March 28, 2016

Technical Director
File Reference No. EITF-15F
Financial Accounting Standards Board
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Proposed Accounting Standards Update:
Statement of Cash Flows (Topic 230)
Classification of Certain Cash Receipts and Cash Payments

We appreciate the opportunity to respond to the proposed Accounting Standards Update entitled Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (“the Exposure Draft”). BB&T Corporation and its subsidiaries (“BB&T”) offer full-service commercial and retail banking and additional financial services such as insurance, investments, retail brokerage, corporate finance, treasury services, international banking, leasing, and trust management.

While BB&T does not believe a cash flow statement should be required for the banking industry, BB&T supports the Board in its effort to improve the consistency of the presentation of certain cash receipts and cash payments within the statement of cash flows. Our responses to the specific questions in the exposure draft are as follows:

Question 1: Should cash payments for debt prepayment or extinguishment costs be classified as cash outflows for financing activities? If not, what classification is more appropriate and why?

Yes, BB&T agrees cash payments for debt prepayment or extinguishment costs should be classified as cash outflows for financing activities.

Question 2: Should the cash payment made at the settlement of a zero-coupon bond be separated and classified as follows: the portion of the cash payment attributable to the accreted interest as cash outflows for operating activities, and the portion of the cash payment attributable to the principal as cash outflows for financing activities? If not, what classification is more appropriate and why?

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Yes, BB&T agrees cash payments for zero-coupon bonds should be separated and classified as stated above.

**Question 3:** Should cash payments made by an acquirer that are not paid soon after the business combination for the settlement of a contingent consideration liability be separated and classified as follows: the payments, or portion of the payments, up to the amount of the contingent consideration liability recognized at the acquisition date as cash outflows for financing activities, and the payments, or portion of the payments, that exceed the amount of the contingent consideration liability recognized as the acquisition date as cash outflows for operating activities? If not, what classification is more appropriate and why?

BB&T believes all cash payments related to contingent consideration should be recorded as cash outflows from investing activities. Contingent consideration is typically included in a deal when there is uncertainty by the acquirer as to the expected future performance of the business being acquired. Contingent consideration is not typically included as a method of financing the transaction. Therefore, if the consideration is being paid it typically means the acquired business is outperforming the projections of the acquiring entity and, therefore, representative of additional amounts being paid for the acquired business. We do not believe there is a significant interest component related to contingent consideration and therefore consistent with the Board’s simplification objectives we believe the entire amount should be recorded within investing activities consistent with other amounts paid for the acquired business.

**Question 4:** Is cash flow classification guidance needed to address situations in which an acquirer makes a cash payment for the settlement of a contingent consideration liability soon after the business combination? If so, what classification is appropriate and why?

Yes, as the Board’s objective is to promote consistency in reporting, BB&T believes it would be helpful for the Board to issue guidance clarifying the appropriate classification of payments of contingent consideration soon after the business combination. It would also be helpful for the Board to clarify the terms “soon after the business combination” and “not soon after the business combination”. Failure to clarify these terms introduces additional interpretation and inconsistencies in the reporting.

Consistent with our response and considerations in question 3 above, we believe all payments for contingent consideration should be recorded as cash outflows from investing activities.

**Question 5:** Should the proceeds received from the settlement of insurance claims be classified on the basis of the insurance coverage (that is, the nature of the loss), including those proceeds received in a lump-sum settlement for which an entity would be required to determine the classification on the basis of the nature of each loss included in the settlement? If not, what classification is more appropriate and why?

Yes, BB&T agrees proceeds received from the settlement of insurance claims should be classified on the basis of the insurance coverage.
Question 6: Should cash proceeds received from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, be classified as cash inflows from investing activities? If not, what classification is more appropriate and why?

Yes, BB&T agrees that proceeds received from the settlement of corporate-owned life insurance policies (“COLI”), including bank-owned life insurance policies (“BOLI”) should be classified on as cash inflows from investing activities.

