

September 21, 2010

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

Re: File Reference #1810-100

Dear Mr. Golden:

On behalf of more than 300 member banks and thrifts doing business throughout Georgia, I write today to comment on the FASB exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities." Our diverse membership includes banks of all sizes..

I. Comments on Fair Value

Our membership has seen first hand the damaging impact current fair value rules have had on their balance sheets and the pro-cyclical effect of the rules. To add further fuel to the fire by including all financial instruments, including loans, to be reported at fair value will not only prolong the effects of the current economic downturn, but does not make sense in the long term either. Most loans are held to maturity with no intent or market for their sale and should be accounted for at amortized costs reflecting the banking business model. Valuing these instruments and loans at a single point in time artificially exaggerates valuation declines in a poor market and inflates values in strong markets. Further, the costs associated with this proposal would be significant and of little benefit to users of the information. It is hard to imagine what other proposal could possibly be as damaging to our industry.

II. Comments on Loan Impairment

We support the Board's efforts to revise the methodology to estimate loan loss provisions, but remain cautious about the implementation of such a change. Such an impairment model should recognize that significant judgment is required in the estimation process and that there is generally a higher confidence level in loss-projection models that estimate incurred losses over a period ranging from 12 to 24 months. Also, the process of interest-income recognition should be separated from the process of credit impairment and symmetry should be maintained in the way increases and decreases of loss estimates are recorded.

III. Comments on Hedge Accounting

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Simplifying the process of hedge accounting by changing the current requirement from "highly effective" to "reasonably effective" is a positive step and will encourage more use of hedge accounting, but the new term should be better defined in our view. However, the "shortcut" and the "critical terms match" methods should be maintained, not eliminated as called for in the draft, to help reduce the cost of compliance with the hedge accounting rules.

The GBA greatly appreciates the opportunity to comment on these very important issues.

Sincerely,

Joe Brannen
President & CEO