



September 22, 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* (the “proposal”). For the last 25 years I have been directly engaged in the preparation of bank financial statements – initially in public accounting and later in industry where I currently serve as controller for a regional bank in the Southeast. Throughout my career, it has always been my objective to provide meaningful financial information to investors to help them make informed investment decisions. With this in mind, I am writing to express my deep concern and opposition to the portion of the proposal that requires all financial instruments to be marked to market. I believe this will cloud transparency rather than improve it, particularly as it relates to specific asset classes such as loans that are non-homogeneous and originated for the express purpose of holding to maturity.

Banks ordinarily manage their long-term loan portfolios to achieve a spread over their cost of funds. In most cases the loans are originated by the bank for the purpose of earning interest through maturity and not for the purpose of selling the loan to an investor. Since the loans are intended to be held through to maturity, fair value has much less relevance to financial statement users than the amortized cost basis upon which interest income and cash flows are derived. Under fair value accounting, the basis of measurement will not be consistent with the intended purpose of those assets. As a result, investors and other financial statement users are likely to misinterpret the results and therefore have improper expectations of management action. This could result in unwarranted damage by clouding transparency.

The valuation process for non-homogeneous, inactively traded assets and liabilities is complex and highly subjective and based on a number of assumptions that are not always supported by objectively verifiable data. These valuations are generally considered Level 3 in the fair value hierarchy which is considered to be the least reliable. Level 3 valuations may be useful for disclosure purposes but are not an acceptable replacement for historical cost financial statements. Many investors and financial statement users may not understand the subjective nature of the valuation process and may place undue reliance on financial statements that are prepared on a fair value basis that relies heavily upon Level 3 valuations. Conversely,

more informed investors may choose to completely avoid companies with financial statements that are heavily dependent upon Level 3 valuations, considering the information much less reliable than the historical cost basis financial statements they have been accustomed to.

In emphasis of the points above, companies, and in particular banks, have invested heavily in internal accounting and performance measurement systems. I am not aware of any that incorporate fair value measurements into their performance measurement criteria. If fair value financial information were relevant and useful for evaluating and measuring business performance, management teams and boards of directors would be using it for internal performance measurement purposes.

If management teams and boards of directors have concluded that fair value financial information is not appropriate or worth its high cost for measuring performance, why should investors draw a different conclusion? It may be that those investors who believe that fair value financial information will translate into more meaningful financial statements do not fully appreciate the subjectivity involved in the valuation process or its inherent inconsistency with a company's internal performance measurement objectives. Additionally, fair value information appears to be of limited use to sophisticated investors. In the many years our company has been hosting earnings conference calls, I cannot recall one time that we were asked a question regarding the value of our loan portfolio.

Although I agree that fair value financial information, when presented in the correct context with adequate disclosure of key assumptions, can be useful to investors, I believe that information should remain in the footnotes and should not be the basis of information presented in the balance sheet and income statement.

With this in mind, I strongly recommend you to drop the proposal to mark loans to market as I believe it does not improve financial reporting and obscures transparency.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Kumler', written in a cursive style.

Alan Kumler  
Senior Vice President, Controller and  
Chief Accounting Officer  
United Community Banks, Inc.

cc Jimmy Tallent, President and Chief Executive Officer, United Community Banks, Inc.  
Rex S. Schuette, Executive Vice President and Chief Financial Officer, United Community Banks, Inc.