



September 22, 2010

Technical Director  
File Reference No. 1810-100  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Financial Accounting Standards Board:

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"). First Interstate Bank is a regional bank with \$7.2 billion in assets, headquartered in Billings, Montana. I am writing to express my concern about the proposal of fair value accounting for financial assets and liabilities included in the exposure draft.

We hold most of our loans to maturity unless they are categorized as held for sale, in which case they are booked at fair value. We typically work with borrowers who have problems paying so recording loans at amortized cost with an estimated allowance for loan losses better represents our expected cash flows from loans versus fair value. This same issue applies to all long-term assets and liabilities. Measuring long-term assets and liabilities at short-term exit values (fair value) is misleading.

Additionally, our loans have unique risk profiles that are not readily marketable, thus making it difficult if not impossible to determine the realistic fair or mark-to-market values required by the proposal. There are a lot of subjective components involved in trying to fair value instruments. Requiring fair value would create misleading volatility to the balance sheet. If these balance sheet remeasurements were to be used for regulatory reporting, the bank's capital ratios would reflect this volatility that and would be perceived by the average investor as increased risk. This would in turn lead to an increased cost of capital.

In addition, the cost of implementing these changes would include continuous higher audit fees, increased staff levels and consultant fees.

I believe that the implementation of this exposure draft would lead to diminished comparability and reliability of bank financial statements that will negatively impact the banking industry. I recommend that you drop this proposal.

Thank you for considering my views.

Sincerely,

A handwritten signature in cursive script that reads 'Wendy M. Roney'.

Wendy M. Roney  
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