



## Bank of the West

September 22, 2010

Mr. Russell G. 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*. I am writing to express our Bank's concern with and opposition to the portion of the proposal that requires all financial instruments to be marked to market. We do not believe that this proposal will provide users of the Bank's financial statements with useful information.

Bank of the West originates loans with the intention of holding our loans until maturity and these loans are funded primarily with deposits. We believe that mark to market accounting should not apply to financial instruments that are not being sold. Determining the fair value of loans and deposits will require significant judgement given there is no active markets for the loans. We believe this proposal will make financial statements less transparent to the users due to the implementation of more estimates into the process. The unobservable inputs that will be used by Banks will result in distorted financial results when comparing bank performance amongst other banks. In addition, this proposal would result in significant and fluctuating changes to our Bank's capital. This would in turn put a tremendous amount of pressure on the Bank's lending practice by decreasing lending.

In addition, we believe that this proposal would result in a significant increase in costs in order to add staff, consultants and systems to accommodate the new accounting. It will also increase the costs related the audit of the financial statements prepared under this proposal.

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### **BANKING CENTER LOCATIONS**

**Montwood/Zaragoza**  
12101 Montwood Drive  
El Paso, Texas 79936  
Fax (915) 855-9809

**Alto Mesa**  
6700 North Mesa Street  
El Paso, Texas 79912  
Fax (915) 585-9583

**Lee Trevino**  
8340 Gateway East Boulevard  
El Paso, Texas 79907  
Fax (915) 594-7275

**Viscount/Golden Key**  
8865 Viscount Boulevard  
El Paso, Texas 79925  
Fax (915) 592-9121

**Hondo Pass**  
4721 Hondo Pass Drive  
El Paso, Texas 79904  
Fax (915) 757-0066

**Montwood/Yarbrough**  
10400 Montwood Drive  
El Paso, Texas 79935  
Fax (915) 594-7623

We do not see the cost/benefit of this proposal. We believe carrying financial instruments at amortized cost with appropriate financial statement disclosures will bring the most benefit for our management, customers, shareholders, and regulators.

Thank you for your time and careful consideration in the above matter. **It is our request that FASB withdraw this proposal.**

Sincerely,

A handwritten signature in cursive script that reads "Lisa J. Saenz".

Lisa J. Saenz, CPA  
Senior Vice President and Controller  
Bank of the West