

James W. Meredith, CPA Chief Financial Officer

September 27, 2010

Russell Golden Technical Director Financial Accounting Standards Board 401 Merritt 7, PO 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:

On behalf of First National Bank Texas, I appreciate the opportunity to provide comments to the Financial Accounting Standards Board on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities." First National Bank Texas is a federally chartered bank providing full service banking products and services throughout the State of Texas with headquarters located in Killeen, Texas, and currently operating 217 branches supported by 2,460 banking professionals.

I am strongly opposed to the portion of the proposal that requires all financial instruments to be marked to market and request that the proposal be withdrawn. I believe that adoption of the proposal would result in increased unnecessary volatility in bank earnings and capital. The current footnote disclosures in our financial statements are sufficient to provide investors with information regarding fair value.

Financial instruments such as loans are traditionally managed by banks for long-term investment and the collection of contractual cash flows. As such, they should continue to be measured at amortized cost. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case. If there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan.

In addition, I recently read that the Big Four accounting firms also oppose this proposal along with the International Accounting Standards Board, federal banking regulators and institutional investors. For the reasons stated above, I respectfully request that the fair value section of the exposure draft be dropped.

Thank you for considering my comments.

Sincerely,

James W. Meredith