FIRST BETHANY BANK & TRUST

P.O. Box 218 • Bethany OK 73008-0218 • www.firstbethany.com

JANE HASKIN
President and CEO
405-789-1110

August 27, 2010

Mr. Russell Golden
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 Mr. Golden:

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* ("proposal"). I am president of a $160 million bank in Bethany, Oklahoma, a certified public accountant, a board member of the Oklahoma Society of CPA's, and Vice Chair of the Oklahoma Bankers Association. The current proposal to mark all financial instruments to market value disturbs me greatly, particularly in the loan portfolio.

I have been involved in banking for the past 32 years and have been responsible for determining the loan loss reserves for two of the banks where I have been employed. This determination is subjective, but the exercise provides a reserve that is calculated quarterly and deducted from the loan totals to provide a reasonable reserve for losses in the portfolio. Generally speaking, the loan loss reserve provides funds for potential losses to loans that have been identified with repayment deficiencies and an amount allocated to the performing portion of the portfolio based upon historical loss experience. By using this method of providing for a loan loss reserve, the emphasis is placed on performance of the loans in the portfolio from a current and historical perspective. I believe this truly is marking the impaired loan down to the fair market value and any increases in the loan loss reserve are charged to income for the period.

What concerns me about the current "mark-to-market" proposal is the emphasis for valuation moves away from the loan performance to a valuation based upon current market conditions. The loans in our loan portfolio are neither held to be sold nor are they considered a liquid asset. This makes them difficult to value.

My next concern is defining the quarterly "current market conditions" and then determining a fair, reasonably accurate market value for each of our bank's 763 loans based upon that subjective definition. With the upcoming regulatory requirements anticipated from the Frank Dodd legislation, this seems to force an unnecessary burden on bank management. I believe assigning value at the loan's amortized balance provides a more stable and unbiased valuation to the performing loans and further provides shareholders the information they require to determine the bank's financial strength.

It is always a balancing act for banks to provide enough reserves to cover the losses in a loan portfolio but not over-fund reserves so much as to receive regulatory criticism. I believe the marking of loans, which are not going to be sold, to market value causes additional confusion with the bank investor of the true capital strength of the bank and the value of the loan portfolio.

I have the utmost respect for the Financial Accounting Standards Board and understand consideration of different calculation methods. However, it is my opinion that "mark-to-market" is confusing due to the subjective market evaluations and therefore does not improve financial reporting for banks.

I respectfully request that you drop this particular proposal to mark loans to market and will appreciate any opportunities for further discussion.

Respectfully,

Jane Haskin
President & CEO
First Bethany Bank
Bethany, OK 73008