

# FIRST FINANCIAL BANKSHARES

April 1, 2009

**J. Bruce Hildebrand**  
Executive Vice President  
and Chief Financial Officer

Financial Accounting Standards Board  
301 Merritt 7  
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LETTER OF COMMENT NO.

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**RE: Comments on Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b: *Recognition and Presentation of Other-Than-Temporary Impairments***

Dear Sir/Madam:

We appreciate the opportunity to comment on the Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b: *Recognition and Presentation of Other-Than-Temporary Impairments* ("Proposed FSP"). We appreciate the FASB's efforts and attitude toward improving guidance relating to other than temporary impairment ("OTTI"). First Financial Bankshares, Inc. is a 10-bank financial holding company based in Abilene, Texas with approximately \$3.2 billion in total assets.

Overall, we strongly support the Proposed FSP. Specifically, we believe that the threshold to recognize credit losses through earnings when management does not have the intent or the requirement to sell the security is more operational, practical, understandable and provides a truer economic picture.

Although we support the Proposed FSP, we strongly encourage the FASB to take this opportunity to make additional changes/clarifications to the OTTI guidance, which is currently problematic, overly subjective and an obstacle to effectively managing our investment portfolio. We make the following additional comments:

- Further guidance is needed on "intent to sell" an impaired security (and "more likely than not that a bank will not sell the debt securing prior to recovery"). We believe more guidance is needed to avoid confusion, both for us and our auditors, that has arisen in current practice over the past several years, related to "tainting of the portfolio".
- The Proposed FSP should provide clarification of the meaning of "credit losses". While an SFAS 114 measurement methodology is used as an example in the Proposed FSP, in order to avoid confusion, an expanded definition would be useful.

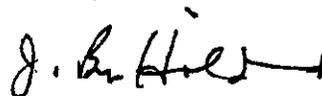
- Recording non-credit market losses as OTTI on held-to-maturity securities contradicts the contention that such investments are held to maturity and will not be subject to any market-related loss. This will confuse the reader of the financial statements and adds unnecessarily complicated operational challenges to the preparers.
- Recoveries of OTTI should be reversed. OTTI should not be permanent if, in fact, the impairment is not permanent. Recoveries of OTTI should be immediately reversed through earnings in order to more accurately reflect performance of the borrower of the underlying assets and to provide consistency with other impairment accounting.

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While accounting should never get in the way of making a good economic decision, the current OTTI rules have greatly inhibited our management of the investment portfolio due to our fear of “tainting” our portfolio. The changes discussed above will focus on the right things – credit and lack of intent to sale – which make sense.

We appreciate your willingness to address OTTI guidance and for considering our views.

Sincerely,



J. Bruce Hildebrand  
Executive Vice President  
and Chief Executive Officer

JBH/vls