

September 17, 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:

As a bank investor, transparent and easy to understand financial reporting is key in order for me to make investment decisions. With this in mind, I am writing to express my concerns and opposition to the portion of the proposal that requires all financial instruments to be marked to market. From my perspective as an investor in banks, this will lessen transparency rather than improve it, and put bank capital at risk.

In the proposal, banks must record loans on the balance sheet at their market value. From what I have been told by bank management and reading some of the analyst reports regarding financial results, market values of loans are never discussed. I as an investor am interested in how loans perform, not the market value. The focus on mark to market is not relevant for loans that are not being sold. With the structure of most loans with payment terms, collateral, and guarantees, the majority of bank loans have no reliable market in which they could be sold, so how could there be a reliable fair value basis established for the financial statements. Fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive in my opinion.

I understand that a loan's value may change because of current interest rates or because of problems the borrower may have. However, if there is a problem in repayment, the banks' typical process is to work the problem out with the borrower (not to sell the loan) and record potential loss exposure through a bank's allowance for loan loss. So, even if there was a reliable way to develop a market value, the market value is irrelevant, since the bank would not sell the loan. As a result of the FASB's proposal, bank capital will be affected by market swings that cannot reasonably be expected to ever be realized by the bank.

Another serious concern I have is whether the proposal to mark loans to market will result in a need for banks to change their business model due to volatile swings in their financial position. As an investor, my desire to hold equity securities generally declines as volatility increases. I suspect some investors will likely put pressure on banks to reduce their volatility, and, in many cases, this may result in shifting toward an investment model rather than a traditional banking model resulting in limiting loans to those not subject to volatility. This seems to be an illogical and unintended result, bad for bank customers and a situation where the accounting should not be driving the business model.

In addition to the above concerns, the cost and resources that will be needed to produce and audit such data. We have learned from the recent financial crisis that markets are sometimes not liquid and irrational. Because banks do not use fair values in managing their day-to-day cash flows, I anticipate that this could require banks to hire more staff and/or outsourcing to assist with estimated fair values and to pay significantly higher audit fees. In the end, investors will be paying consultants and auditors significant sums to make estimates that my fellow shareholders and I will not use.

I read a survey that Barclays Capital did whereby 90% of institutional investors disagreed with this proposal. With this in mind, I strongly recommend and request that you drop your proposal to mark all financial instruments to market, as, from my perspective as an investor, it does not improve financial reporting and I believe makes it more complex and harder to understand.

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

Sincerely,

A handwritten signature in cursive script that reads "Dereece Howell".

Dereece Howell
Investor of First Financial Bankshares, Inc
1997 CR 256
Stephenville, TX 76401
254/968-2911