

September 27, 2010

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

Re: File Reference Number 1810-100: "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"

Dear Mr. Golden:

We appreciate the opportunity to provide comments on the Exposure Draft of the Proposed Accounting Standards Update – Accounting for Financial Instruments and Revisions to the Accounting for Derivatives Instruments and Hedging Activities ("ED").

Atlantic Capital Bank opened for business on May 15th, 2007, as the largest, independent new bank in the United States with \$125 million in initial capital. We are based in Atlanta, Georgia and have approximately \$800 million in total assets. The Bank is designed to serve growing middle market companies, real estate developers and individuals.

We support the Financial Accounting Standards Board's ("Board") efforts to improve accounting and the financial reporting of financial instruments for the users of financial statements, however, we disagree with the changes the ED proposes related to fair value and loan impairment.

Fair Value

Financial instruments

We disagree with the ED proposal that all financial instruments, including loans, be reported at fair value on the balance sheet. Our business model is to originate and hold loans until maturity or prepayment. Measuring loans at an estimated fair value does not consider the actual cash flows and a borrower's ability to repay a loan. Additionally, due to the nature of middle market business and commercial real estate, there is not an active market for these types of loans. The fair value of these loans would be based on subjective judgments and estimates, also known as Level 3 inputs, as defined in ASC Topic 820, Fair Value Measurements and Disclosures, which would vary largely across financial institutions. The inconsistency in valuation techniques and assumptions would result in financial statements that are less transparent than under current guidance and in conflict with the basic accounting concepts of reliability and comparability.

Core deposits

We disagree with the ED proposal that deposits should be segregated into core deposits and other deposits and remeasured differently. This remeasurement would require various assumptions, which would vary by institution. An all-in service cost and an entity's ability to obtain alternative funding would vary by entity, therefore causing comparability issues across peer groups and entities. Additionally, remeasurement of deposits is inconsistent with how deposits are viewed operationally or utilized by management. The remeasurement of deposits would require additional resources in order to calculate and maintain accurate data. Taking these factors into account, the changes proposed in the ED for deposits do not provide users with relevant deposit information.

Impairment

The expected loss factor in the proposed credit impairment model allows only the consideration of historical information and current economic conditions. As proposed, loans would be valued at fair value, using a number of unobservable inputs based on assumptions, for example, about future losses, future interest rates, while the reserve for credit losses would be based on a methodology that prohibits the use of most of these inputs. The current model proposed does not contain specifics on a consistent model to be followed or support the disconnect in the suggested measurement between loans and the related allowance for credit losses.

Further, we disagree with the proposal to recognize interest income into earnings as a result of the allowance for credit losses calculation. This proposal will result in difficulty for financial statement users when analyzing yields and management's ability to manage interest rate risk. Additionally, loan accounting systems currently available do not have the capabilities necessary to perform the calculations required to address this proposed fair value accounting.

In conclusion, fair value accounting is not relevant to our commercial banking business and does not provide any meaningful information to investors. Fair value accounting will result in greater volatility to bank earnings and capital levels. Operational costs, associated with compliance with the many complexities of this proposal, will significantly increase. Interest rate risk management will be convoluted by the inclusion of credit impairment into net interest income results, making it more difficult to monitor and increasing the level of risk.

Based on the foregoing, we urge the Board to reconsider its position in this matter by withdrawing this Exposure Draft. We believe adequate guidance currently exists in accounting literature which sufficiently directs classifying, measuring, and reporting financial instruments and loan impairment.

Thank you for your consideration of our concerns.

Sincerely,

Carol Tiarsmith

Chief Financial Officer

Atlantic Capital Bank