CentrevilleBank®

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May 13, 2013

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

RE: Proposed Accounting Standards Update-Financial Instruments
File reference No. 2013-220

To Whom It May Concern:

Centreville Savings Bank ("the Bank") is a $950 million State Chartered Mutual Savings Bank established in 1828. We have seven full time branches serving the state of Rhode Island in addition we service our community through our Centreville Savings Bank Charitable Foundation.

The Bank's investment philosophy has always been purchasing strong dividend yielding common stocks in high quality companies. Over the years the Bank has built a significant equity portfolio comprised of "legacy" stocks, some purchased as early as in the 1950s and 60's. Since then management has maintained this purchasing philosophy building a portfolio with a book value of $57.3 million and with a fair value with $110.9 million as of April 30, 2013. With such a large equity portfolio we have concerns regarding the proposed accounting standards update, specifically recording the change in fair value of equity securities through the income statement.

We have been diligent over the years in monitoring our portfolio and realizing gains when we believe a holding has reached its full potential in addition to realizing losses when we believe a holding has lost value and will not regain it. This proposal would essentially remove this decision making process from management. We believe that presenting stocks at their fair value on the balance sheet is sufficient and recording the unrealized gain or loss through the income statement to be burdensome and unnecessary.

In addition to the proposal affecting our philosophy on how we manage our equity portfolio we believe that with the volatile nature of the stock market the recording of the fair value adjustment through the income statement would provide misleading and potentially damaging financial results. See the schedule below for our last six years of net income adjusted for the fair value adjustment on equities through the income statement:

YEAR	Unrealized Gain in Other Comprehensive Income	Change in Unrealized Gain(Loss) through income statement under proposal	Net Income Before Taxes	Net Income under Proposal (before taxes)
2006	96,307,411			
2007	82,694,897	(13,612,514)	11,741,141	(1,871,373)
2008	40,202,403	(42,492,494)	3,062,980	(39,429,514)
2009	42,884,582	2,682,179	7,052,354	9,734,533
2010	44,009,132	1,124,550	6,438,985	7,563,535
2011	36,914,100	(7,095,032)	6,804,184	(290,848)
2012	42,517,995	5,603,895	6,877,522	12,481,417

Examining the results, our net income over the last five years under the new proposal would be more reflective of the performance of our equity portfolio than it would be of our operations. A year such as 2008 would at the very least damage our reputation and at the very worst cause a run on the Bank's deposits.

The Bank is very well capitalized and the impact of such a decrease would be supported by the fact that our capital ratio would still be well above the minimum; however, the impact on the income statement in years when such a dramatic loss would have been realized is not well supported. Additionally, the swing year to year provides for a misleading interpretation of our earnings position.

Over the last six years there have been drastic swings in the equity markets which have had little to do with the business fundamentals of the companies in which we invest. If one of these issues happens to occur prior to a reporting period the effect on earnings could be drastic. The prudent investor does not sell during these times, therefore it does not make sense to realize these swings through earnings.

In conclusion, the Bank believes that recording the change in the unrealized gain or loss on equity securities through the income statement would report misleading and inconsistent results. We strongly recommend you reconsider this change in accounting treatment for equities or consider a less impactful alternative.

Sincerely,

Raymond J Bolster, II
President and Chief Executive Officer

Jillian J. DeShiro
Senior Vice President, CFO/Treasurer