opportunity to comment on Proposed FSP FAS 107-b and APB 28-a, "Interim Disclosures about Fair Value of Financial Instruments." First Commonwealth is a \$6.2 billion NYSE listed financial institution headquartered in Indiana, Pennsylvania. First Commonwealth is particularly interested in this proposal since, not only are we an issuer of financial statements, but as a financial institution we are members of one of the largest users of financial statements, being creditors.

We do not support Proposed FSP FAS 107-b and APB 28-a and we urge you to reject the proposal. Specific answers to the questions raised in the proposal are below followed by additional comments.

1. As noted above, we do not support the Proposed FSP FAS 107-b and APB 28-a and therefore do not agree with expanding fair value disclosure requirements for all financial instruments within the scope of FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments." We feel the disclosures currently required by FASB Statement No. 157, "Fair Value Measurements," provide adequate disclosure on an interim basis.
2. For the reasons discussed in this comment letter, we disagree with the proposed disclosures, therefore no response is provided regarding the entities to whom this should apply.
3. Fair value disclosures place an operational burden on preparers of financial statements. Reporting deadlines are short for entities our size and for the amount of disclosures being required. New reporting standards continue to be added without any consideration to this increased burden and cost. In addition, we receive few inquiries or questions on FASB Statement No. 107 disclosures required in our annual reports. With this in mind, we believe there will be little incremental benefit derived from such information being provided on a quarterly basis.
4. Determination and disclosure of methods and significant assumptions used to estimate fair value is an operational burden to preparers of financial statements. Each year-end, we utilize internal staff as well as third party experts to assist us in compiling the information required to be disclosed by FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments." This information must go through our review process which includes testing and evaluating the assumptions used in the valuation models and is a time consuming and costly process. We believe, from a cost/benefit perspective, the costs of



providing this vast amount of information on a quarterly basis greatly exceeds the value that is derived by such disclosures for our banking institution and our financial statement users.

Additionally, paragraph 4 of FSP FAS 107-b and APB 28-a indicates “to address the concerns raised about a lack of comparability resulting from the use of different measurement attributes for financial instruments, the Board decided that increasing the frequency of the disclosures about fair value would improve the transparency and quality of information provided to users of financial statements.” We do not agree that increasing the frequency of this disclosure will provide any improvement to one of the major weaknesses in FASB Statement No. 107 and fair value accounting, specifically the lack of comparability. As users of financial statements, we feel the inconsistency in application of current accounting guidance related to fair value accounting does not provide for comparability of financial statements nor does it provide for consistency and reliability of valuation models.

The current economic crisis began with the real estate collapse and is built on the premise that the fair value of the collateral was more important than cash flows and ability to repay the mortgage. We believe that while fair values are useful, cash flows are more reliable and more relevant to the user.

We realize the FASB recently added to its agenda a comprehensive joint project with the International Accounting Standards Board (IASB) to address the complexity related to recognition and measurement of financial instruments. We believe the interim disclosures, as proposed in FSP FAS 107-b and APB 28-a, should be considered as part of this larger project of evaluating fair value and its usefulness to investors rather than in a piecemeal manner as a reaction to the faltering economy.

In conclusion, we do not support Proposed FSP FAS 107-b and APB 28-a and we urge you to reject the proposal. We feel that current accounting guidance lacks a clear and concise methodology to determine fair value and therefore does not provide for comparability of financial statements and that the costs of providing this vast amount of information on a quarterly basis greatly exceeds the value that is derived by such disclosures for our banking institution and our financial statement users.

We appreciate the opportunity to comment on the proposed FSP and would be pleased to discuss our comments with Board members or the FASB staff. If you have any questions, please contact Ed Lipkus at (724) 463-4724, or at the above address.

Sincerely,

Edward J. Lipkus III  
Executive Vice President and Chief Financial Officer