September 25, 2012

Ms. Susan Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

Via email: director@fasb.org

File Reference No. 2012-200: Financial Instruments (Topic 825), Disclosures about Liquidity Risk and Interest Rate Risk

Dear Ms. Cosper:

SunTrust Banks, Inc. ("SunTrust", the "Company", or "We") appreciates the opportunity to comment on the Exposure Draft (ED) addressed in Accounting Standards Update ("ASU") 201-200, Disclosures about Liquidity Risk and Interest Rate Risk. Generally, we believe that the provisions of the ASU are operational; however, we believe certain matters should be addressed to clarify how the Financial Accounting Standards Board ("Board") intends for the standard to be applied. Notwithstanding that, we believe the cost of some of the disclosures outweighs their usefulness, and in the case of the liquidity gap maturity table, we believe the disclosure may be misleading and inappropriately detrimental to SunTrust and other financial institutions that have significant banking operations in that it could misrepresent an organization's liquidity position, both positively and negatively. We have included comments on each of the proposed disclosures that would be required by financial institutions and have attached our answers to each of the questions posed in the ED in Appendix A as both a preparer and extensive user of general purpose financial statements.

SunTrust believes that as the Board redeliberates this ED and on future projects, it is crucial to understand more precisely the benefits that users of financial statements derive from proposed disclosures and financial statement requirements. In other words, we believe users of financial statements find a vast array of information potentially useful; however, unless it is an important part of their investment and credit decisions, it should not be required for general purpose financial statements. Additionally, SunTrust believes that the information required in these disclosures would be demanded by investors if it were important to their analysis and requests for such information have not been experienced other than what is being developed by our prudential regulators as further discussed below. Thus, we question how important some of the information in this ASU is to other users.

Liquidity Gap Maturity Table

Summary

We do not believe this table provides decision useful information to investors for the following reasons: (1) we and most financial institutions do not manage liquidity in the manner in which the table is presented or by using static, point in time information; rather, we use dynamic forecasting; (2) this table does not reflect the ability or intent to sell assets to raise funds especially as it relates to our available for sale portfolio or our ability to pledge assets to obtain funds to meet our funding requirements; (3) it does not provide holistic information about expected cash flows; therefore, it is not useful for making investing or credit decisions other than to potentially address the
question of whether a financial institution is a going concern, which is addressed by existing accounting standards; (4) relative comparisons across peers may not be comparable since the disclosures do not provide a complete reflection of an institution’s liquidity; and (5) for banks and other financial institutions, liquidity is largely based upon a forward looking analysis; accordingly, the disclosures, as currently defined, could mislead investors regarding an entity’s liquidity position. SunTrust would be pleased to expand upon these matters with the Board or its staff.

Basel III

SunTrust believes these types of disclosures should be in the realm of our prudential regulators rather than the Board. In June 2012, the U.S. federal banking agencies published for comment a Notice of Proposed Rulemaking (the “NPR”) for implementing the Capital Accord, or Basel III. The Basel III Liquidity Coverage Ratio (“LCR”) attempts to ensure banks maintain sufficient high-quality liquid assets to survive a significant adverse economic scenario lasting for one month. We expect U.S. banking agencies will require disclosure of our LCR as it represents a comparable relevant metric of liquidity. While there are manageable operational constraints in preparing the proposed liquidity risk disclosures, we believe users of financial statements are better informed using a comparable metric of liquidity (e.g., LCR) as contrasted with a prescribed static approach which does not account for the dynamic nature in which we manage our liquidity risk.

Expected Maturity

If this table is included in the final standard, SunTrust believes further clarity is necessary for how customer prepayment and renewal patterns should be presented and/or discussed.

Indirect Costs of Implementation

While the direct costs of implementing the this disclosure are manageable in comparison to other financial reporting requirements recently proposed by the Board and requirements expected to be finalized in upcoming years, the indirect cost of having to reconcile this disclosure with how we actually manage liquidity risk along with the disclosure that our prudential regulators are expected to develop may cause significant intangible costs if users of our financial statements become confused over the appropriate measure of liquidity.

