February 10, 2016

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116


Dear FASB Board Members and Staff:

The PNC Financial Services Group, Inc. ("PNC" or "we") appreciates the opportunity to comment on the Proposed Accounting Standards Update, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance (the "Proposed ASU"), which solicits feedback on the Financial Accounting Standards Board’s ("FASB's", "the Board’s") proposal to increase transparency about government assistance arrangements by requiring additional disclosures in the notes to financial statements.

While PNC supports the Board’s efforts to increase transparency within the notes to the financial statements, we believe clarifications to the proposed scope are necessary as well as additional outreach regarding implementation costs.

Scope

The scope of the Proposed ASU, as it is currently written, invites broad interpretation which could result in the inclusion of many typical financial industry activities with various government entities. As a financial institution, PNC participates in government sponsored programs by providing lending and servicing activities related to the programs. Although these programs are broadly available without specific agreement between PNC and the government, circumstances could occur that would result in government discretion regarding the amount of value (or assistance) that PNC would receive.

As an example, many financial institutions participate in the New Markets Tax Credit\(^1\) program. This program is broadly available but may become oversubscribed since the amount of annual credit authority is limited. As a result, the government applies discretion in determining which institutions should receive the credits and how much each institution should receive. The subscribing institution may not have insight to the criteria applied in determining eligibility or the allocation of tax credits. If it is the Board's intent to include such a program within the proposed guidance, the credits earned

\(^1\) Program was authorized by the federal government in the Community Renewal Tax Relief Act of 2000.
through the program would represent assistance in the form of a tax incentive, but questions arise as to the appropriate measurement of the assistance for purposes of disclosing the value received—i.e., the unrecognized benefit of being an eligible institution. Similar interpretative issues relating to other programs (e.g., municipal bonds; lending arrangements with the Federal Reserve; and sale, servicing and guarantees related to government sponsored entities) also exist.

We recommend that the Board clarify the scope to acknowledge that broadly available programs could have some elements of discretion, and address whether such arrangements should be subject to the Proposed ASU. Additional implementation examples could also be provided to assist preparers in evaluating the concept of discretion and the measurement of government assistance.

Costs of Implementation

We also have concerns related to the cost and efforts required to compile a complete population of government assistance arrangements and evaluate each under the scope criteria of the Proposed ASU. We do not have a centralized system of record to track activities and involvement with government entities, rather the information is spread throughout the organization. Additionally, each arrangement would require scrutiny to identify the level of discretion, if any.

Costs would also be incurred to quantify the amount of tangible and intangible government assistance received, but not recognized directly in the financial statements. Since such benefits are not currently recognized in the financial statements, this would require a company to establish valuation methodologies to quantify the benefits and additional disclosure processes and internal controls to support inclusion in the footnotes.

We recommend that the Board perform additional outreach regarding implementation costs as the level of effort, costs and complexity could be more significant than originally anticipated.

Disclosure Effectiveness

We support the Board’s continued efforts to improve the effectiveness of disclosures. Although no explicit guidance currently exists for public business entities related to government assistance arrangements, the Proposed ASU could result in expanding information that does not have relevance since user concerns are unclear. We recommend that the Staff perform further research to identify specific concerns of users as that could also clarify the scope of the standard.

Lastly, we also recommend that the Board finalize its proposal related to assessing whether disclosures are material before final issuance of the Proposed ASU.
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We appreciate the Board’s request for feedback on this matter and the opportunity to share our views with the Board and staff. We welcome any questions or comments you may have. Please contact me with any questions about PNC’s comments at 412-762-7546.

Sincerely,

[Signature]

Mr. John (JJ) Matthews
Director of Finance Governance Oversight & Policy
The PNC Financial Services Group, Inc.

cc: Mr. Gregory H. Kozich
Senior Vice President and Controller
The PNC Financial Services Group, Inc.