



September 29, 2010

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

File Reference Number 1810-100

Dear Mr. Golden:

Thank you for the opportunity to comment on FASB's Exposure Draft: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities. I am the Chief Financial Officer of Enterprise Bank, a \$200 million asset community financial institution located in Western Pennsylvania. Enterprise Bank is consistently the largest dollar volume SBA lender in Western Pennsylvania and specializes in providing credit and financial services to start-up and distressed small businesses in Pittsburgh, Pennsylvania and surrounding area.

I am writing today to urge that FASB not go forward with the accounting changes proposed in the Board's Exposure Draft. In my opinion the change in financial reporting that would result if this proposal went forward would greatly misrepresent the operations of not only our Bank but the industry as a whole. Banks such as ours are built on long term relationships, the foundation of which is taking deposits and holding loans for the long term. Fair value accounting treatment is not consistent with this philosophy and the validity of fair value calculations on these types of financial instruments would be questionable.

Our business model at Enterprise Bank is unique. It works because of our strict underwriting policies and our ability to fall back on these policies when working out problem credits. In my opinion, the proposed accounting changes would minimize the ability of the financial statement user to see and understand this uniqueness. Our financial results would have dependence on the results of our peer banks as the value of our loan portfolio is adjusted to a price that would exist in a hypothetical marketplace. The majority of this peer group has little in common with Enterprise Bank both in terms of geography and business model.

The financial instruments that we hold are not readily marketable and not intended for quick resale. Additionally, small business loans are typically structured to meet the specific needs of a particular borrower and are not uniform. This adds to the difficulty of calculating an accurate fair value for these instruments. The lack of a ready market and lack of uniformity across the loan portfolio makes the periodic calculation of fair value on these loans very resource intensive both in terms of systems and staff resources. In my opinion the results of this calculation would be of questionable reliability and usefulness and thus not warrant the cost of these additional resources.

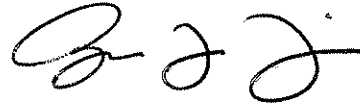
The Exposure Draft requires that market value adjustments be run through comprehensive income. Comprehensive income would not be reflected in earnings per share, but total comprehensive income would be presented at the bottom of the income statement and provided in the earnings release. In my opinion this would facilitate confusion among the users of the financial statements, making it more difficult to determine true net income from operations and compare that result to other institutions. All users of financial statements are not CPA's and not all have the sophistication to sort out these subtle differences when trying to make an investment decision.

Another concern with the proposed Exposure Draft accounting method changes is with the revised credit impairment model. It seems that proposed changes would add to the confusion of the financial statement reader rather than make the results more transparent. The change from a probable loss to an expected loss model with the asset yield being net of expected losses would distort the interest income calculation and reduce comparability among institutions when looking at margin calculations. The logic of this model is also questionable as it implies that a loss is expected on day one that the credit is granted. If a loss is expected on day one, why would the bank close the loan. In addition to issues with comparability and logic, this method also would significantly increase operational costs as different interest calculations would have to be tracked for actual accrued interest and financial statement income.

Lastly, it is amazing to me that lessons learned in the recent financial crisis would be so quickly forgotten. The crisis was an excellent case study on the dangers and pro-cyclical nature of mark-to-market accounting. Fair value accounting allows the poor judgment of a few in the marketplace to be quickly spread to all. Losses incurred in a few poorly run businesses affect overall market prices. This leads to forced write-downs and sales which causes further deterioration of market values. Organizations having nothing to do with the problem become part of the problem.

In summary I strongly oppose the accounting changes contained in the Exposure Draft. Accounting standards should provide transparency and comparability so that the uniqueness of businesses across an industry can be recognized. Fair Value Accounting promotes uniformity across the industry, clouding the ability of financial statement users to identify the differences among individual organizations.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. J. Ryniawec', with a stylized flourish at the end.

Bradley J. Ryniawec
Chief Financial Officer
Enterprise Bank