Valley Bank®

September 15, 2010

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

File Reference No. 1810-100

To Whom It May Concern:

Thank you for the opportunity to comment on the exposure draft "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities." I currently am an employee of and serve as a consulting advisor to Valley Bank, Moline, Illinois. Valley Bank is a $600 million asset community bank that serves the Quad Cities MSA (Davenport, Iowa – Moline/Rock Island, Illinois) and the Des Moines, Iowa MSA. Previously, I spent my entire career with a large accounting and consulting firm functioning as a business and marketing strategy consultant to community banks throughout the country.

I am writing on behalf of Valley Bank to share my sincere concerns and opposition to this proposal and specifically to the proposed requirement that all bank financial instruments, including loans be marked to market. As a highly experienced strategy consultant to the banking industry and now as a bank employee, I sincerely believe mark-to-market or "fair value" accounting will significantly change the community banking industry as we know it today.

My major concerns are listed below:

1. "Fair value" accounting runs the risk of forcing community banks like Valley Bank to change their business model. This is not an insignificant matter but a critical strategic business issue which will force our bank to most likely make changes to our commercial lending products offering. This would not be in the best interests of the communities we serve or our many small and medium size business clients as well as our individual deposit customers.

2. Bank capital is the cornerstone to the long term safety and soundness of the banking industry. With "fair value" accounting, the reliability and comparability of bank capital will be significantly diluted. This will heighten the already difficult challenge of attracting shareholders and capital to the community banking industry.

3. The business concept of the market value of loans in the community bank environment is foreign. In my entire career, the market value of loans has never been

discussed – only the economic value of loans based on how loans perform is relevant to the industry. First, there is no reliable market for the vast majority of commercial loans and secondly, commercials loans are not made with the intent to sell but rather to generate cash flow and ultimately income.

4. It is simply inconceivable that the majority of our bank customers will ever clearly understand "fair value" accounting. Worse yet, we know our media industry absolutely will not. Yet the media in an effort to sell their products and services will be quick to report "fair value" losses. In a major economic downturn let alone a deep recession as we are now experiencing in this country, the results will only serve to further challenge the public's perception of the safety and soundness of our industry. Certainly, the timing could not be worse.

As an employee of Valley Bank and long time consultant to community banks, I strongly recommend you abandon your proposal to mark loans to market. I fail to see any benefits associated with "fair value" accounting to our bank or the larger community banking industry which performs an essential role in the economic growth of small and medium size business, and provides critical financial services to consumer depositors.

Thank you for the opportunity to provide my input and views on this most important issue.

Sincerely,

Randall H Siemsen

Randall H. Siemsen
Consulting Advisor
Valley Bank, Moline, Illinois