



Camden National Corporation

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Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
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Via email: director@fasb.org

Re: File Reference: No. 1810-100, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

As a member of the Board of Directors of Camden National Corporation, we appreciate the opportunity to comment on the Financial Accounting Standards Board's exposure draft ("proposal"): *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*. We are writing to express our concern and opposition to the portion of the proposal that requires all financial instruments to be marked to market. In our opinion, this will make the Company's financial statements more difficult to understand and in addition, it will increase risk on the Company's capital.

This proposal requires banks to record loans on their balance sheets at market values. The majority of community banks like Camden National do not sell their commercial loans and many retain a sizable residential loan portfolio. For the most part, community banks keep these loans to maturity. Investors are interested in how a loan performs, not how the market views loan values. Requiring community banks to develop values for these illiquid assets will be based on assumptions that are subjective. Marking the balance sheet to market does not provide investors with useful information that allows them to obtain a clear, long-term picture of a bank's value.

Adoption of this proposal will subject bank capital to drastic fluctuations based on the fair value of assets even though the underlying economic value of the assets being measured may not have changed. Unfortunately, all financial institutions will likely need even more capital to offset the resulting increased volatility in financial instrument values.

For the reasons stated above, the Board of Directors respectfully requests that the fair value section of the exposure draft be dropped. Thank you for considering our comments.

Sincerely,

Karen W. Stanley, Chair

Gregory A. Dufour

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