



*By Electronic Delivery*

January 24, 2012

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Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street & Constitution Avenue, NW  
Washington, DC 20551  
[Reg.comments@federalreserve.gov](mailto:Reg.comments@federalreserve.gov)

Re: Proposed Agency Information Collection Activities; Comment Request 76 Federal Register 72035 (November 21, 2011); Joint Notice and Request for Comment; Consolidated Reports of Condition and Income (FFIEC 031 and 041); **OCC**: OMB Number 1557-0081, **FRB**: FR Y-9C

Ladies and Gentlemen:

The PNC Financial Services Group and its subsidiary, PNC Bank, National Association, Wilmington, Delaware, (together "PNC" appreciate the opportunity to comment on the proposed changes to the Consolidated Report of Condition and Income ("Call Report") and FR Y-9C that supplies data needed for reasons of safety and soundness and other general financial purposes.

PNC also participated in the development of the comment letter being submitted by The Clearing House (TCH), and fully supports the recommendations set forth in that letter. The purpose of this letter is to highlight some of the recommendations in that letter, as well as to note certain additional areas of concern.

We respectfully submit the following comments for consideration by the Agencies when issuing the final information collection requirements for proposed schedule RC-U(HC-U) and RI-C(HI-C) of the Call Report and FR Y-9C.

## **I. New Schedule RI-C (HI-C) Disaggregated Data for the Allowance for Loan and Lease Losses**

The *Federal Register* notice states that new Schedule RI-C is intended to provide additional information within the Call Report and FR Y-9C to align with the Financial Accounting Standards Board (FASB) Accounting Standard Update No. 2010-20 (ASU 2010-20). The Agencies say that the new information requirements would allow users of the Call Report and FR Y-9C to better assess an entity's credit risk and evaluate the adequacy of its allowance for loan losses. ASU 2010-20 was implemented in the fourth quarter of 2010 and required entities to disclose in their SEC filings the amount of allowance at the portfolio segment level. During implementation, PNC developed and documented a systematic method to determine its ALLL. PNC establishes its FAS 5, FAS 114 and SOP reserves based on loan or pool assignments. We use different methodologies for portfolios of commercial loans (based on individual loan risk rating and an implied expected loss based on the historical experience of the loan portfolio) versus consumer loans (typically a statistically modeled, four quarter forecast).

The proposed Schedule RI-C (HI-C) requirement to publicly disclose the allowance at a level of granularity as in schedule RC-C (HC-C) is inconsistent with the loan class determination from the final standard ASU 2010-20. This inconsistency could result in allocation methodologies that may not be meaningful or may prove to be confusing when the readers of the Call Report and FR Y-9C attempt to reconcile to the results presented in the SEC reports. The FASB received comments on the exposure draft dated June 24, 2009, and as a result of those comments, they changed the original request for more granular detail, to what is in the final standard.

Consistent with the views expressed in the TCH letter, PNC endorses the loan categories for Schedule RC-I (HC-I) as presented below. We also believe that reports at this level of granularity would provide the meaningful information to users of the Call Report and FR Y-9C as well as align with the current disclosures provided under ASU 2010-20.

### Loan Categories

1. Real Estate
  - a. Commercial
  - b. Residential
2. Commercial (Commercial & Industrial and Other)
3. Cards (Consumer and Small Business)

4. Other Consumer
5. Unallocated.

Requiring this level of information to be reported as of June 30, 2012 would be challenging, but likely reasonable to implement.

If the agencies disagree with this view, we respectfully request a delay in the implementation of this requirement until June 30, 2013. Due to the extensive programming that will be required across several systems, additional time is needed to sufficiently program and test the systems as well as allow for sufficient internal control and validation processes to be implemented.

## **II. New Schedule RC-U (HC-U) Loan Origination Activity**

During the January 4, 2012 conference call with the Agencies and TCH members (the "January 4 Conference Call"), the Agencies stated that the purpose of the data request was primarily to formulate and monitor monetary policy and not analyze the lending data of a particular bank. During this discussion, the Agencies invited institutions to provide any alternative solutions to provide data. PNC would like to suggest the use of information already collected as part of the FR Y-14Q at the consolidated holding company level. The FR Y-14Q data is supplied at a loan level and the information contained in the filing could be used to meet the objective as stated above. The data in the FR Y-14Q could be tied directly to a reporting line on the FR Y-9C allowing for the collection of origination data at both a granular, and rollup level

Furthermore, the collection of this data from the FR Y-14Q would eliminate any potential confusion that could occur when users of Schedule RC-U (HC-U) attempt to reconcile to the origination information disclosed in SEC filings. Schedule RC-U (HC-U), as proposed, would disclose originations at the end of the quarter net of any payment activity, whereas the SEC disclosures show gross originations during the quarter. Also, the SEC discloses originations for all lending activities, and schedule RC-U (HC-U) would only disclose origination data on select loan categories.

In order to supply the information as outlined in the proposal, extensive programming will need to be completed and tested across a number of systems. Due to the scope of the project, PNC respectfully requests that the implementation date be moved to June 30, 2013 to allow for these system modifications.

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PNC appreciates the opportunity to comment on the proposed agency information and collection activities. Should you have any questions, please feel free to contact the undersigned at 412-762-5794

Sincerely,

A handwritten signature in cursive script that reads "Ilene Topper".

Ilene Topper  
Senior Vice President  
Director- Financial, Regulatory and Corporate Reporting  
PNC Bank, N.A.