



Ellen C. Koebler
Senior Vice President
Risk Analytics

SunTrust Banks, Inc.
303 Peachtree Street, GA-Atlanta-0614
Atlanta, GA 30308
Tel 404.813.8071
ellen.koebler@suntrust.com

November 7, 2011

Ms. Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20551

Re: Regulation Y section 225.8(d)(3); Comments on the Federal Register Notice related to proposed FR Y-14A and FR Y-14Q

Ladies and Gentlemen:

SunTrust appreciates the opportunity to comment on the proposed amendments to Regulation Y that require large bank holding companies to submit annual quantitative projections of balance sheet, income, loss, and capital, as well as qualitative information on methodologies used. While SunTrust is supportive of the attempt to standardize the data collection process, we have several suggestions around operational aspects of these amendments that may improve both the accuracy of the underlying work and its benefit to the BHC's and various regulatory bodies that will rely on it. These suggestions are detailed below.

The comments are ordered with general comments concerning specifically the Federal Register Proposed Rules and the overall submission, followed by FR Y-14Q comments and clarifications, followed by FR Y-14A comments and clarifications.

Federal Register/Vol. 76, No. 173 General Comments

- 1) **Materiality Threshold.** For all other annual and quarterly schedules that would be subject to materiality thresholds, material portfolios would be defined as those with asset balances greater than \$5billion or asset balances relative to Tier 1 capital greater than 5 percent on average for the four quarters preceding the reporting period.

Comment: SunTrust requests consideration of modifying the language such that material portfolios would be defined as those with asset balances greater than \$5 billion and asset balances relative to Tier 1 capital greater than 5 percent on average for the four quarters preceding the reporting period. In addition, SunTrust recommends a defined process be created to request exemption of a

portfolio in the event an unusual event occurs such as an asset sale during the course of the CCAR preparation time frame.

2) Retail Historical Templates.

Comment: The 2011 retail historical schedules within the FR Y-14Q have been slightly modified regarding banding of risk attributes and other details from the 2010 retail historical schedules resulting in obsolescence of all of the work completed for the 2010 CCAR retail historical submissions for all institutions. SunTrust requests consideration of utilizing the same field bands of segmentation across all Retail Historical Templates in the 2011 FRY 14Q schedules as were used in the 2010 submission given the minimal differentiation versus the meaningful effort required to recreate.

3) FAQs Process for CCAR.

Comment: While SunTrust respects the burden of answering questions in a timely fashion during the comment period and the CCAR process, given the compressed time frame and more importantly the reliance of the schedules on one another where the inputs from one schedule must either reconcile or feed to another schedule, timely and accurate response on questions is critical. A meeting was held with the Federal Reserve and SunTrust on 10/21/11 where several technical questions regarding the templates were asked. It was expected that responses to these questions would be given via email. However, as of the writing of this comment letter no response has been received. Many of these questions have been included in this letter. The delay in getting the responses will make completion of the templates in the requested timeframe exceedingly difficult if not impossible. SunTrust encourages you to put meaningful effort into expediting question responses now and during the formal CCAR process.

FR Y-14Q Section: Commercial Real Estate Data Collection

Comment: Within FRY-14 Q Commercial Real Estate Data collection, fields #13 and #41 refer to only real estate collateral. In many cases, the bank has additional collateral such as securities that are also collateralizing the loan in question. SunTrust would like to point out that the true LTV to the bank will be overestimated in deals where the C&I cross collateral is not incorporated.

SunTrust believes that the inclusion of **cross defaulted** (as compared to cross collateralized) data in the Commercial Real Estate ("CRE") template is unnecessary and may in-fact hamper the reporting of meaningful and accurate data concerning the CRE risk. While firms have been providing quarterly detailed CRE data to the OCC for 2 years, they have not been required to provide details below \$1mm. For every loan under \$1mm, there is a significant and often manual exercise of going back to the original credit files and including data elements in some of these required fields. The proposal's new "cross-defaulted" requirement mandates BHCs report client exposures where there are two properties and there is cross-default language (which is customary for CRE lending). The inclusion of cross-defaulted properties will have a different impact than the inclusion of cross collateralized properties resulting in imperfect data given the different legal implications of these structures. In an effort to make this data collection most meaningful, SunTrust recommends either modifying from "cross-

collateralized and/or cross-defaulted” to “cross-collateralized and cross-defaulted” or simply “cross-collateralized”.

FRY-14Q Section: First Mortgage Schedule

Comment: SunTrust recommends that a mechanism for accounting for missing segments within the history tables be established. The exclusion tables provided appear to account for only the current month. Absent this additional information, reconciliation with respect to Government guaranteed mortgage and other appropriately excluded portfolios could be misleading.

