

From: dlentini@theebt.com
To: [Director - FASB](#)
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Wednesday, September 22, 2010 10:23:08 AM

David Lentini
58 State House Sq
Hartford,, CT 06103-3902

September 22, 2010

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

Dear Mr. Golden:

September 20, 2010

Russell Golden
Technical Director,
Financial Accounting Standards Board

Dear Director Golden;

I would first like to thank you for this opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities.

As the CEO of a relatively young community bank, I must express serious concerns about the impact of adopting this rule. CBT opened it doors in March, 2004 and since then has grown to become a well capitalized \$275 million commercial bank serving the greater Hartford, CT market. Despite our size, I feel CBT makes and important contribution to the financial well being of the approximately one million and an estimated 10,000 small businesses that make up Greater Hartford.. To date, our team of experienced lenders has originated more that \$450 million in loans and more than 98 % of those loans have been and continue to be repaid as agreed..

I write today to urge FASB to not go forward with the proposal. I believe the accounting that would result from this proposal would greatly misrepresent the financial condition of CBT and other community banks.

As I noted above, our business and that of community banks everywhere is to hold financial instruments to collect contractual cash flows, not to trade them on a regular basis. Our principal source of funding also comes

from our community and represents the commercial cash flows and the savings of our residents and those funds are used to support the growth and prosperity over the long term.

We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks such as CBT that have limited staff resources to conduct the analysis.

Community banks such as CBT create and hold small business loans for which there is no active market; it would be very difficult and costly to mark them to market. Establishing fair values for the types of loans held by many community banks like CBT would surely added to our costs while resulting in data of questionable reliability. The expanded reporting of comprehensive income is unnecessary, confusing and of little use to most financial statement users.

Conservative community bankers (and bank regulators) see the need for more flexibility in setting the allowance for loan and lease losses. We are all well aware that economic cycles occur and it is very difficult to absorbing losses and raising capital during times of economic difficulties, such as the current environment. Accounting standards and guidance should not be pro-cyclical. Recent market conditions have demonstrated the pro-cyclical nature of mark-to-market accounting as declining values of financial instruments necessitated write-downs and sales, causing further write-downs and sales.

These accounting changes will increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Again, I thank your for the opportunity to comment on this proposal.

Sincerely,

David A. Lentini
Chairman President & CEO
The Connecticut Bank and Trust Company
58 State House Sq
Hartford, CT 06103-3902

Sincerely,

David A. Lentini
860-748-4250