

From: joe.evans@statebt.com
To: [Director - FASB](#)
Subject: Comments on No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" Exposure Draft
Date: Monday, September 27, 2010 9:28:39 AM

Joseph Evans
415 East Paces Ferry Road, NE
Atlanta, GA 30305-3305

September 27, 2010

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

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.

As a portfolio lender, community banks are and historically have been in the business of making loans that are not readily marketable. As such, our primary metric has been the ultimate collectibility of the loan and our ability to manage an appropriate spread between the loan and our funding sources until the loan pays off.

Determining market prices for illiquid loans would be at best theoretical and potentially subject to economic forces unrelated to the yield and credit quality of the asset.

This uncertainty of future market valuation would have a chilling effect on a community bank's willingness to make longer term loans, even if it comfortable with the credit and interest rate risk involved.

We absolutely do not need an additional deterrant for making loans to creditworthy borrowers.

Further, taking mark-to-market as far as the exposure draft proposes would radically disrupt the frames of reference with which bankers and bank investors evaluate banks. As a result, I believe that it would create sufficient uncertainty as to the effect on reported results that bank investors would pull back until the effects could be quantified and new frames of reference developed.

Yes, it would be costly and cumbersome to administer, but more significantly, it would confuse rather than enlighten the primary users of bank financial information.

Sincerely yours,

Joseph W. Evans
Chairman and CEO
State Bank and Trust Company
State Bank Financial Corporation
Atlanta, Georgia

Sincerely,

Joseph Evans
404-760-7703