August 24, 2009

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

Via email: director@fasb.org

File Reference: No. 1700-100 Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

Dear Mr. Golden:

SunTrust Banks, Inc. ("SunTrust" or "the Company") appreciates the opportunity to comment on the Proposed Statement of Financial Accounting Standards Exposure Draft: Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses ("ED").

SunTrust, headquartered in Atlanta, Georgia, is one of the nation’s largest banking organizations with assets of approximately $177 billion and deposits of approximately $119 billion as of June 30, 2009. SunTrust offers a full line of financial services for consumers and businesses through an extensive distribution network, located primarily in the Southeast and Mid-Atlantic states and also serves customers in selected markets nationally.

We understand that the proposed Statement’s purpose is to enhance disclosures about the allowance for credit losses ("ALLL") and the credit quality of an entity’s financing receivables in order to improve the transparency of financial reporting. The Board has noted in the ED’s Basis for Conclusions that most of the proposed disclosures are either already required by U.S. bank and securities regulators or are currently being provided on a voluntary basis as considered necessary by issuers. We appreciate and support the Board’s desire to enhance the consistency, comparability, and transparency of the credit quality disclosures. While we generally believe that certain of the proposed disclosures achieve the Board’s objective, we have the following concerns and suggestions regarding the proposed Statement that we address more fully in this letter: 1) the usefulness and cost/benefit of rollforward of financing receivables and ALLL, 2) determination of loan classifications, 3) comparability
between financial institutions, 4) fair value disclosures, and 5) implementation timing. Our
detailed comments as they relate to specific questions raised in the ED are detailed below.

**Rollforward of Financing Receivables and ALLL**

*Issue 3: This proposed Statement would require a rollforward schedule of the total
allowance for credit losses in both interim and annual reporting periods by portfolio
segment and in the aggregate. In addition, it will also would require a rollforward schedule
of financing receivables in both interim and annual reporting periods by portfolio segment
and in the aggregate. Do you believe those disclosures will assist financial statement users
in better understanding the financial information for the total allowance for credit losses as
well as the associated financing receivable? If not, why not?*

We believe that stakeholders should receive information that is decision-useful. In this
regard, more detail is not always decision-useful. Excessive detail and additional
disaggregation will not result in meaningful and relevant disclosures. Certain proposed
disclosures contained in the ED, specifically, the rollforward of financing receivables and the
rollforward of the ALLL by portfolio segment are currently not used by management when
monitoring and analyzing credit quality or determining the allowance for credit losses. We,
therefore, question the benefit of this rollforward information to users mainly on the basis of
its lack of utility. Since the rollforward information is currently not utilized by management
due to its lack of relevance, our information systems do not track this information.
Significant additional software development and systems modifications will be required to
meet the proposed requirements. Accordingly, our concerns regarding the usefulness of the
information are further compounded by the relative costs to provide information that appears
to provide very little benefit to the users of the financial statements. In addition, changes in
the composition of the total loan portfolio and total ALLL are already provided, and further
disaggregated rollforward information is not meaningful. We believe other disclosures in the
proposed ED accomplish the Board’s objective of conveying information about the credit
quality of the receivables portfolio.

While we oppose the rollforward of the ALLL by portfolio segment, we do see some
usefulness in disclosing the ending balance of the ALLL by portfolio segment. However,
differentiation in the ALLL balance between ASC 450 (formerly FAS 5) versus ASC 310
(formerly FAS 114) measurement approach is not useful information as these approaches
differ more based on loan type versus credit quality indicators.

**Determination of Loan Classifications**

Our current disclosures of loans by type are based on Federal Reserve class types that enable
us to meet the prescriptive requirements associated with the quarterly Call Report, as
opposed to how we aggregate loans for the purposes of estimating the allowance for credit
losses. We have historically used the Call Report classifications to report information about
receivables and the related ALLL for our periodic SEC filings due to the benefits of
consistency across our public filings. The SEC’s Industry Guide 3, *Statistical Disclosure by
Bank Holding Companies, allows flexibility in how types of loans are presented in our periodic filings and only requires us to align the allowance for loan losses to the specific loan types we present. We do not necessarily develop our allowance for credit losses or manage credit risk based on the Federal Reserve class types currently disclosed. For example, the ALLL is developed for our wholesale portfolios based on the line of business, which may include various loan types. The loan and ALLL information currently disclosed in MD&A would not match the loan and credit quality information disclosed in the footnotes if such information was based on the ALLL development methodology. We believe that this will cause confusion and unnecessary reconciliation analysis for the users of our financial statements.

We believe that although the current loans by type disclosures are not consistent with how we develop the allowance for credit losses, our current loans by type disclosures allow users to more than adequately understand the composition of our loan portfolio as well as indicators related to the credit quality of the loan portfolio. Since we are required to comply with regulatory and U.S. GAAP financial reporting, we are concerned about the confusion of duplicative and inconsistent disclosures. We agree that some of the additional disclosures proposed in the ED related to credit quality indicators may be useful to the users, but we believe that flexibility in how the information is aggregated will not mar this usefulness. In fact, several financial institutions currently align their disclosures in SEC filings with the current Call Report requirements and this alignment has promoted comparability and sufficient detail, which could be extended to the proposed disclosures.

