



# UNITED COMMERCIAL BANK

March 30, 2009

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



LETTER OF COMMENT NO.

143

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary-Impairment*

Dear Mr. Golden:

The management of United Commercial Bank ("UCB") appreciates the opportunity to comment on the Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b, *Recognition and Presentation of Other-Than-Temporary-Impairment*. As an SEC registrant, UCB supports transparency in financial reporting. In this regard, we applaud the FASB staff's efforts to address the improvements that we feel are sorely needed in the fair value accounting and other-than-temporary-impairment ("OTTI") areas.

We agree with the FSP's proposed threshold to recognize credit losses through results of operations, when management does not have the intent or the requirement to sell the underlying security. We believe that this makes more sense from an operational standpoint and provides a more accurate reflection than what the current guidance currently requires.

We do have some recommendation for the proposed FSP:

The final FSP should require a beginning balance cumulative effect adjustment for securities with OTTI, which would be recorded and reflected in both retained earnings and other comprehensive income. This is consistent with the approach taken with respect to many other new accounting standards. This will also create a consistent and comparable playing field for the accounting for securities.

The final FSP should provide further guidance on defining "intent to sell" an impaired security. Along a similar vein, more guidance is needed on further defining the concept of "more likely than not that it will not sell the debt security prior to recovery."

The final FSP should further clarify the meaning of "credit losses." As drafted currently, the amount of OTTI to be recognized through earnings is credit loss rather than the impact of "credit risk."





The final FSP should indicate that OTTI for Held-to-Maturity securities should be based on credit loss, as opposed to mark-to-market losses. We strongly believe that non-credit related losses on HTM debt securities should not be considered or included as a separate component of OTTI.

Longer-Term Recommendations:

The final FSP should allow recoveries of OTTI to be recovered and reflected through results of operations. This will allow for a more accurate reflection of the performance of the borrower of the underlying assets and will provide more consistency with other impairment accounting standards.

The final FSP should provide more guidance with respect to equity securities. We believe that there may be specific situations whereby the concept of "credit loss" should be applied to equity securities.

Conclusion:

The Company strongly supports this proposal and encourages the FASB to address the recommendations and observations that we have cited, including the longer-term recommendations.

Thank you for your attention to these matters. Please feel free to contact me at (415) 315-3171 or at [craig.on@unitedcb.com](mailto:craig.on@unitedcb.com) if you would like to discuss our views further.

With best regards,

A handwritten signature in black ink, appearing to read 'Craig S. On'.

Craig S. On  
Executive Vice President and Chief Financial Officer