

Anthony Sisto  
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September 27, 2010

Russell Golden  
Financial Accounting Standards Board

Dear Mr. Golden:

Thank you for the opportunity to comment on FASB's Exposure Draft:  
Accounting for Financial Instruments and Revisions to the Accounting for  
Derivative Instruments and Hedging Activities.

I am writing to urge FASB to not go forward with the proposal.

The accounting that would result from this proposal would greatly misrepresent  
the financial condition of our bank and other community banks.

The primary business of community banks is to hold financial instruments to  
collect contractual cash flows, not to trade them on a regular basis.

Community banks fund their operations by taking deposits and holding loans for  
the long term. Most financial instruments this bank holds are not readily  
marketable.

We oppose the proposed accounting treatment for core deposits which calls for  
them to be regularly remeasured using a present value calculation.  
This would not provide accurate information and the calculations would be  
expensive and time consuming, particularly for smaller banks like ours that have  
limited staff resources to conduct the analysis.

We oppose requiring institutions to record demand deposits at fair value.

We also oppose requiring fair value calculations for loans that are held for the  
long-term to collect cash flows.

Fair value measurements will not provide a better understanding of the values of  
illiquid agricultural loans held by small banks in rural areas such as this bank.

The expanded reporting of comprehensive income is unnecessary, confusing and of  
little use to most financial statement users.

Conservative community bankers (and bank regulators) see the need for more  
flexibility in setting the allowance for loan and lease losses. We are all well  
aware that economic cycles occur and it is very difficult to absorbing losses and  
raising capital during times of economic difficulties, such as the current  
environment.

Accounting standards and guidance should not be pro-cyclical. Recent market conditions have demonstrated the pro-cyclical nature of mark-to-market accounting as declining values of financial instruments necessitated write-downs and sales, causing further write-downs and sales.

Again, we thank you for the opportunity to comment on this proposal.

Sincerely,

Anthony Sisto  
630-377-1555

Community Bankers Association of Illinois