Peoples Financial Corporation

Post Office Box 529 • Biloxi, MS 39533-0529 • 228-435-5511 September 8, 2010

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

RE: File Reference No. 1810-100 "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"

Dear Mr. Golden:

I appreciate this opportunity to submit comments on the exposure draft "Accounting Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities".

Peoples Financial Corporation (the "Company") is a one bank holding company headquartered in Biloxi, MS, with assets of approximately \$875 million. We are a public company that is registered on the NASDAQ capital market index. While we understand the need to provide investors, shareholders and other parties with relevant financial information about the Company, we have concerns about the requirements of your proposal.

Although your proposal addresses a number of issues, I am most concerned with the requirement for banks to record loans at their market value. We are a community bank that makes commercial loans primarily in its trade area in South Mississippi. We do not sell loans. Even if we wanted to do so, there is not a market for such assets available to us. Our Company has a robust loan review and problem loan process, and we believe that we appropriately value our loans through valuation provisions to our allowance for loan losses. Problem loans are monitored and managed, not sold. Accordingly, we do not believe that marking our loans to market is the appropriate accounting treatment.

We also do not agree that investors are in favor of mark to market accounting. We communicate with a number of analysts and shareholders on a regular basis. In all those discussions, the primary emphasis is on the credit quality of our loan portfolio. The fair value of our loans has never been raised as an issue. Moreover, we do not believe that using fair value accounting for our loans does provide more financial information to the users of our financial statements.

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We respectfully recommend that the proposal to mark loans at their market value be dropped.

Thank you for this opportunity to share our views on this important topic.

Sincerely yours,

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President and CEO