August 24, 2009

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. 1700-100: Exposure Draft of a Proposed Statement of Accounting Standards - Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

Sterling Bancshares, Inc. (“Sterling”) appreciates the opportunity to comment on the Financial Accounting Standards Board’s (“FASB”) Exposure Draft of a Proposed Statement of Financial Accounting Standards – Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses, dated June 24, 2009 (the “ED”). Sterling is a Houston-based bank holding company which operates 61 banking centers in the greater metropolitan areas of Houston, San Antonio, Dallas and Fort Worth, Texas. As of June 30, 2009, Sterling had total assets of $4.9 billion, total loans of $3.5 billion and total deposits of $4.0 billion.

Sterling supports clarity and transparency in the reporting of the allowance for credit losses and the credit quality of financing receivables. Sterling’s primary concern with the ED is the year end 2009 effective date, as well as the extensive systems and controls we will need to put in place in order to obtain and ensure the accuracy of this level of information.

Effective Date of the Exposure Draft

Sterling is concerned that the effective date of this ED is too soon. Sterling does not currently have systems in place that easily permit the calculation of some of the required information. In order for the Company to present this information in its audited financial statements, Sterling will need to implement significant and costly systems and procedural changes. Additionally, with an effective date of December 31, 2009, Sterling will also need adequate time to re-document and test its internal controls as required by Sarbanes Oxley.

Sterling is concerned about providing loan receivable and allowance for credit loss rollforward information by portfolio and furthermore by impaired and non-impaired loans.
Gross cash receipts and gross cash disbursements on loans are not generally tracked in the requested format, as loan receivable activities are presented on a net basis in the Company’s statement of cash flows in accordance with generally accepted accounting principals. Tracking these changes would be time consuming and costly and may not provide additional valuable information on the credit quality of the portfolio.

Relevancy of Financial Information

Sterling is also concerned that the level of information required in this ED is overly complicated and lengthy to the financial statement user. The number and level of prescriptive tables and qualitative information may cause the user to be unable to determine what information is relevant to Sterling. Additionally, much of the information is already required pursuant to a financial institutions regulatory reporting. Regulatory reports are made available to the financial statement user. This regulatory reporting may have a different format which may ultimately confuse the user. Sterling believes that these publicly available regulatory reports provide adequate information to the financial statement user and do not need to be duplicated in the Company’s financial statements at another level of detail.

Sterling does not believe that disclosing fair value information on a loan portfolio basis as required by the ED is useful to the reader. Fair value information is already disclosed as required by previous FASB Statements (SFAS 107, SFAS 157, and SFAS 159). Loan receivables are valued based on inputs that are subjective and not based on current market quotes. Consequently, there may be a substantial amount of diversity in how these valuations are determined for different financial institutions. To provide this information on a loan portfolio basis would be overly burdensome to the Company and provide little additional information to the user that is not already disclosed in the estimated fair value footnote disclosures.

Thank you for your attention to these matters and for considering our position. Please feel free to contact me at 713-507-1297 if you would like to discuss further.

Sincerely,

Zach L. Wasson
Executive Vice President and Chief Financial Officer