



December 26, 2017

Mr. Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Accounting for Income Tax Rate Changes in Tax Reform

Dear Chairman Golden:

Pentucket Bank Holdings, MHC, is one of 150 institutions located in the Commonwealth of Massachusetts referenced in a letter to you on December 19, 2017 from the Massachusetts Bankers Association. We are writing to you today to echo the remarks made by Mr. Daniel J. Forte, President and CEO and respectfully request your assistance in addressing the unintended consequences created by the now approved (signed into law by the President earlier today) tax reform legislation's impact on the accounting treatment for tax deferred assets and liabilities originated through accumulated other comprehensive income (AOCI).

Preliminary estimates of the impact on our institution's earnings will be approximately \$500,000 in additional provision for income taxes due to the application of the 21% tax rate to our net deferred tax asset. This negative adjustment represents about 10% of the Bank's earnings for the full year 2017. As with many accounting changes issued by the Financial Accounting Standards Board, we would urge you to act before the end of the 2017 and provide guidance that would allow our industry to recognize DTA and DTL adjustments through retained earnings, rather than through earnings. This treatment would be consistent with that being applied to the unrealized gains/losses on equity securities and unamortized premiums on municipal bonds which have been amortized to maturity, rather than the call date, per GAAP.

If you have any questions or need additional information, please feel free to contact me at 978-556-5426 or via email at dbennett@pentucketbank.com.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "David A. Bennett". The signature is written in a cursive style with a long horizontal stroke at the end.

David A. Bennett
Senior Vice President/Chief Financial Officer

The following people have submitted the same comment letter as the one shown.

DAVID A. BENNETT

GREGORY J. SHAW

SCOTT D. COTE

CHARLES A. WALKER

DIANE L. GALVIN