

Letter of Comment No: 242  
File Reference: EITF03-1A

November 15, 2004

Mr. Lawrence Smith  
Director and Chairman of the Emerging Issues Task Force  
401 Merritt 7  
Norwalk, Connecticut 06856

Re: Proposed FASB Staff Position, EITF Issue 03-1-a, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments

Dear Mr. Smith,

Arvest Bank appreciates the opportunity to comment on the proposed Staff Position, issued on September 15, 2004 by the Financial Accounting Standards Board (FSP 03-1-a). Arvest Bank is a multi-state bank located in Fayetteville, Arkansas. Our asset size is approximately \$7 billion and our investment portfolio totals approximately \$950 million.

At issue is whether securities, classified as available-for-sale with a market value below cost or book value, must be permanently written down through earnings. Furthermore, there is an issue of whether the sales of these securities would result in the tainting of other securities in the available-for-sale portfolio and require the subsequent write-downs of the entire portfolio.

We have concerns with the proposed EITF and its impact on our ability to effectively manage our investment portfolio, asset/liability mix and liquidity. Our investment portfolio manager, who is active in the securities markets on an ongoing basis, believes the ultimate effect of this rule would result in a much shorter-term investment portfolio than is currently necessary resulting in more liquidity and potentially less income. In addition, the rule could hinder the ability to manage our overall interest rate risk because of concerns that we would be required to record losses related to debt securities that would be due solely to interest rate changes.

In short, we are not in favor of a rule that would permanently write-down available-for-sale securities for changes in market values due solely to changes in interest rates. We believe the focus should be placed on the ability to hold the security to maturity. Just because a security is classified as available-for-sale does not mean the investor cannot possess the financial ability to hold the security until maturity.

We thank you for considering our views on this issue.

Sincerely,

J. Robert Kelly  
Executive Vice President/Finance