

September 22, 2010

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

File Reference: No. 1810-100 Accounting for Financial Instruments and Revisions to

the Accounting for Derivative Instruments and Hedging Activities

Dear Members of the Financial Accounting Standards Board:

I am writing today to express my bank's concern with and opposition to FASB's proposed changes to the way our bank accounts for financial instruments; namely, the expansion of fair value accounting to all financial instruments. We have consistently opposed a fair value accounting model for the bank's core banking activities. The impact to our industry would have been extremely negative in 2007/2008 if this model you are proposing had been in effect.

The changes proposed in No. 1810-100 expand current mark-to-market accounting by requiring our bank to record all financial assets and liabilities at fair value on its balance sheets. However, these changes fail to take into consideration the fact that our bank holds financial instruments like loans for long-term investment purposes – not for trading purposes. We keep the bank's loans on the bank's balance sheets and hold them for the life of the loans. Forcing our bank to begin accounting for long-term investments at fair value would result in significant and fluctuating changes to our bank's capital because most often these assets have no active markets. It would also put a tremendous amount of pressure on the bank's lending practice, leading to decreased lending at exactly the time the country needs to have lenders willing to make loans to small businesses – which are the "engine" of our economy.

Furthermore, our bank would have to incur significant costs in order to provide these fair value estimates at what appears to be of no benefit to the customer, the shareholder or the bank. Additionally, we are very concerned that few people will understand the balance sheet changes resulting from the proposed fair value accounting. Rather, we fear customers and shareholders will see significant drops in our bank's capital – both because of the move from amortized accounting for long-term investments and because of the higher costs associated with providing these fair value estimates – and mistakenly believe the bank's capital reporting is unreliable.

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Thank you in advance for your time and careful consideration of the above. It is our request that FASB would withdraw this proposal.

Respectfully,

Bob J. Danley

Executive Vice President and CFO