From: Bruce Wilgers
To: Director - FASB

Subject: File Reference No. 1810-100

Date: Friday, September 03, 2010 5:30:43 PM

Members of the Board:

On behalf of Fidelity Bank, I am providing a short comment on Proposed Accounting Standards Update, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities, issued May 26 for public comment by September 30, 2010.

While I believe that FASB's intentions are good in evaluating how best to value the loans (and other financial instruments) on a bank's books, the result of proposal adoption would be to recognize in net income certain changes in the fair value of most assets and liabilities on bank's balance sheets and result in unprecedented volatility in earnings and equity. Many believe (rightfully so) that the credit and liquidity crisis of 2008-2009 was partially attributed to new mark-to-market rules on banks' investment portfolios. Imposing similar rules on loan portfolios will dwarf any previous credit and liquidity crisis and could likely place the U.S. banking system and our economy at even more significant risk.

The Board's desire "to reflect a business strategy approach to what is recognized in net income" will not be achieved as banks strive to significantly alter their current business strategies to mitigate the reporting issues brought by this proposal. As a result, business lending will reflect tighter credit availability, higher rates and more scrutiny with the unintended consequence that the currently struggling economy will become further challenged. Loan maturities will be significantly shortened to hedge against future economic downtowns of the type that this proposal will foster.

At a time when banks are experiencing mammoth increases in federal regulatory scrutiny, federal reporting requirements and a destruction of the profit motive, the costs to administer this proposal will be significant as well. Interest rates will be driven higher in order to cover the cost of more staff required to monitor and determine the purely hypothetical fair values, higher external audit costs will accrue and likely higher fee assessments will come from banking regulators.

Proposal adoption will diminish rather than improve the transparency and utility of financial statements. Most banks like us hold loans to maturity. A typical business line of credit is not easily sold in an open market. No readily open market will result in distressed valuations even though the loan is most likely ultimately paid in full. Forcing us to record the loans at the value they would bring if sold creates less accurate financial statements based on a hypothetical scenario. The result is the opposite of the Board's goal to gain a more accurate picture of a bank's financial condition.

The direction of this proposal and that of other similar pronouncements by the Board is not fair value accounting but rather it is liquidation accounting. We can not run our bank if focused on its liquidation. Rather we must assume accounting's basic premise of "going concern". Liquidation accounting does not value a viable franchise but rather assumes that it must be destroyed and sold piece by piece. This is not the way we choose to view our business nor should it be by a potential investor. We choose to focus on our expected future earnings with the knowledge that spread relationships between earning assets and funding liabilities are in place to generate income over their respective terms.

We believe that adequate guidance currently exists in accounting literature which sufficiently directs classifying, measuring and reporting financial instruments and accordingly we strongly oppose the adoption of the referenced proposal.

Thank you for this opportunity to comment.

Bruce Wilgers, EVP/CFO Fidelity Bank 100 E. English-Wichita,Ks. 67202 316-268-7264 fax. 316-268-7424 bwilgers@fidelitybank.com