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March 2, 2009



LETTER OF COMMENT NO. 21

Via email: director@fasb.org
Technical Director
Financial Accounting Standards Board
301 Merritt 7; P.O. Box 5116
Norwalk, CT 06856-5116

Re: <u>Proposed FSP FAS 107-b and APB 28-a (Interim Disclosure about Fair Value of Financial Instruments)</u>

Dear Technical Director:

I write on behalf of the California Bankers Association ("CBA") and its members. CBA is a California non-profit corporation established in 1891 and represents most of the FDIC-insured depository financial institutions in California. CBA appreciates the opportunity to provide comments on proposed FSP FAS 107-b and APB 28-a related to interim disclosure of fair value of financial instruments. CBA has provided comments to FASB on the issue of fair value accounting and noted the challenges it brings to banks. In essence, what we said was in a market environment that provides limited or distorted price signals for troubled assets, fair value accounting may produce unreliable reporting and potentially harm banks.

While CBA appreciates that FASB is taking comments on the underlying concerns, we are surprised and displeased that FASB now proposes to *expand* the reporting requirements of such assets before these concerns are fully addressed. We do not support the current proposals. To the extent that fair value accounting of certain assets is, at minimum, difficult to arrive at during these times, imposing additional, enhanced fair value reporting would only exacerbate the potential public mis-characterization of these assets.

Moreover, the proposal will require banks to expend more resources to prepare additional reports, and we are doubtful that these costs would be outweighed by benefits to investors. Such reporting entails establishing systems, producing documentation, and performing internal and external reviews, all of which are time-consuming and costly. At any rate, there should be some effort taken to assess what, if any, benefit would inure to users of interim financial reports that would justify the additional costs to produce new disclosures.

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CBA urges FASB not to adopt the proposal. These are extraordinarily difficult times for all businesses, including banks. We do not believe that the proposal is warranted at this time because (i) the underlying problems with fair value accounting with respect to certain assets for which there is a limited or no market remain unresolved; (ii) the value of new disclosures has not been demonstrated; and (iii) the significant costs to produce them have not been shown to justify those costs. CBA and its members appreciate this opportunity to submit these comments. If you have any questions, please do not hesitate to contact me.

Sincerely,

Leland Chan

SVP/General Counsel