We also note that the level of loan classification in the proposed guidance could possibly result in two large portfolio segments or even one portfolio segment if a single ALLL methodology is consistently applied to all loan products. Therefore, it is possible that in some cases, entities may have greater aggregation under the ED, specifically with respect to their portfolio segments than perhaps the disclosures being provided to today. Accordingly, we request that the Board consider the relevance and usefulness of using the ALLL methodology as a means for categorizing the receivables portfolio for disclosure purposes.

Comparability between Financial Institutions

We also believe that these expanded disclosures will have a limited impact in enhancing comparability, especially in cases where significant acquisitions impact loan balances and the related allowance for credit losses. The loan loss allowance for such newly acquired loans is included in the fair value measurement of the acquired loan and will result in lack of comparability of ALLL disclosures either to other institutions or prior periods without significant acquisitions. Similarly, for loans accounted for under ASC 310 (formerly AICPA Statement of Position 03-3), credit quality and loan performance is difficult to measure based on the proposed disclosures. Such loans now comprise a greater proportion of the portfolios of financial institutions and have different risk characteristics. Including acquired loans with originated loans skews the performance measures and credit quality disclosures. Application of the proposed disclosures to acquired portfolios perpetuates the existing problem with ASC 805 (formerly FAS 141R) and ASC 310 accounting.
Another concern is whether the credit quality indicators referenced in paragraph 7 and described more fully in paragraph 13 of the ED will be comparable across financial institutions. In fact, paragraph 7 indicates the need for management judgment in determining the credit quality indicators which implies that differentiation by financial institution is an expectation. We recognize that, especially given the recent credit crisis, users desire more information regarding the credit quality of the loan portfolio. Internal risk rating systems differ significantly across institutions as well as by wholesale versus consumer loan types; therefore, credit quality information based on such metrics will limit the comparability and useful of the disclosures.

**Fair Value Disclosures**

**Issue 6:** The proposed Statement would require the fair value of loans at the end of the reporting period by portfolio segment. Do you believe those disclosures will assist the financial statement users in better understanding the credit quality for the associated financing receivables? If not, why not?

The assets that are the subject of these proposed disclosures are receivables held for investment as opposed to receivables which are held for sale. Entities are required to demonstrate an intent and ability to hold such assets for the foreseeable future before classifying them as such. The primary economic risk in holding such assets is credit risk, which aligns with the objective of the ED; however, we do not believe that fair value is an appropriate indicator of credit quality as multiple factors other than credit quality influence fair value. As noted by two members of the Financial Accounting Standards Board, Messrs. Linsmeier and Siegel, in stating the reasons for their dissent to FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments, liquidity risk is inextricably intertwined with credit risk and further that credit loss could not be isolated from other losses. As noted by these Board members in their dissent, fair value of receivables often contains liquidity discounts and an interest rate component, which may not reflect incurred losses, causing this to be an irrelevant measure of credit quality. It is our opinion that if the disclosures pertaining to credit quality indicators were provided on a consistent basis by financial institutions, users would be able to develop their own independent assessment of fair value. Furthermore, the Company currently discloses the fair value of its financial instruments, including loans, on a quarterly and annual basis in accordance with FAS 107. We question the relevance of fair value disclosures at a greater level of disaggregation when the objective of the ED is to provide information about credit quality; therefore, we recommend removing this disclosure from the ED.

**Timing of Implementation**

**Issue 8:** The final statement is expected to be issued in the third quarter of 2009. The Board concluded that this proposed Statement would be effective for financial statements beginning with the first interim or annual reporting period ending after December 15, 2009. Do you agree with the Board’s decision on the effective date? If not, what would be a reasonable
period of time to implement the provisions of this proposed statement? If you disagree, please provide a description of the process changes necessary to implement the proposed Statement that would require additional time.

As mentioned earlier, the Company’s loan application systems are designed to track activity by loan type in accordance with the Federal Reserve class codes. These loan types are not consistent with the ED’s definition of portfolio segment and class of financing receivable. Remapping the data within our loan application systems to track information on a multi-dimensional basis to comply with the disclosure categories prescribed in the ED and other regulatory reporting requirements will be time consuming and expensive. The current effective date will also require that we go back to previous quarters in the current year based on the proposed effective date to accumulate this data.