Bank Holding Company and Bank Level Disclosures

We believe liquidity risk often differs between the Parent, Bank, and non-bank subsidiaries. We assess liquidity needs that may occur in both the normal course of business and times of unusual events, considering both on and off-balance sheet arrangements and commitments that may impact liquidity in certain business environments. We primarily monitor and manage liquidity risk at the Parent Company and Bank levels as the non-bank subsidiaries are relatively small and these subsidiaries ultimately rely upon the Parent Company as a source of temporary liquidity in adverse environments. Accordingly, we believe these disclosures should be made at the Parent and Bank subsidiary levels and not include the non-bank subsidiaries.

Derivative Presentation

The liquidity gap maturity analysis and the interest rate risk repricing gap analysis both articulate specific disclosure provisions for derivatives. Given that U.S. GAAP currently requires derivative footnote disclosures on both a gross basis (e.g., notional derivative disclosures) and net basis (e.g., fair value), it is unclear if the required disclosures are
to be presented gross or net. The FASB should provide clarity in the final ASU to ensure comparability across entities.

Number of Time Intervals

The guidance in paragraphs ASC 825-10-50-23G and 23H requires liquidity gap disclosures by expected maturity segregated into multiple time intervals. We do not believe that the proposed disaggregation period of four fiscal quarters provides meaningful information relative to how banks manage liquidity risk. We manage our liquidity risk under various stressed scenarios, as opposed to a static analysis. Those analyses include evaluating the Bank’s liquidity using multiple time intervals, including thirty, sixty, ninety, and 360 days. While aggregating the data for each of the four quarters is not overly burdensome, we do not believe it accurately reflects how management analyzes liquidity risk. We propose the time intervals in ASC 825-10-50-23(a) to be shortened from the next four fiscal quarters to the next fiscal quarter (0-90 days) and 90 Days - 1 year. The remaining time intervals are operational and provide useful information.

MD&A

SunTrust believes disclosures that are forward looking are more suitable for disclosure in the MD&A portion of period SEC filings rather than in the audited footnotes since the maturity information (i.e., the contractual terms of the assets and liabilities presented in this table) are not directly tied to a company’s financial statements.

Available Liquid Funds

This disclosure is operational, and as extensive users of financial statement for credit decisions, we believe it to be decision useful for non-financial institutions. However, we do not believe this information is decision useful for financial institutions for many of the same reasons as described in the Liquidity Gap Maturity Table section above.

Time Deposits

Similar to the Available Liquid Funds table, this disclosure is operational. However, we have two recommendations for enhancement of this disclosure.

Definition of Brokered Deposits

First, the Time Deposits table requires all entities to present cost of funding information inclusive of insured and uninsured time deposits and acquired brokered deposits. With this in mind, the term “brokered deposits” is not defined in the proposed ASU or elsewhere in the Codification.

For banking institutions, a common industry definition of brokered deposits for regulatory purposes (e.g., call reports) includes both time deposits and indeterminate time deposits. This definition is broader than what is typically disclosed for financial reporting purposes. To ensure comparability and eliminate regulatory/U.S. GAAP differences, we recommend including a definition of “brokered deposits” in the final ASU.

Segmentation of Insured from Uninsured Time Deposits

Second, the ED also includes a breakout of insured from uninsured time deposits. We agree this segmentation is useful as uninsured deposits are more likely to be withdrawn at a faster rate than insured deposits in disjoined economic times. However, from an operational perspective, regulatory reporting permits an entity to estimate the
breakout between insured and uninsured time deposits. For consistency purposes, we recommend articulating if estimates are permissible provided an entity discloses the assumptions and caveats that under actual FDIC receivership, the results could be different. Further, we believe it should be clarified in the final standard how insured versus uninsured brokered deposits should be communicated in this disclosure.

**Interest Rate Risk**

Similar to the Available Liquid Funds and the Time Deposit tables, this disclosure is operational. However, it is not clear to us how this disclosure would be decision useful to users of our financial statements. Further, it would likely conflict with information presented in the MD&A portion of our current periodic SEC filings; in which, we disclose how we manage interest rate risk as this table does not reflect those techniques. Thus, we recommend eliminating this disclosure from the final ASU.

