LETTER OF COMMENT NO. 26A

Subject: FW: OTTI

From: Mike Webb [mailto:mikew@fanb.net]
Sent: *Monday, December 29, 2008 10:51 AM*
To: Director - FASB
Subject: OTTI

December 29, 2008

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

Via email: director@fasb.org

File Reference: Proposed FSP EITF 99-20-a (*Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*)

Dear Technical Director:

Our bank appreciates the recent focus of the Financial Accounting Standards Board (FASB) on the important issue of "other than temporary impairment" (OTTI). It is necessary in applying more common sense to a problem that no one could have envisioned or its unintended consequences of its depth and reach of capital destruction in truly abnormal times. Banks have always had the opportunity to hold instruments to maturity. The market will work over the time of the life of the investment. Please do not force valuations on instruments whereby a bank has sufficient liquidity, intentions and proof of holding these investments until maturity and can withstand hard times due to strong capital positions.

We support the FASB's Proposed FASB FSP EITF 99-20-a, *Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20*, which would amend EITF Issue No. 99-20 *(Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets)*. We urge you to issue the proposal in final form, to be effective for December 31, 2008 financial reporting.

We support the proposal as a first step toward improving the application of OTTI, and we appreciate the FASB's recent decision to examine additional problems relating to OTTI. We agree with the letter from the American Bankers Association to the FASB on the proposal, dated December 28, 2008, which supports the proposal and requests that additional OTTI concerns be addressed for year-end 2008 reporting. OTTI has been controversial for many years, and we believe it would be more meaningful to use a model based on intentions and credit impairment rather than on market values. Because of the significance of the problems with the application of OTTI in the current market environment, we believe

changes to these practices are critical for year-end 2008 financial reporting.

Thank you for your attention to these matters and for considering our views.

Sincerely,

Kelly S. Segars
Chairman/President/Founder

Corporate Office
1251 First American Drive
Iuka, MS 38852
662-423-3656
662-423-9551 Office
662-423-1039 Fax
www.fanb.net

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