We do not agree with the Board’s decision on the effective date for the following reasons, especially if new and/or additional classes of receivables and rollforward information is required:

a) Insufficient time required to make the system modifications

b) We are concerned about developing an alternative means of collecting the data in such a short time frame and within an effective SOX control environment, particularly since certain system modifications will need to be made and considerable analysis will need to be conducted to meet the reporting requirements.

c) Ongoing implementation of two recently issued standards that have a large impact on the banking industry specifically, FAS 167, *Amendments to FIN 46(R)* and FAS 166, *Amendment to FAS 140* as of January 1, 2010. FAS 167 will result in consolidation of certain entities and an increase in receivables subject to the scope of the ED. This will require further systems changes to classify and map the incremental receivables that are currently not tracked in our loan application systems from a credit quality standpoint in time for our 1st quarter 2010 reporting.

d) Most of the information required is already available in either our MD&A or regulatory filings, albeit at a different level of aggregation. For example, the Company files a Call Report on a quarterly basis with the Federal Reserve, which provides loan and allowance activity on a disaggregated basis and is available publicly at https://cdr.ffiec.gov/public/ManageFacsimiles.aspx. We therefore, question the urgency and the incremental benefit in light of the costs.

e) Convergence with IFRS and Basel II reporting should also be considered. Financial institutions have spent tremendous time and money over the last several years preparing for the extensive reporting requirements under Pillar III of Basel II. Careful consideration of these as well as potential IFRS disclosure requirements should occur to develop a comprehensive set of disclosure requirements. The issuance of this ED under the proposed effective date appears “knee-jerk” and reactive to the financial crisis versus comprehensive and strategic.
Additional Suggested Clarifications and/or Changes

Paragraph 11(d) and Appendix A- Tabular Example: *Analysis of the Financing Receivable Activity*

ASC 310 states that it is applicable to all loans, except large groups of smaller-balance homogeneous loans that are collectively evaluated for impairment, loans that are measured at fair value or at the lower of cost or fair value, leases, and debt securities. We believe that clarification is needed in Paragraph 11(d) of the ED around what the FASB intends the preparer to include in the rollforward of the individually evaluated impaired balances versus the collectively evaluated impaired balances. For example, if the Company has a large-balance performing loan (that does not meet any of the ASC 310 scope exceptions) and the loan is measured for impairment under ASC 450, then is the intention of this ED that we (a) include that loan in the rollforward of individually evaluated impaired loans because no ASC 310 scope exceptions are met and then reflect it as a transfer to the collectively evaluated category since that is how impairment is measured or (b) include the loan only in the rollforward of collectively evaluated category because it was not measured individually for impairment under ASC 310. Please provide clarification on whether the rollforward of activity for financing receivables should only be related to the loans that were measured for impairment under ASC 310 and ASC 450, respectively, or whether the rollforward of activity for financing receivables should reflect activity of all the loans within the scope of ASC 310, regardless of whether the loan was measured for impairment under ASC 310.

Appendix A- Tabular Example: *Analysis of the Financing Receivable Activity*

In the event the requirements of paragraph 11(d) are included in the final Statement, we recommend that the Board reconsider the labeling of the loan categories in the tabular example titled, ‘Analysis of the Financing Receivable Activity’. These loans categories are currently described as ‘Individually evaluated impaired balance’ and ‘Collectively evaluated impaired balance’. This label may suggest that the entire balance noted in the rollforward is impaired. We recommend that these labels be replaced with ‘Receivables evaluated individually for impairment’ and ‘Receivables evaluated collectively for impairment’, respectively.

We also recommend that the example ‘Analysis of the Financing Receivable Activity’ includes “Charge-offs” as a component of the rollforward of financing receivables collectively evaluated for impairment.

Please clarify the proposed presentation of paragraph 11(d) for revolving lines of credit. Appendix A to the ED provides an example rollforward of financing receivable activity, on a gross basis. Currently, we provide activity for financing receivables collectively, on a net basis, in the Statement of Cash Flows. We believe that tracking gross cash flow activity of our revolving lines of credit would be meaningless to a financial statement user.

Appendix A- Tabular Example: *Age Analysis of Past Due Financing Receivables*
Paragraph 13(d) and 13(e) require disclosures around past due financing receivables. We suggest that the FASB modify the tabular disclosure example ‘Age Analysis of Past Due Financing Receivables’, provided in Appendix A, so that the categories are comparable to those commonly utilized by financial institutions and required by banking regulators: Past due 30 through 59 days, Past due 60 through 89 days, and Past due 90 days or more.

Conclusion

In conclusion, SEC and other regulatory guidance currently requires that public bank holding companies provide disaggregated information relating to the credit quality of financing receivables and the related allowance for loan losses, which we believe is sufficient granularity for analyzing credit quality. Financial systems have been developed to track and report data to comply with these disclosures, which would not be consistent with the ED’s definition of a portfolio segment and/or class of financing receivable. Please consider revising the proposed disclosures to allow bank holding companies flexibility in aligning the proposed disclosures with those currently required by Guide 3 and/or the Call Report. Further, we also recommend deleting the fair value and rollforward disclosure requirements as they are not responsive to the ED’s objective. Finally, we strongly urge FASB to reconsider the proposed effective date as the current proposal does not provide adequate time to implement SOX compliant processes to develop the proposed disclosures.

Again, we appreciate the opportunity to comment on this proposal. Thank you for considering our views. If you would like to discuss the letter in more detail, please contact Muneera Carr, Senior Vice President, Accounting Consultation at (404) 813-0079 or Tom Panther, Senior Vice President, Chief Accounting Officer and Controller at (404) 588-8585.

Sincerely,

[Signature]

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