GEORGE C. STANFIELD
Division Executive

BANK OF THE WEST

September 22, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference #1810-100

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Account for Derivative Instruments and Hedging Activities."

As Executive Vice President of Bank of the West, I'm located in Albuquerque, New Mexico with $2 billion in total assets; however, Bank of the West is a $60 billion multi-state financial institution. I am writing to express my opinions on specific provisions of the exposure draft regarding Fair Value Accounting.

Comments on Fair Value

I am strongly opposed to the portion of the proposal that requires all financial instruments, including loans, to be reported at fair value on the balance sheet.

We do not sell our commercial loans unless we sell a participation to minimize our risk exposure. Our loans are originated in the communities we serve and held on our balance sheet throughout the life of the loan. To base our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case. The loan is part of a relationship, in most cases, and the intent is not to sell loans. Even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with the customer (multiple loans, investment and trust services, etc.), there is no financial incentive to sell, and, if there are issues with a borrower's ability to repay a loan, we work through the collection process with the borrower rather than sell the loan.

Marking all loans to market would cause our bank's capital to sway with fluctuations in the markets – even if the entire loan portfolio is performing - instead of providing better information about our bank's health.

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The costs and resources that we will need to comply with this new requirement would be significant. Our investors have expressed no interest in receiving this information. We believe our investors wouldn't view these costs, which must come out of bank earnings, as being either reasonable or worthwhile.

For the reasons stated above, our bank respectfully requests that the fair value section of the exposure draft be dropped.

Comments on Loan Impairment

I support the board's efforts to revise the methodology to estimate loan loss provisions; however, I have serious concerns about how such changes can be implemented by banks like mine.

I recommend that any final model be tested by a group of banks in order to ensure that the model is solid and workable.

It's very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules.

I don't support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis.

Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

Thank you for considering my comments.

Regards,

George C. Stanfield
Executive Vice President

GCS/sgm