**Interest Rate Sensitivity**

SunTrust already provides net interest income and market value of equity sensitivity disclosures in the MD&A portion of its periodic SEC filings. We do not understand how providing information regarding the sensitivity of the book value of shareholder equity is decision useful relative to what is already provided in MD&A. If it is required in the final standard, we believe this type of information belongs in MD&A rather than the notes to the financial statements since this disclosure is forward looking information based upon future hypothetical events.

**Effective Date**

Assuming a final standard is issued by the end of the first quarter of 2013, we recommend that the Board adopt an effective date for interim and annual periods beginning after December 15, 2013. This timeline would be substantially similar with that of ASU 2010-20, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses, and would provide us with the requisite time horizon to aggregate the required disclosures, address any unforeseen operational challenges and implement new process controls.

We appreciate the opportunity to provide our comments on the proposed disclosures. Thank you for considering our views. If you have any questions, please contact Tom Panther at (404) 588-8585 or Bob Worshek at (404) 813-0079.

Respectfully,

Tom Panther,
Controller and Principal Accounting Officer
Appendix

Responses to Questions Posed in the ED

Questions for Preparers and Auditors – Liquidity Risk

**Question 1:** For a financial institution, the proposed amendments would require a liquidity gap table that includes the expected maturities of an entity’s financial assets and financial liabilities. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

**Response:** See our response above under the Liquidity Gap Table section.

**Question 2:** For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity’s obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

**Response:** No.

**Question 3:** The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. Expected maturity is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity’s expected timing of the sale or transfer of the instrument. Do you agree that the term expected maturity is more meaningful than the term contractual maturity in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

**Response:** See our response above under the Liquidity Gap Table section.

**Question 4:** The proposed amendments would require a quantitative disclosure of an entity’s available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

**Response:** See our response above under the Liquidity Gap Table section.

**Question 5:** For depository institutions, the proposed Update would require a time deposit table that includes the issuances and acquisitions of brokered deposits during the previous four fiscal quarters. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

**Response:** See our response above under the Time Deposits section.

**Question 6:** As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to develop an understanding of your entity’s exposure to liquidity risk? If not, what other information would better achieve this objective?

**Response:** See our response above under the Liquidity Gap Table section.
Questions for Users – Liquidity Risk

Question 7: Does the liquidity gap table described in paragraphs 825-10-50-23E through 50-23K provide decision-useful information about the liquidity risk of a financial institution? If yes, how would you use that information in analyzing a financial institution? If not, what information would be more useful?

Response: See our response, which also aligns with our views as a preparer, above under the Liquidity Gap Table section.

Question 8: Does the cash flow obligations table described in paragraphs 825-10-50-23M through 50-23R provide decision-useful information about the liquidity risk of an entity that is not a financial institution? If yes, how would the information provided be used in your analysis of an entity that is not a financial institution? If not, what information would be more useful?

Response: We rely heavily on cash flows to determine repayment ability of a prospective borrower, so disclosures that would assist in determining sufficiency of cash flow to meet a given credit extension’s repayment term and amortization are very useful.

Question 9: Paragraphs 825-10-50-23S through 50-23V would require an entity to disclose its available liquid funds. Would this table provide decision-useful information in your analysis? If not, what information would be more useful?

Response: Any disclosure that differentiates for non-financial institutions between available and unavailable liquid funds is helpful as it permits us to distinguish degrees of liquidity for purposes of credit decisions.

Question 10: Are the proposed time intervals in the tables appropriate to provide decision-useful information about an entity’s liquidity risk? If not, what time intervals would you suggest? Do you believe that there are any reasons that these required time intervals should be different for financial institutions and entities that are not financial institutions?

Response: See our response, which also aligns with our views as a preparer, above under the Liquidity Gap Table section.

Question 11: With respect to the time intervals, should further disaggregation beyond what is proposed in this Update be required to provide more decision-useful information to the extent that significant amounts are concentrated within a specific period (for example, if a significant amount of liabilities are due in Year 10 of the —past 5 years□ time interval)? Please explain.

