



December 29, 2008

LETTER OF COMMENT NO. 153

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

By email to director@fasb.org

File Reference: Proposed FSP EITF 99-20-a (Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20)

Dear Sirs.

Arvest Bank is a privately-held Arkansas-chartered commercial bank and a member of the Federal Reserve Bank of St. Louis, our primary federal banking regulator. Arvest operates over 215 banking locations in Arkansas, Kansas, Missouri and Oklahoma with about \$10 billion in consolidated banking assets. We are especially concerned about the OTTI accounting rules in light of our bond portfolio.

We have read the comment letter from the American Bankers Association dated December 28, 2008 and support the recommendations expressed therein. Furthermore, we make the following comments:

- 1. Our bond portfolio is categorized as "available for sale" and has an average life to maturity of about two years. While we have not experienced defaults in the portfolio which includes MBS, CMOs and municipal securities along with U.S. Government agency bonds, some of the issues are very thinly traded. Some issues have an unrealized loss which, in our estimation, is entirely due to market illiquidity. Having to record impairment on performing assets is simply not understandable, even to sophisticated investors. Impairment (i.e., write-down without ability to write-up with market recovery) is a very harsh treatment when credit quality and collectibility of principal and interest is not seemingly in danger;
- Our external auditors, an international firm of prominence, spends considerable
 time in assessing OTTI on what is a high quality and performing bond portfolio.
 Much of this discussion involves the impact of illiquid markets on high quality
 bonds; and

P.O. Box 799, Lowell, AR 72745 – 479-750-1400 www.arvest.com 3. We are troubled by the continuing move to market value accounting, especially with respect to current recognition in income rather than OCI. Market values, except for highly liquid assets, are problematic valuations as evidenced by the FAS 157 use of three tiers and all the application issues that entails. While theoretical arguments in favor of market value accounting seem to win the day, our investors rely less and less on GAAP basis financial statements for senior management performance measurement, employee bonuses and stock return calculations. An OTTI impairment charge resulting from market illiquidity clouds the financial results even more undermining the reliability of GAAP financial statements further.

Please feel free to contact me should you wish to discuss our comments further. Thank you for giving consideration to our comments.

Sincerely,

J. Robert Kelly EVP/Finance

cc: Ms. Donna Fisher, ABA