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September 21, 2010

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

Re: No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

Thanks for the opportunity to comment on the exposure draft "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" (proposal). As a bank investor, the financial position and transparent financial reporting of the bank in which I swn stock are key in order for me to material vestment decisions. As such, I am writing to express my opposition to the portion of the proposal that requires all financial instruments to be marked to market. From a bank investor's perspective, this will cloud transparency rather than improve it.

In your proposal, banks must record loans on the balance sheet at their market value. In all my meetings with bank management regarding the financial results, investors never discuss a loan's market value. The reason for this is, as investors, we are interested in how the loans perform, not how the market performs. Although I understand the rationale for providing banks with the ability to provide more robust loan loss reserves, I believe the focus on mark to market is not relevant for loans that are not being sold.

I do understand that the value of a loan may change because of current interest rates or problems that the borrower may have. In the case of a problem with repayment, the banks typical process is to work the problem our with the borrower rather than sail the loan, sence my statement regarding the inappropriateness of market value assetthe bank world not sell the loan. As a result of your process, bank capital will ne

Apples
Cider
Dried Apples
Apple Butter
Blueberries
Pumpkins
Country Ham
Smoked Bacon
Indian Corn
Gourds
Squash

Honey Cheese Peanuts Pecans

Popcorn

Molasses

Walnuts
Wild Bird Seed

Grapes
Gift Packs
Fruit Baskets
Apple Pies
Apple Dumplings
Donuts
Candied Apples
Caramel Apples

Fudge Homemade Ice Cream Handmade Crafts Country Charm Friends

& Fresh Air affected by market swings that cannot reasonably be expected to ever be realized by the bank.

Aside from the concerns above, I also question whether marking loans to market would necessitate a change in the business model of the bank. As an investor, my desire to hold equity securities generally declines as volatility increases. Because I do not view the mark to market of loans as "true" volatility, I believe this will create uncertainty about what the "true" volatility of the bank is which will create uncertain investors. As a result, some investors will likely put pressure on banks to reduce overall volatility whether "true" or not, and, in many cases, this may result in shifting toward an investment banking model rather than a traditional banking model, or result in limiting products to those that are sheltered from market volatility. The idea of the accounting driving the business model is counter-intuitive to me and I am concerned that it is an unintended consequence of the proposal.

As an investor I can see the benefit of additional cost for more accurate financial reporting. However, because banks do not use fair values in managing their cash flows, I anticipate that this could require banks to hire more staff and/or consultants to assist with estimating fair values and to pay significantly higher audit fees. In the case of marking loans to market, investors will be paying consultants and auditors significant sums to make estimates with which my fellow shareholders and I will do nothing.

I strongly urge you to drop your proposal to mark loans to market, as, from my perspective as an investor, it does not improve financial reporting.

Thank you for considering my views.

Sincerely,

Georgia Kilpatrick

Shareholder

CNB Bancshares, Inc. Sevierville, Tennessee

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