Response: See our response, which also aligns with our views as a preparer, above under the Liquidity Gap Table section.

Question 12: For depository institutions, the proposed Update would include a time deposit table that includes the issuances and acquisitions of brokered deposits during the previous four fiscal quarters. Would this table provide decision-useful information in your analysis of depository institutions? If not, what information would be more useful?

Response: See our response, which also aligns with our views as a preparer, above under the Time Deposits section.
Questions for Preparers and Auditors – Interest Rate Risk

Question 13: The interest rate risk disclosures in this proposed Update would require a repricing gap table. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: See our response above under the Interest Rate Risk section.

Question 14: The interest rate risk disclosures in this proposed Update would include a sensitivity analysis of net income and shareholders’ equity. Do you foresee any significant operational concerns or constraints in determining the effect of changes in interest rates on net income and shareholders’ equity? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Response: See our response above under the Interest Rate Sensitivity section.

Question 15: As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to understand your entity’s exposure to interest rate risk? If not, what other information would better achieve this objective?

Response: See our response above under the Interest Rate Sensitivity section.

Question 16: Would the repricing gap analysis in paragraphs 825-10-50-23Y through 50-23AC provide decision-useful information in your analysis of financial institutions? If yes, how would this disclosure be helpful in your analysis? If not, what information would be more useful?

Response: Since the table does not reflect how reporting entities manage the risk, it does not present information that is decision useful on its own; rather, it raises questions that may be difficult to gain insight into.

Question 17: Are the proposed time intervals in the repricing gap table in paragraphs 825-10-50-23AB through 50-23AC appropriate to provide decision-useful information about the interest rate risk to which a financial institution is exposed? If not, which time intervals would you suggest?

Response: See our response above under the Interest Rate Sensitivity section.

Question 18: The interest rate risk disclosures in this proposed Update would include a sensitivity analysis portraying the effects that specified changes in interest rates would have on net income and shareholders’ equity. Currently, many banks and insurance companies provide a sensitivity analysis of the economic value of equity instead of shareholders’ equity. A sensitivity analysis of economic value would include the changes in economic value of financial instruments measured at amortized cost, such as loans and deposits. A sensitivity analysis of shareholders’ equity would only include those changes that affect shareholders’ equity. Therefore, the changes in the economic value of financial instruments measured at amortized cost would not be reflected in the sensitivity analysis although changes in interest income would be reflected. Do you think that a sensitivity analysis of shareholders’ equity would provide more decision-useful information than a sensitivity analysis of economic value? Please discuss the reasons why or why not.

Response: See our response above under the Interest Rate Sensitivity section.

Question 19: Do you think that it is appropriate that an entity that is not a financial institution would not be required to provide disclosures about interest rate risk? If not, why not and how would the information provided be used in your analysis of an entity that is not a financial institution?
Response: A financial institution has both deposit liability and loan-investment asset vulnerability to interest rate risk. That is not usually the case with a non-financial institution. We perform sensitivity analysis of interest rate change as part of our credit decision process. The additional interest rate risk proposed disclosures are generally not needed for non-financial institutions.

Questions for All Respondents

Question 20: The amendments in this proposed Update would apply to all entities. Are there any entities, such as nonpublic entities, that should not be within the scope of this proposed Update? If yes, please identify the entities and explain why.

Response: To the degree we believe the amendments provide useful information, we believe them to be appropriate for both public and non-public entities.

Question 21: Although the proposed amendments do not have an effective date, the Board intends to address the needs of users of financial statements for more information about liquidity risk and interest rate risk. Therefore, the Board will strive to make these proposed amendments effective on a timely basis. How much time do you think stakeholders would require to prepare for and implement the amendments in this proposed Update? Should nonpublic entities be provided with a delayed effective date? If so, how long of a delay should be permitted and why? Are there specific amendments that would require more time to implement than others? If so, please identify which ones and explain why.

Response: See above response under the Effective Date section.

Question 22: Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC’s current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially overlapping amendments outweigh their benefits? Please explain why.

Response: See above discussion under Interest Rate Sensitivity.