

David C. Verble

President

Chief Executive Officer

September 17, 2010

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

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

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities ("proposal"). As a bank investor, the financial position and transparent financial reporting of the bank in which I invest are key in order for me to make investment decisions. As such, I am writing to express my opposition to the portion of the proposal that requires all financial instruments to be marked to market. From my perspective, rather than improve transparency this muddies the waters, and puts into question the most critical element of bank financial statements: capital.

As an investor, my main concern lies in how a loan performs, not in how the market views its performance. I would caution you to remember the lessons learned from the recent financial crisis: markets are sometimes illiquid and sometimes irrational. However, your proposal would require banks to record loans on the balance sheet at their market value. Although I understand the rationale for providing banks with the ability to provide more robust loan loss reserves, I believe the focus on mark to market is not relevant for loans that are not being sold. Moreover, the terms of commercial bank loans are very individualized for which there is no reliable market in which they could be sold, further calling into question the reliability of using fair value as the basis for financial statements. Even if an active market were present, since the vast majority of commercial bank loans are expected to be held until maturity, fair value is not an appropriate measurement for these loans as it does not represent the cash the bank will receive.

I do understand that the value of a loan may change because of current interest rates or problems that the borrower may have. In the case of a problem with repayment, the banks' typical process is to work the problem out with the borrower rather than sell the loan. Hence my statement regarding the inappropriateness of market value since the bank would not sell the loan. As a

result of your proposal, bank capital will be affected by market swings that cannot reasonably be expected to ever be realized by the bank.

Aside from the concerns above, I also question whether marking loans to market would necessitate a change in the business model of the bank. As an investor, my desire to hold equity securities generally declines as volatility increases. Because I do not view the mark to market of loans as "true" volatility, I believe this will create uncertainty about what the "true" volatility of the bank is which will create uncertain investors. As a result, some investors will likely put pressure on banks to reduce overall volatility whether "true" or not, and, in many cases, this may result in shifting toward an investment banking model rather than a traditional banking model, or result in limiting products to those that are sheltered from market volatility. The idea of the accounting driving the business model is counter-intuitive to me and I am concerned that it is an unintended consequence of the proposal.

As an investor I can see the benefit of additional cost for more accurate financial reporting. However, because banks do not use fair values in managing their cash flows, I anticipate that this could require banks to hire more staff and/or consultants to assist with estimating fair values and to pay significantly higher audit fees. In the case of marking loans to market, investors will be paying consultants and auditors significant sums to make estimates with which my fellow shareholders and I will do nothing.

From my perspective as an investor, marking loans to market does not improve financial reporting; therefore, I recommend you to drop your proposal.

Thank you for considering my views. Please feel free to contact me if you would like to discuss my concerns.

Sincerely,

David C. Verble

Shareholder

CNB Bancshares, Inc. Sevierville, Tennessee

David C. Veille