

From: czillinger@agbank.com
To: [Director - FASB](#)
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Wednesday, September 22, 2010 2:55:21 AM

Connie Zillinger
First National Bank and Trust, PO Box 627
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September 21, 2010

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

Dear Mr. Golden:

Our small community bank has \$150 million in assets and 3 branches within 30 miles of our main office in rural north central Kansas. We oppose the proposed accounting treatment for core deposits which calls for them to be regularly remeasured using a present value calculation. This would not provide accurate information and the calculations would be expensive and time consuming, particularly for smaller banks like ours that have limited staff resources to conduct the analysis.

The accounting that would result from this proposal would greatly misrepresent the financial condition of our bank and other community banks. Fair value measurements will not provide a better understanding of the values of illiquid agricultural loans held by small banks in rural areas such as this bank. we also have some small business loans for which there is no active market; it would be very difficult and costly to mark them to market.

These accounting changes will result in data of questionable reliability and increase the volatility of bank balance sheets, forcing them to face higher capital requirements or decrease lending at a time when regulators are calling for more capital and our economy needs more, not less, credit availability.

Again, we thank your for the opportunity to comment on this proposal.

Sincerely,

Connie Zillinger, Vice President, Compliance and Loan Review
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