

PO Box 96 / 301 N. Broad Street York, Alabama 36925 205-392-5205 Fax 205-392-3431 716 North Washington Livingston, Alabama 35470 205-652-1391 Fax 205-652-1565

May 22, 2013

Leslie Seidman Chairman Financial Accounting Standards Board P. O. Box 5116 Norwalk, CT 06856-5116

RE: File Reference No. 2012-260: Financial Instruments – Credit Losses

Chairman Seidman:

Bank of York appreciates the opportunity to comment on the Exposure Draft: Financial Instruments – Credit Losses (ED).

Bank of York is an independent community bank in a rural market in west Alabama. Our total assets are \$88,000,000 and we have a loan/deposit ratio of 48%. Our loans are primarily C&I loans and CRE loans. We have one branch and 22 employees. It presently takes one officer three days each quarter to compute our ALLL estimate.

We support the points in the American Bankers Association comment letter and believe the Banking Industry Model will satisfy FASB's objective to recognize credit losses earlier than the current incurred loss model. However, instead of the huge costs that will be incurred to implement a "life of loan" analysis, the Banking Industry Model requires much less time and cost to implement while maintaining the integrity of the provisioning process.

We agree that credit losses should be recorded when they are expected, but the life-of-loan projection required by the Current Expected Credit Loss (CECL) model in the ED requires bankers to make projections farther into the future than we are capable of making with any level of reliability. The only alternative may be to hire third-party modeling companies that have access to large amounts of data and are able to integrate professional economic forecasts effectively into the model. Effectively, however, we think this will require us to accrue for losses that are neither reliable nor necessarily "expected" by us.

In one of the examples in the ED, it is suggested that vintage data be used to estimate the remaining percentage of losses that a vintage should expect. However, over the past ten years, our data indicates that there has been no predictability of when, during the age of the loan, it will become impaired.

Our loan administration systems for loans do not maintain the origination date, as only our latest renewal date is maintained. This would seriously put into question any estimates of the lives of our loans for modeling purposes.

Again, we agree with the comment letter written the American Bankers Association dated May 14, 2013, and we believe the ED needs to be significantly amended for the reasons noted above as well as in this letter.

Thank you for your attention to these matters.

Sincerely,

limmy Collins

Chief Executive Officer