Clarification: In the field # of Subprime Accounts (C.2.), please define subprime. SunTrust recommends that the legacy definition of subprime of FICO<620 be used. In the field \$ Interim Charge-Offs (C.10.), SunTrust recommends that all valuation adjustments in addition to charge-offs be included to reconcile UPB to carrying value. Specifically, interim charge-offs and other accounting adjustments would be included in this field. Otherwise, please specify a field to include these adjustments to allow for reconciliation.

FRY-14Q Section: HELOC Schedule

Clarification: In the Field \$ Commitments (B.4.), please indicate for frozen lines, whether the UPB or \$0 should be used to populate the field.

FRY-14Q Section: US Bank Cards and Charge Card Schedule

Clarification: In the Field \$ Commitments (B.4.), please indicate for frozen lines, whether the UPB or \$0 should be used to populate the field. In the Field \$ O/S for 0% Utilization, SunTrust's would like clarification on the intent of this field and is uncertain as to how one could have positive outstandings with 0% utilization.

FRY-14Q Section: Student Loan Schedule

Comment: In the Field Origination Vintage (A.2.), SunTrust recommends providing segmentation bands similar to other schedules given the number of historical vintages. Similar to the other schedules, SunTrust recommends that an exclusion table be included for this section.

Clarification: In the Field \$ Outstanding New Originations (B.6.), SunTrust recommends that the definition be expanded to indicate if the field includes only originated loans or purchased loans as well. In the Field \$ CDR (B11-17), SunTrust notes that there are two mechanisms in the industry for use of CDR. One use is as a credit tool at time of origination and the other is as a 2-year lagged performance metric based on the Department of Education definition. Please clarify the definition of CDR preferred for this field.

FRY-14Q Section: Auto Loan Schedule

Clarification: In the field \$ Loss Mitigation (B.27.), SunTrust recommends that clarification be provided regarding what is to be included in this field. Specifically, are loans that have been refinanced at below-market-rate intended to be included? In other words is a loss mitigating re-finance considered loss mitigation activity or a new loan

origination for the purpose of this schedule?

FRY-14Q Section: PPNR Metrics Worksheet

Clarification: Please clarify the definition of market share with respect to the Investment Banking detail, lines 9-23. SunTrust recommends that if the same level of delineation is retained for the PPNR metrics sheet that placement of securitization and structuring metrics be defined. Please clarify with respect to Line #40 if the Wealth Management AUM is defined as Assets Under Management or Assets Under Administration.

FRY-14A Section: 2012 CCAR Summary Schedule VIII.B (Net Interest Income Worksheet) and 2012 CCAR Summary Schedule II.A (Income Statement Worksheet)

Comment: The proposal mandates that firms collect and provide data in two distinct formats: according to net-interest income and by business segment. Most institutions' systems are only configured to provide one in the natural course of business. As with CCAR 2010, we would recommend that the Board permit BHCs the flexibility to use the format most appropriate for their operations versus requiring both options be completed.

FRY-14A Section: 2012 CCAR Summary Schedule III.C. (Retail Repurchase Worksheet)

Comment: SunTrust would like to recommend that throughout this schedule that loans where servicing rights are no longer retained by SunTrust be excluded from these calculations. Worth noting is that the information required to make meaningful estimates for several of the fields is not available once servicing is sold. Creating estimates based on information related to the time of sale, will ultimately result in misleading estimates. Examples where data will be misrepresentative or unavailable include

- Net Credit Loss Realized to-date
- Estimated Lifetime Net Credit Losses
- Outstanding UPB & Delinquency Status in Tables A1, B1, C1, and D1

Clarification: For the field, Delinquency Status, please clarify whether the categories "Current, Previously Delinquent" and "Current and Modified" are mutually exclusive. In many cases modified loans were previously delinquent. For the field, Lifetime credit losses, please provide a detailed definition for the purpose of calculating this metric. For the field Vintage, please specify the definition as to vintage of sale or vintage of origination. With respect to the field Delinquency Status, Current Previously Delinquent, please clarify as to whether the terms "previously delinquent" and "past due" have the same meaning as the FFIEC Call Report Instructions, Schedule RC-N which states "Closed-end installment loans, amortizing loans secured by real estate, and any other loans and lease financing receivables with payments scheduled monthly are to be reported as past due when the borrower is in arrears two or more monthly payments."

If there are any questions regarding these comments, please contact Ellen Koebler, SVP SunTrust Banks, Inc., at 404.813.8071 or Ellen.Koebler@SunTrust.com.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Koebler", with a long horizontal flourish extending to the right.

Ellen C. Koebler

Copies to:

Richard Gilbert, FRB Atlanta
Frank Mayhew, FRB Atlanta
Jim Sproull, SunTrust Banks, Inc.
Jennifer Knight, SunTrust Banks, Inc.