Question 7: Should cash payments made for premiums of corporate-owned life insurance policies, including bank-owned life insurance policies, be permitted to be classified as cash outflows for investing activities, operating activities, or a combination of investing and operating activities? If not, what classification is more appropriate and why?

BB&T does not agree that there should be an option related to the classification of payments for premiums of COLI and BOLI in the statement of cash flows. This creates an unnecessary inconsistency in financial reporting and is inconsistent with the Board’s stated objective in this exposure draft. While we agree such payments typically would not be material, this should be a consideration in the application of the standard, not in the drafting of the standard. Consistent with the cash proceeds, the premiums for COLI and BOLI should be classified as a cash outflow from investing activities.

Question 8: Should distributions received from an equity method investee when an investor applies the equity method be presumed to be returns on investment and classified as cash inflows from operating activities unless the investor’s cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed cumulative equity in earnings recognized by the investor? When such an excess occurs, should the current-period distribution up to this excess be considered a return of investment and classified as cash inflows from investing activities? If not, what approach is more appropriate and why?

Yes, BB&T agrees with the treatment of cash flows from equity method investments as proposed in the exposure draft.

Question 9: Should a transferor’s beneficial interest obtained in a securitization of financial assets be disclosed as a noncash activity? If not, what treatment is more appropriate and why?

Yes, BB&T believes a transferor’s beneficial interest obtained in a securitization of financial assets should be disclosed as a noncash transaction.

Question 10: Should cash receipts from payments on a transferor’s beneficial interests in securitized trade receivables be classified as cash inflows from investing activities? If not, what classification is more appropriate and why?

BB&T believes cash receipts from a transferor’s beneficial interest in securitized trade receivables should be classified as cash inflows from operating activities. This is because the related trade receivables would typically be generated through the transferor’s normal operating activities. While such receivables were securitized with the transferor receiving a beneficial
interest, this interest is typically not generated as a result of an investment by the transferor outside of their normal operating activities. Therefore, we believe it is most appropriate to include these cash receipts in operating activities.

**Question 11:** Is the additional guidance that clarifies when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) and when an entity should classify the aggregate of those cash receipts and payments into one class of cash flows on the basis of predominance understandable and operable? If not, please explain why and what additional guidance would be more appropriate.

BB&T believes the proposed adjustments are clear in stating separately identifiable cash flows should be separately classified separately. However, we do not believe the standard is clear in communicating the Board’s intent related to the application of judgment in separating cash flow amounts. Therefore, we believe the exposure draft currently is open to an interpretation that if the cash flows amounts are not clearly separated, the predominance principal should be applied.

**Question 12:** Should the proposed amendments for all eight cash flow issues be applied using a retrospective transition method? If not, what transition approach is more appropriate and for which specific cash flow issues and why?

BB&T believes it is appropriate to use a retrospective transition method in the adoption of the guidance in this exposure draft.

**Question 13:** Should the proposed amendments include a provision that if it is impracticable for some of the amendments to be applied using a retrospective transition method, then those amendments would be applied prospectively as of the earliest date practicable? Why or why not?

BB&T does not have a comment on this issue.

**Question 14:** Should an entity be required to provide the transition disclosures specified in the proposed update? Should any other transition disclosures be required? If yes, please explain what transition disclosures should be required and why?

BB&T believes the proposed transition disclosures within the exposure draft are appropriate.

**Question 15:** How much time will be necessary to implement the proposed amendments? Do entities other than public business entities that are required to present a statement of cash flows under Topic 230 (that is, private companies and not-for-profit entities, but not employee benefit plans) need additional time to apply the proposed amendments? Why or why not?

BB&T does not believe the implementation of the proposed amendments in this exposure draft will require a significant time investment. Considering the limited amount of time required to implement the proposed amendments, we do not believe entities other than public business
entities should need additional time to apply the proposed amendments. Therefore, the standard should be effective for all entities on the same date.

**Question 16:** Should early adoption be allowed?

BB&T believes early adoption should be allowed considering the objective of the proposed amendments is to create consistency in reporting for items that are currently believed to be inconsistently reported.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

/s/ Brett Casey