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To: [Director - FASB](#)
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Mr. Russell Golden, Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116
File Reference No. 1790-100

I am the Treasurer and Chief Financial Officer of Citizens & Northern Corporation, a community banking organization with 26 branches located in northern Pennsylvania and southern New York State.

Although I agree with the notion that more consistency in the format for disclosing information related to accumulated other comprehensive income (AOCI) and changes in AOCI would be helpful, I am opposed to the requirement that "other comprehensive income" (OCI) be included on the same statement as the income statement.

By presenting the more traditional net income amount as a mere sub-total, the proposed statement format implies that "total comprehensive income" is the best measurement of annual performance. I believe that to be a false premise. In my experience, investors are focused on the earnings performance - historical and prospective - of banks and other businesses, based on the entity's business model. For banks and most businesses, temporary changes in fair values of financial instruments (the single largest component of "other comprehensive income") are not an important factor in the business model.

There is a clear, direct linkage between this Exposure Draft (ED) and the ED regarding financial instruments. Both EDs are designed to increase the prominence of fair value as the primary measurement attribute in accounting for financial instruments. By expanding fair value to include loans, deposits and other financial instruments, the differences between net income and "total comprehensive income" would be magnified, thus making the focus on the proposed "new bottom line" called for by the proposed single statement format even more consequential. Further, the "new bottom line" would be more volatile and potentially damaging to banks and other businesses. In my opinion, both EDs are ill-advised.

Mark A. Hughes, CPA

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