ARGENTINE FEDERAL SAVINGS

We Care!

1810-100
Comment Letter No. 546

September 7, 2010

Mr. Russell Golden, Technical Director
Financial Accounting Standards Board
P. O. Box 5116 - 401 Merritt 7 Road
Norwalk, Connecticut 06856-5116

FASB No. 1810-100

Dear Mr. Golden:

I am writing to express deep concern to portions of the above referenced proposal that requires all financial instruments owned by banks to be marked to market. I suggest this disclosure will cloud transparency rather than improve it, and put into question the most critical element of our financial statement, that being capital.

In the proposal, all banks would be required to record loans on the balance sheet at market value. I agree some banks may need to provide more robust loan loss reserves, but I fail to see how your focus on mark to market is relevant for loans that are not being sold. Also given individualized terms, collateral, and guarantee structures, the vast majority of bank loans have no ready and reliable market in which they could be sold, further calling into question using fair value as the basis for financial statements. The result of this proposal is that bank capital will be affected by market swings that will unlikely ever be realized by the bank.

I am concerned as well that the proposal will necessitate a bank's business model changing in order to drive out market decreases and increases associated with volatility. Because these changes do not represent true volatility, I am puzzled regarding the true financial reporting position under the proposal. The proposal is likely to create an unintended result, that being that accounting will drive the banking business model rather than true market, equity, and asset quality/safety. Consumers will lose access to fixed rate loans as banks gradually change balance sheet compositions.

The proposal will also increase the costs and resources needed to produce such financial statements. Because banks do not use fair values in managing their cash flows, I anticipate this could cause us to employ more staff and/or consultants to assist with estimating fair values, as well as paying significantly higher audit fees.

I strongly urge dropping this mark-to-market loan proposal, as consumers will be negatively affected, costs will rise, and it creates a fictional value to going concern financial institutions.

I also believe the process will harm out country's current economic recovery efforts.

Sincerely yours,

Mark Rielley

Mark Rielley
President

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