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# SUNTRUST

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Financial Accounting Standards Board  
401 Merritt 7  
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Norwalk, CT 06856-5116

Via e-mail: [director@fasb.org](mailto:director@fasb.org)

**File Reference No. 1200-400**

**Proposed Statement – Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3**

Ladies and Gentlemen,

SunTrust Banks, Inc. (SunTrust) appreciates the opportunity to comment on the Financial Accounting Standards Board's (FASB) Proposed Statement relating to accounting changes and error corrections. SunTrust Banks, Inc., headquartered in Atlanta, Georgia, is one of the nation's largest commercial banking organizations. The Company operates through an extensive distribution network primarily in Florida, Georgia, Maryland, Tennessee, Virginia and the District of Columbia and also serves customers in selected markets nationally. SunTrust's primary businesses include deposit, credit, trust and investment services. Through various subsidiaries the Company provides credit cards, mortgage banking, insurance, brokerage, and capital markets services.

We understand that the purpose of this proposal is to improve reporting standards for accounting changes by converging this Proposed Statement with the International Accounting Standard Board's proposed changes to International Accounting Standard No. 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. We commend the FASB for its efforts to achieve consistency with international accounting standards; however, we are concerned about how the guidance in the Proposed Statement will affect the accuracy and comparability of financial statements.

Paragraph 7 of the Proposed Statement states, "A change in accounting principle shall be reported by retrospective application unless it is impracticable to determine either the cumulative effect or the period-specific effects of the change." We believe restatements of previously issued financial statements should be restricted to the correction of previously reported accounting errors. Restatements of previously correct financial statements could confuse the reader and are not necessary given that the overall financial impact of recently adopted accounting pronouncements are disclosed and discussed in the notes to the financial statements. We believe that the financial statement disclosures required by Generally Accepted

Accounting Principles (GAAP) provide users with sufficient information. Additionally, we believe the costs associated with restating financial statements far outweigh the benefits. Determining the impact on each individual financial statement line item in a restatement places an undue burden on preparers without an increased benefit to the financial statement user.

There is no assurance that systems and processes can always capture all of the information necessary to accurately restate all previously reported periods for all accounting changes resulting from the application of new standards. Paragraphs 8 and 9 of the Proposed Statement tries to address this by providing reporting guidance for entities that find it impracticable to determine either the cumulative effect or the period-specific effects of the change. However, whether or not an entity has the ability to restate its financial statements for a newly adopted accounting principle will be dependent upon each entity's technological and operational infrastructure. The provisions of this Proposed Statement may reduce financial statement comparability across an industry due to the varying degree of sophistication in entities' accounting systems and operational processes. The following example illustrates this point:

Company A has a highly developed system and can retrospectively apply an accounting change to all periods presented. However, it is impracticable for Company B to determine the period-specific effects of the same accounting change for one or more periods, and Company B presents the same number of periods as Company A. Finally it is impracticable for Company C to determine the cumulative effect of applying this change in accounting principle to all periods presented, as Company C has a substandard accounting system.

Company A restates all prior periods to reflect the change. Company B applies the change to reported carrying amounts of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable, and a corresponding adjustment is made to the opening balance of retained earnings for that year. Company C applies the new accounting principle as if the change was made prospectively. Given this situation, it would be difficult for an industry analyst or sophisticated investor to determine the relative earnings impact to each of the three entities.

Our suggestion to the Board is to require entities to disclose the retrospective impact of newly adopted accounting principles on net income and earnings per share on a proforma basis in the notes to the financial statements without altering the face of the financial statements. In our opinion, restating accurate financial information to reflect a change in accounting principle does not add value to the financial statements or to financial statement users.

Sincerely,

Jorge Arrieta  
*Senior Vice President, Controller & Chief Accounting Officer*