THE BANK & TRUST
Member FDIC

June 7, 2010

Technical Director
File Reference No. 1810-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Technical Director:

I am writing in regards to the Exposure Draft issued May 26, 2010 entitled "Accounting for Financial Instruments and Revision to the Accounting for Derivative Instruments and Hedging Activities". We are a 100 year old, non-public community bank (assets less than $500 million) located in Del Rio, Texas and are concerned about the mark-to-market provision in the Exposure Draft. Our shareholders are ranchers, small business owners, doctors, dentists and teachers that have a basic understanding of financial statements. We have a hard enough time explaining the unrealized gain (loss) on our investment portfolio to each of our shareholders. As an example, due to falling interest rates in 2009, we had a $4 million unrealized gain on our investment portfolio. We specifically addressed the components of the increase in capital with our shareholders. We pointed out that the net income piece of the increase was 'real' and the gain on the portfolio was 'not real' and likely to dissipate over 2010. We are concerned that marking loans and deposits to market will further confuse our investors.

On a more personal note, as a CPA, I have always viewed accounting as a great way to keep score of how our business doing. Our current financial statements provide reliable and relevant information about past performance and we translate that information into our plan for the future. I am concerned that if we start using more estimates in the financial statements, our financial statements will no longer be a reliable way of keeping track of where we have been and provide the foundation for how to position ourselves for the years to come. Mark to market adjustments opens up the financial statements to subjective assumptions that can be manipulated by management. A detailed footnote to the financial statements would better serve the users of the statements.

In closing, I believe the theory of mark-to-market accounting does not apply itself to the banking business model. How do you put a market value on a 30-year mortgage or a deposit transaction account? Even the FDIC excludes the unrealized gain (loss) from the Tier I capital ratios since the investment portfolio is considered to be long-term assets of which its primary purpose is to provide cash flow and help banks manage interest rate risk. I hope that the Board reconsiders its position on mark-to-market accounting and how it impacts financial institutions.

Sincerely,

Kristen Boenicke

Kristen Boenicke, CPA

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