



The Savings Bank

14 June 2013

Leslie Seidman  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Via email to: [director@fasb.org](mailto:director@fasb.org)

File Reference: No. 2013-220 *Recognition and Measurement of Financial Assets and Financial Liabilities*

Dear Chairman Seidman,

The Savings Bank appreciates this opportunity to comment on the Exposure Draft: *Recognition and Measurement of Financial Assets and Financial Liabilities (ED)*.

The Savings Bank is a \$450 million state-chartered bank in mutual form. Our charter dates from May 1869. We are a community bank by any definition. We have eight branches and 130 employees. Our loan to asset ratio is 65.6%; our debt securities to asset ratio is 16.5%; our equity securities to asset ratio is 3.1%.

Our loan portfolio (gross) of \$302.9 million is 52.1% in residential mortgages, 1.8% in consumer loans, 42.2% in commercial real estate mortgages, and 3.9% in C&I loans. Our debt securities portfolio of \$73.9 million (book value) is 6.8% in mortgaged backed securities (all issued by FNMA or FHLMC), 11.9% in U.S. Treasury securities, 43.5% U. S. Agency securities, 37.8% in corporate debt securities (all rated A or higher). We service loans sold to Freddie Mac totaling \$50.2 million.

We spend a total of two to three days to close our books each month.

The Savings Bank supports the points made in the American Bankers Association comment letter and we believe there is no change necessary to the current model to classify and measure loans and debt securities.

Further, we understand the requirement that if a loan or security does not pass the "SPPI" test – its cash flows are not solely payments of principal and interest – we will be required to mark the asset to market, with fair value changes recorded in net income. Our loans to commercial customers often have many different terms over several different products and services. For a bank our size, determining

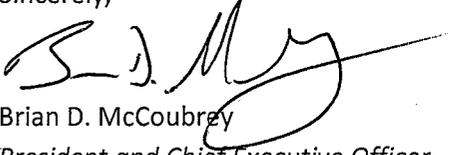
whether there is more than insignificant amounts that are not SPPI will be very difficult and extremely time consuming for us. In fact, we are not certain that our core processing system can support this or how it will be done. Recording such loans at fair value does not appear to be appropriate.

Also, although we do not have a large component of "participation loans" we do attempt to manage credit concentrations in this manner. Under the ED we believe we would include these loans in the Fair Value-OCI "bucket" instead of amortized cost. Selling and participating out credit risk is a common part of the business of banking and the requirement seems to penalize us for doing this without improving the accounting.

Again, The Savings Bank agrees with the comment letter submitted by the American Bankers Association and our comments should be viewed in conjunction with that letter.

Thank you for considering our views. Please feel free to contact me at 781-224-5428 (office direct) or by email to [bmccoubrey@tsbawake24.com](mailto:bmccoubrey@tsbawake24.com) if you would like to discuss our views.

Sincerely,



Brian D. McCoubrey  
*President and Chief Executive Officer*